

Czech University of Life Sciences Prague

Faculty of Economics and Management



DIPLOMA THESIS

The implementation of EU regional policy Structural Funds

Author:

Hana Gablová

Thesis supervisor:

Ing. Irena Pokorná, Ph.D.

© Prague 2010

Declaration of Integrity:

I declare that the Diploma thesis „*The implementation of EU regional policy – Structural Funds*“ was made solely by myself.

All the literature and underlying materials are introduced in the "sources" section.

Prague, 8th April 2010

Signature

.....

Acknowledgement to the Supervisor:

I would like to thank to *Ing. Irena Pokorná, Ph.D.* for all her professional advice, expertise, suggestions and all the support with work on this diploma thesis.

I would also like to thank to *doc. Mgr. Helena Hudečková, CSc.* for her professional advice and help with work on the questionnaire for this diploma thesis.

**The Implementation of EU Regional Policy
Structural Funds**

**Implementace Regionální politiky Evropské unie
Strukturální Fondy**

SUMMARY

This diploma thesis is focused on analysis and possibilities of financial support drawing from the European Structural Funds, on the level of NUTS II, in the Capital City of Prague. The thesis analyzes the both Operational Programs implemented in Prague as well as progress that has been achieved in implementation of one of the two Structural Funds used in Prague – European Regional Development Fund (ERDF).

The main objective of the thesis is to identify whether there has been an improvement in comprehensibility and the overall administration of the Prague's Operational Programs financed from the ERDF. To fulfill the aim, both programming periods have been compared, namely Operational Program Prague – Competitiveness and Simple Programming Document 2. As a tool for fulfilling the aim the questionnaire method was chosen. As the results represent, the current Operational Program is more comprehensible and effective from the side of the financial support applicants as well as from the side of the governing body.

The analysis with results will be at the disposal to the Prague City Hall, European Funds department, that is in the current programming period, the governing body for the both of the Prague's Operational Programs.

Key words:

- European Union
- Regional policy
- Structural Funds
- Disparities
- Governing body

SOUHRN

Předmětem zájmu diplomové práce je analýza a možnosti čerpání ze strukturálních fondů Evropské Unie, konkrétně pak na úrovni NUTS II v hlavním městě Praze. Předkládaná práce analyzuje oba operační programy používané na území hlavního města Prahy a zároveň se snaží zachytit způsob čerpání a pokrok, který byl dosažen při implementaci jednoho ze dvou strukturálních fondů – Evropského fondu pro regionální rozvoj (EFRR).

Hlavním cílem práce je identifikovat, zda došlo ke zlepšení ve srozumitelnosti pro žadatele a příjemce finanční podpory a v celém procesu administrace operačních programů v Praze, pomocí nichž jsou financovány projekty z EFRR. Tento cíl byl dosažen srovnáním současného a minulého programovacího období, tedy Operačního programu Praha – Konkurenceschopnost a Jednotného programového dokumentu pro Cíl 2. Použitým nástrojem pro naplnění tohoto cíle byla dotazníková metoda. Z výsledků šetření vyplynulo, že současný operační program je mnohem srozumitelnější a efektivnější, jak ze strany řídicího orgánu, tak ze strany žadatelů o finanční podporu. Provedená analýza a z ní vzešlé hodnocení bude k dispozici Magistrátu hlavního města Prahy, Odboru fondů Evropské Unie, který je v současném programovacím období řídicím orgánem pro oba pražské operační programy.

Klíčová slova:

- Evropská Unie
- Regionální politika
- Strukturální Fondy
- Disparita
- Řídicí orgán

CONTENT

1. INTRODUCTION	6
2. OBJECTIVE AND METHODOLOGY	8
2.1. OBJECTIVE.....	8
2.2. INFORMATION GATHERING TECHNIQUE	9
2.3. SELECTION OF RESPONDENTS	10
2.4. INFORMATION GATHERING PROCESS	10
3. THE IDEA OF UNIFICATION	12
4. HISTORY	13
5. REGIONAL POLICY	14
5.1. THE EFFECT OF EU STRUCTURAL FUNDS ON REGIONAL PERFORMANCE	15
5.2. COHESION POLICY	16
5.2.1. Managing the Cohesion Fund projects	17
5.2.2. Turning points of EU Cohesion policy	18
5.2.3. The 2007 – 2013 reform	19
5.3. STRUCTURAL FUNDS.....	20
5.3.1. What are the Structural Funds.....	20
5.3.2. The role of the EU Structural Funds in enhancing regional development.....	21
5.4. THE STRUCTURAL FUNDS IN THE CZECH REPUBLIC.....	22
5.4.1. Operational Programs	23
5.4.2. Operational programs in the Czech Republic	23
5.4.3. Who can apply and how.....	24
5.4.4. What types of projects can be financed from the EU Funds	25
5.5. THE ROLE OF PRE-ACCESION FUNDING.....	25

5.6.	ISSUES FOR THE NEXT STRUCTURAL FUNDS REFORM	26
6.	PRAGUE – THE CAPITAL OF THE CZECH REPUBLIC.....	28
7.	PROGRAMMING PERIODS	29
7.1.	PROGRAMMING PERIOD 2000 - 2006	31
7.1.1.	Simple Programming Document 2 (SPD2)	31
7.1.2.	Simple Programming Document 3 (SPD3)	33
7.2.	PROGRAMMING PERIOD 2007 – 2013	35
7.2.1.	Operational Program Prague – Competitiveness (OPPC)	36
7.2.2.	Operational Program Prague – Adaptability (OPPA)	37
8.	DIFFERENCES BETWEEN SPD 2 AND OPPC	39
8.1.	DIFFERENCES	39
8.2.	GOVERNING BODY.....	41
9.	COMPARING SPD 2 WITH OPPC (RESULTS OF THE QUESTIONNAIRE).....	42
9.1.	RESPONDENTS	42
9.2.	PROJECTS	44
9.3.	RESPONDENTS EVALUATION	47
9.3.1.	Rejecting of submitted projects.....	47
9.3.2.	Evaluating the process	50
10.	CONCLUSION	61
11.	BIBLIOGRAPHY.....	64
12.	LIST OF GRAPHS AND TABLES	67
13.	ENCLOSURES.....	68

1. INTRODUCTION

The topic of the regional policy and the European Funds has been a very discussed topic for the last few years. Are the European Funds really used for what they are intended to be used for or there are huge amounts of money flowing into



the Czech Republic from the European Union but the Czech Republic does not allocate those financial resources intended for reducing disparities between the individual regions in the Czech Republic effectively?

As the Czech Republic is a part of the European Union for almost 6 years, there has already been enough time to gain experience in allocating the financial resources flowing into the Czech Republic from the European Union Structural Funds.

The financial resources in Prague, received from the Structural Funds, are invested into infrastructure, improvement of environment, public transport as well as into IT, education and employment.

This diploma thesis is focused on analysis and possibilities of financial support drawing from the European Structural Funds, on the level of NUTS II, in the Capital City of Prague.

The first part of this thesis introduces history of regional policy together with regional policy itself – its effects, roles, needs for reform etc. There is also a division of the EU Funds explained and introduction into the Structural Funds in the Czech Republic.

The other part analyzes both Operational Programs implemented in Prague, their division according to programming period as well as according to their orientation. There is also a determination of differences between the two Operational Programs.

The two Structural Funds used in the Capital City:

1. European Regional Development Fund (ERDF)

- Programming period 2004 – 2006: Simple Programming Document 2 (SPD 2)
- Programming period 2007 – 2013: Operational Program Prague – Competitiveness (OPPC)

2. European Social Fund (ESF)

- Programming period 2004 – 2006: Simple Programming Document 3 (SPD 3)
- Programming period 2007 – 2013: Operational Program Prague – Adaptability (OPPA)

The last part of the thesis takes into consideration only one of the two Structural Funds used in Prague - the ERDF. The main objective of this thesis is to identify whether there has been an improvement in comprehensibility and the overall administration of the Prague's Operational Programs financed from the ERDF, from the project submitters point of view.

The questionnaire method is used as a tool to fulfill the main objective. The results obtained are interpreted through graphs with commentary.

There are also alternative objectives such as identifying who are the most successful financial support applicants and determining differences between the current and the last Operational Programs financed from the ERDF.

2. OBJECTIVE AND METHODOLOGY

2.1. OBJECTIVE

By the accession to the European Union in 2004, the Czech Republic gained a tremendous opportunity to distribute huge amounts of money flowing from the European Structural Funds.

This thesis takes into consideration only the Capital City of Prague, namely two Operational Programs applied in the Capital City. The chosen Programs are the Simple Programming Document 2 (SPD 2) and the Operational Program Prague – Competitiveness (OPPC).

The SPD 2 was the Prague's Operational Program for the period right after the accession to the EU (2004 – 2006). The OPPC could draw the financial support from the European Regional Development Fund (ERDF). As the SPD 2 was the Operational Program in the first programming period there was no previous experience and therefore there were things applied that needed to be improved during time.

The OPPC is the Prague's Operational Program for the current programming period (2007 – 2013). There is a thematic connection to the previous Operational Program SPD 2. The financial support for the City of Prague also comes from the European Regional Development Fund (ERDF). As the current programming period is the second period there have been many changes made in the implementation of the Program, based on the gained experience from the previous programming period.

The main objective of this thesis is to identify whether there has been an improvement in comprehensibility and the overall administration of the Prague's Operational Programs financed from the ERDF, from the project submitters point of view.

There have been many changes made since the last programming period therefore the objective is to provide verification whether these changes led to a better understanding of the Operational Program for project submitters. The presumption is that there has been an improvement in implementing the Prague's Operational Programs on the basis of gained experience.

The alternate objectives are:

1. To discover who are the most successful financial support beneficiaries (concerning only those submitters who applied for the financial support in the both programming periods).
2. To explain differences between the last and the current programming periods focusing only on one of the Structural Funds applied in the City of Prague, which is European Regional Development Fund.

2.2. INFORMATION GATHERING TECHNIQUE

As the technique selected for gathering information for the practical part of this diploma thesis the questionnaire method was selected.

The questionnaire method is a quick and efficient way to obtain needed information. Among the advantages of this method is considered quick and easy administration as well as this method is not as time consuming as e.g. interviews or other comparable methods. On the other hand one can never be sure whether the respondents approach the questionnaire with responsibility and reliability. It also may have a low response rate or the responses may be incomplete.

As the first step it was decided what data are needed to be collected for fulfilling the aim of the thesis. On that basis suitable questions were put together. These questions were consulted with an expert on sociology (doc. Mgr. Helena Hudečková, CSc.) and modified several times to correspond accurately with the aim of the thesis. At the same time these questions must have been as much comprehensible as possible to those respondents who were asked to fill the questionnaire in. Finally, 10 satisfactory questions were put into the questionnaire.

In all of these questions the respondents were given options to choose from but there was usually a room to express their own opinion. In the evaluating questions the respondents could only choose 1 of the options. The non-evaluating questions offered the respondents to mark more than 1 answer.

2.3. SELECTION OF RESPONDENTS

There have been 2 programming periods since the Czech Republic accessed the EU in 2004. In each of these periods there have been 2 operational programs available in the Capital City of Prague. These operational programs have further been divided into individual / grant projects and investment / non-investment projects.

- Individual projects:¹
 - Investment projects (SPD 2, OPPC),
 - Non-investment projects (SPD 3, OPPA),
- Grant projects (SPD2, OPPC).²

The respondents for this thesis were selected from those potential beneficiaries of the financial support who submitted their projects as individual investment projects in the both programming periods (SPD 2 and OPPC). As the main aim of the thesis is to find out whether there is a better comprehensibility of the current Operational Program comparing to the past Operational Program it was not taken into consideration whether the submitters of projects were successful or not, whether they did or did not receive the financial support. The only need was that they experienced both programming periods so they are able to compare them on the basis of the questionnaire.

2.4. INFORMATION GATHERING PROCESS

As the aim of this diploma thesis is to compare whether the OPPC is more comprehensible to the project submitters comparing to the SPD 2 the data retrieval was divided into four parts.

¹ **Individual project:** The financial support receiver is at the same time the financial support user.
Source: <http://www.strukturalni-fondy.cz/glosar/k>, 21.2.2010

² **Grant project:** The financial support receiver is e.g. a district that further divides the financial support amongst the successful individual grant project submitters. The financial support user is the one that realizes the project.
Source: <http://www.strukturalni-fondy.cz/glosar/k>, 21.2.2010

The first part of the data retrieval was selecting only those applicants who submitted their projects into the both Operational Programs (SPD2 as well as OPPC). Those applicants were sorted out from the Prague City Hall, EU Funds department current projects database. All applicants from both Programs were compared and 23 of them were recognized as the ones who submitted projects into the both programming periods.

When those respondents were chosen, because of the disadvantage of the questionnaire method of the low response rate, all of them were contacted by phone first. They were introduced into the issue, explained the whole thing and kindly asked for filling the questionnaire in. Few of the respondents strictly refused to fill the questionnaire in but most of the contacted respondents were more than willing to fill the questionnaire in. Some of them were even more than willing because they appreciated to be given the opportunity for expressing their critical opinions.

The next step in information gathering process was sending the questionnaire to the respondents via email. They were explained one more time what the issue was and were also given instructions for filling in the questionnaire. The email also contained information about me and my contact details in case of any misunderstandings. The respondents were kindly asked to return filled questionnaire within 2 weeks.

After two weeks, most of the questionnaires were returned by email. Those respondents who had not returned the questionnaire were contacted again and very kindly reminded that they still had not returned the questionnaire. They were also given information how important their cooperation is. Most of them apologized for not remembering to return the filled questionnaire. They all returned the filled questionnaire back yet at the same day.

Finally about $\frac{3}{4}$ of the sent questionnaires were returned back.

3. THE IDEA OF UNIFICATION

The prime purposes of establishing the European Community were, in the first place, political reasons together with preservation of peace between the member countries. However the success of the whole idea depends on the economic circumstances.

To be able to compete with the global economic competitors the European Community must provide an economic growth and – what is even more difficult – maintain it afterwards. For succeeding, the Community's members have to apply an integrated approach regarding the non-Community countries.³

The whole idea of the European Union “competing” with the rest of the world has to be balanced by some sort of solidarity because not all of the members are on the same level of development. So that it could be concluded that being a part of the EU means gaining on one hand but giving up on the other hand. For purposes of helping less developed regions, the European Commission operates the Structural funds. The funds are being used to support the effort of the national as well as the regional bodies to eliminate the differences in the level of development between the individual countries or regions. The financial resources from the EU budget are employed in improving e.g. the European transport infrastructure, which leads into better accessibility, and thus the European market becomes more easily accessible.

Indeed the aim of the financial support is not to threaten the cultural and other typical characteristics of the member countries. On the contrary, many EU activities are helping to create a new economic growth coming out of regional specialities and diversities of traditions and cultures of the member countries.

The member countries are also supposed to have the same approach to the questions of environment protection, renewable energy resources, food safety, biotechnologies, questions of humanitarian help etc.

All the things mentioned above demonstrate the attitude of the EU philosophy, which declares: “There is a power in unification”.

³ From now on the European Community will be called the European Union without regarding the time scale.

4. HISTORY

The cohesion policy (see chapter 5.2) expansion is very closely connected to expanding of the European Union. Among the process of the European integration on one hand and the significance of the cohesion policy on the other hand, many parallels could be observed (see enclosures table 1).

1958 - The two first Structural Funds are created: European Social Fund (ESF) and European Agricultural Guidance and Guarantee Fund (EAGGF). These two Funds were meant to implement the common policy.

1975 – European Regional Development Fund (ERDF) was aimed to help the regions affected by industrial decline and to counterbalance financial support allocated to the agricultural industries of the member countries. ERDF also introduced, for the first time, redistribution between richer and poorer regions of the European Union.

1987 - Economic and Social Cohesion was introduced by the Single European Act as a reason of a creation of the Single Market (1986). It was aimed to help the poorest countries facing the challenge of the Single Market.

1986 - 1987 – Integrated Maritime policy (IMP) was created to help the southern regions of France, Italy and Greece to overcome competition from the new member states by multiannual coordinated development actions.

1988 - 1992 - Doubling of financial resources allocated to the Structural Funds (SF) – the first SF reform (1988).

1993 – Cohesion Fund (CF) provides finance resources for projects in environment or infrastructure areas; the Treaty of the EU enters into force which makes cohesion a priority objective for the European Union.

1999 - The Structural Funds reform - defining the 3 priority objectives (priorities):
1. (territorial) - helping regions with lagged development; 2. (territorial) - supporting economic and social conversion in industrial, rural or urban areas; 3. (thematic) - modernizing system of training and promoting employment.

2000 - 2006 - Programming period based on reforms from 1999.

2007 - 2013 - Cooperation between the European Commission (EC) and the European Bank, new regional policy financial tools: JASPERS – joint assistance in supporting projects in European regions, JEREMIE – joint European resources for micro

to medium enterprises, JESSICA – joint European support for sustainable investment in city areas.⁴

5. REGIONAL POLICY

Disparities between Europe's regions were reported since the beginning of the EU. As early as 1958 it was noted that the regional GDP in Hamburg (Germany) was five times greater than in Calabria (Italy). For almost two decades, the responsibility for regional policy remained with the member states. In 1970 the gap in GDP per head between the ten richest and the ten poorest regions in the EU was approximately 3:1.⁵

Eventually, at the Paris summit in October 1972, an agreement was reached and the European Regional Development Fund (ERDF) was created, although it was a difficult journey from the declaration of ERDF to its establishment in 1975 (the oil crisis was at the top of the Community agenda in 1973).

The EU's regional policy aims to further social cohesion in the process of European integration by **reducing the economic disparities** among and within the EU member states. It redistributes funds from the wealthier regions of the EU to the poorer regions. The whole process is carried out as the EU's structural operations. These operations are divided into the Cohesion Fund and Structural Funds.

Since the early days of the EU, regional policy has grown in importance, so that today it holds second place as a share of EU total expenditures, after the Common Agricultural Policy.^{6, 7}

⁴ **Source:** *Www.ec.europa.eu* [online]. [2008] [cit. 2009-05-23]. Available from [www: <http://ec.europa.eu/regional_policy/funds/2007/jjj/index_en.htm>](http://ec.europa.eu/regional_policy/funds/2007/jjj/index_en.htm).

⁵ **Source:** Regional and structural policies. *Regional and structural policies* [online]. 2005 [cit. 2009-07-29], s. 456-487

⁶ **Source:** The EU inside and out: regional policy and development aid. *The economics of the European Union* [online]. 2006 [cit. 2009-07-29].

⁷ In 1980 only 3,8% of the EU budget was devoted to the regional policy, it rose to 18% in 1989 and 30% in 1993, and by 2006 had risen to nearly 36%.

5.1. THE EFFECT OF EU STRUCTURAL FUNDS ON REGIONAL PERFORMANCE

Eurostat, the statistical office of the European Commission, distinguishes between 3 sub-national regional aggregates (NUTS = Nomenclature des Unités Territoriales Statistique):

- NUTS 1 – large regions with a population of 3-7 million inhabitants;
- NUTS 2 – groups of counties and unitary authorities with a population of 0,8 – 3 million inhabitants;
- NUTS 3 – counties of 150 – 800 thousand inhabitants.⁸

NUTS was introduced for the needs of classifying unified territorial structures which are based on Eurostat's unified methodological principles with a view to the administrative structure of each state. It is a tool for economic indicator analysis, statistical monitoring, procedure and evaluating of regional policy in the member states.

Most of the fiscal transfers are assigned to NUTS 2. The financial amounts that the regions receive are quite significant.⁹ But the questions for both policy makers and economists are: “To which extent do economic outcomes in the recipient regions actually respond to re-distributional transfers? Does the response in economic outcome in the recipient regions justify the size of the transfers? And what about the costs of the overall procedure – are they efficient?” These questions really call for an evaluation of the whole process. There have only been a small number of studies so far, that looked into the problem of re-distributional regional policies on economic outcomes.

⁸ **Source:** Going NUTS : The effect of EU Structural Funds on regional performance. *Stirling economics discussion paper 2008-27* [online]. 2008 [cit. 2009-08-25], s. 1-38. Available from [www: <www.economics.stir.ac.uk>](http://www.economics.stir.ac.uk).

⁹ In the 1994 – 1999 programming period, the 64 NUTS 2 regions received on average transfer in the order of 1,5% of their GDP (European Commission 1997, 2007; Table1)

5.2. COHESION POLICY

The cohesion policy is a tool of the EU through which it struggles for an equal economic and social development of the member countries in contradistinction to the Structural funds, which are allocated for individual regions of the member countries. The aim of the cohesion policy is to restrain economic differences between the individual member countries and also to improve living standards in the poorer member countries. At the same time the EU also aspires to raise its capability as the whole, to be competitive and to face the challenges of this century. The last, but not least, is the emphasis of the EU on the sustainable growth together with creating of flexible and cohesive society with a high employment rate.

The cohesion policy, along with the agriculture policy, belongs into one of the most significant European agendas with a usage of more than 1/3 of the EU budget.

The CF is aimed at the member countries whose gross national product (GNP) per inhabitant is less than 90% of the EU average.¹⁰

It supports large actions in such areas as environment protection (including projects related to energy such as energy efficiency and use of renewable energy) and Trans-European transport networks (motorways, railways, sea, water and air transport etc.). The Fund also contributes to budget stability, which is required by the European Monetary Union (EMU), without restriction of investments that are necessary in certain member countries.

The least prosperous member countries (with GNP less than 90 % of the EU average) are allowed to use CF's financial resources. For the 2000 – 2006 period (since May 1 2004) the Cohesion Fund concerns Greece, Portugal, Spain, Cyprus, **the Czech Republic**, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. For the 2007 – 2013 periods it concerns Bulgaria, Cyprus, **the Czech Republic**, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia and Spain.

The European Commission schedules the periods. These are periods of 6 years + 2 years for finishing all the projects in that certain period (the scheme is called n + 2).

¹⁰ Source: http://ec.europa.eu/regional_policy/funds/procf/cf_en.htm, 25.8.2009

5.2.1. Managing the Cohesion Fund projects

The main governing body for financing Cohesion Fund projects is the European Commission. It usually decides about financing within three months after a member country submit an application. The application must include key issues such as what is the purpose of the proposed project, why it is being proposed, feasibility and financing of the proposed project and impact on socio-economic and environmental areas. All of the proposed project must of course comply with the Community legislation in force. The analysis of the European Commission includes:

- The economic and social benefits generated by the proposed project in the medium term.
- The project's contribution to achieve the Community objectives for the environment and/or the Trans-European transport network.
- Compliance with the priorities set by the member country.
- Compatibility of the proposed project with the other Community policies and consistency with operations undertaken by the Structural Funds.

The Cohesion Fund finances up to 85 % of eligible expenditures of environment or transport infrastructure major projects. At the projects generating future revenues, the financial support is calculated taking into account the forecasted revenue.

When the proposed projects are supposed to be finished within 2 years or when the Community financial support is less than EUR 50 million per project, an initial commitment of 80 % of support may be made.

When there is a combined financial support – Fund and Community help per project, it should not exceed 90 % of the total expenditures relating to the project. Exceptionally, the Community may finance up to 100 % of the total costs.

The member countries are responsible for implementing the projects in line with the Commission decisions, managing the funds, meeting the schedules, complying with the financing plan and ensuring financial control. On the other hand the Commission makes regular controls and all the projects are a subject to regular monitoring of the Commission.

The European Union regional policy is implemented on three levels:

- Supranational level (regional policy implemented relatively apart from the EU).
- Regional level.
- National level (differentiated regional policy implemented by each member country, which is nowadays taking over common rules).

5.2.2. Turning points of EU Cohesion policy

The Cohesion policy has been criticized since its inception. When the ERDF was first created in the mid 1970's, academic commentators kept criticizing the fund's limited scope and scale, trivial impact and member states dependent organization and operation (Wallace H.: *The establishment of the Regional Development Fund, 1977*).

Even the current Cohesion policy has not been immune against criticisms of academics, analysts, practitioners and European governments that keep asking about the policy's rationale, organization and effectiveness. Amongst the key criticisms, are the following: It has developed into a "catch-all" policy without a clear mission; it is insufficiently focused on growth; it has inadequate policy instruments; it is excessively complex and bureaucratic to administer (Sapir A., Aghion P., Bertola G., Helwigg M., Pisany-Ferry J., Rosati D., Vinals J., Wallace H.: *An agenda for a growing Europe, 2005*. Oxford Scholarship Online: ISBN 978-0-19-927148-1).

On the other hand the Cohesion policy has its defenders. However, one of the biggest problems for the defenders of the Cohesion policy is the difficulty in providing a credible economic case for the policy, based on conclusive evidence of effective results. After more than 30 years of intervention, the contribution of Cohesion policy to economic development and growth remains contested and uncertain (Bachtler J., Gorzelak G.: *Reforming EU Cohesion policy, 2007*). This uncertainty has often led advocates of the policy to emphasize the beneficial impacts associated with the qualitative "added value" generated by Cohesion policy (Bachtler J., Taylor S.: *The added value of the Structural Funds*).

To the improvement of public administration processes, a range of monitoring, evaluation and control conditions are considered to contribute. Also the multi-annual

planning requirements encourage the adoption of more long-term and strategic approaches to economic development by different tiers of governments.

To conclude, it is argued that the Cohesion policy has had an effect in steering national preferences towards European objectives through an ongoing process of “europeanisation” of national institutions and the diffusion of European values.

In discussions on the future of the Cohesion policy, both critics and supporters tend to agree on the need of modernization of the policy in recognition of existing weaknesses in the current approach and of the emerging challenges faced by the European economy, society and broader integration process.¹¹

5.2.3. The 2007 – 2013 reform

Budgetary shift in the Cohesion policy resources from the EU15 towards the new member states was inevitable and politically sensitive consequence of increasing regional disparities. The EU enlargement in 2004, that incorporate 10 new member states with significantly higher regional disparities and also even higher increase of regional disparities, emergent by the accession of Romania and Bulgaria in 2007, caused a high need of the Cohesion policy reform.

The European Commission submitted its reform proposals for the EU Cohesion policy in early 2004. After two years the European Council determined the main financial parameters of the Cohesion policy funding and its distribution across objectives and member states. The overall amount of resources for the 2007 – 2013 was set at € 347 billion, representing 35,7 %¹² of the EU budget. The regulatory package was approved in July 2006, embodying the most radical reform of the policy since 1988 (EC, Council regulation, 1083/2006 of 11 July 2006). A key aim was to introduce a more strategic approach for targeting EU priorities, centered on the Lisbon strategy and involving a new planning framework.

Under the new architecture for the EU Cohesion policy, the previous Objectives 1, 2 and 3 (see chapter 4) were replaced by three new Objectives: Convergence, Regional

^{11, 12} **Source:** MANZELLA, Gian Paolo, MENDEZ, Carlos. The turning points of EU Cohesion policy. *Report working paper* [online]. 2009 [cit. 2009-08-25], s. 1-28. Available from [www: <http://ec.europa.eu/regional_policy/policy/future/pdf/8_manzella_final-formatted.pdf>](http://ec.europa.eu/regional_policy/policy/future/pdf/8_manzella_final-formatted.pdf).

Competitiveness and Employment and Territorial cooperation. Most of the resources were targeted on the Convergence Objective (80 %, including the Cohesion Fund), the majority of which continued to focus on less developed regions with GDP per head of less than 75 % of the EU average.

5.3. STRUCTURAL FUNDS

5.3.1. What are the Structural Funds

The EU Funds represent the main tool in implementing the European economic and social cohesion policy. Through the EU Funds the financial sources, for restraining economic and social differences between the individual member countries and their regions, are being distributed.

The EU operates 3 main Funds:

- The Structural Funds:
 - *The European Regional Development Fund (ERDF)*, whose principal objective is to promote economic and social cohesion within the EU through the reduction of imbalances between regions or social groups.
 - *The European Social Fund (ESF)*, the main financial instrument allowing the EU to realize the strategic objectives of its employment policy.¹³
- The Cohesion Fund (CF)

The tool through which the 3 main Funds are being distributed among particular grant receivers in the member countries and their regions, are called **Operational Programs (OP)**. These are strategic documents implementing the EU economic and social policies to individual member countries – to their needs and interests. Every member country negotiates their own Operational Programs that fit the best to their own economical conditions.

¹³ **Source:** *Abeceda fondů Evropské unie 2007 - 2013*. Jakum Karman. [s.l.]: [s.n.], 2007. 28 s. Information in the publication are actual in the month of May 2007. Available from [www: <www.strukturalni-fondy.cz>](http://www.strukturalni-fondy.cz)

Table 1: Division of basic EU Funds

THE EU FUNDS		
	Period 2004 - 2006	Period 2007 - 2013
Structural Funds	European Regional Development Funds (ERDF)	European Regional Development Funds (ERDF)
	European Social Fund (ESF)	European Social Fund (ESF)
	European Agricultural Guidance and Guarantee Fund (EAGGF)	X
	Financial Instrument for Fisheries Guidance (FIFG)	X
Cohesion Fund (CF)	√	√

Source: own input

Abeceda fondů Evropské unie 2007 - 2013. Jakub Karman. [s.l.] : [s.n.], 2007. 28 s. Information in the publication are actual in the month of May 2007. Available from www: <www.strukturalni-fondy.cz>

5.3.2. The role of the EU Structural Funds in enhancing regional development

The EU Structural Funds' main objective is to reduce the disparities in social and economic development between the member states and regions. Therefore technological innovations and development are one of the major topics not only on the local or regional level but on the national level as well. It is necessary for the economic and social welfare and growth of a nation.

The regional growth and development in individual regions is achieved through subsidies granted for RTDI (research, technical development, innovations). The important factor is that the financial resources are spread on the regional level, which helps to avoid spreading the resources either too thinly or too broadly. The Structural Funds provide financial resources to people who contribute to regional growth through development projects.

However, the development in the member states has not been proceeded at the same speed. There are still significant disparities among regions.¹⁴

The question is whether all regions really need the financial support from the EU Structural Funds. Investing too much or too little in technology or in the wrong kind of technology may actually cause difficulties to some regions related to e.g. social processes related to technology transfer. Some regions are even able to grow even without technology (CIRCA Group, 1999, page i).

5.4. THE STRUCTURAL FUNDS IN THE CZECH REPUBLIC

Although, the Czech Republic has made a significant progress in becoming competitive comparing with the other EU member states, it is still below 75 % of the EU average GDP.¹⁵ It means that the Czech Republic with the exception of the Capital City Prague is able to draw financial support from the European Union's Structural Funds.

The Czech Republic is also a part of the Central Europe Program within the multinational cooperation. It is a Program officially called The European Territorial Cooperation in period 2007 – 2013 and its main goal is to help economic, ecologic and social development in the Central Europe.

For the current programming period 2007 – 2013 the Czech Republic have € 26,69 mld. available out of the € 246 mld. For a better image the amount is about ¼ of the yearly budget of the Czech Republic.¹⁶

In the last programming period 2004 – 2006, the allocation for the Czech Republic was “only” € 2,6 mld.¹⁷

¹⁴ **Source:** KUITUNEN, Soile. Assessing EU Structural Funds : What is the role of the EU Structural Funds in promoting RTDI? Review of some empirical findings. *Research Evaluation, volume 11, number 1* [online]. April 2002 [cit. 2009-08-10], p. 49-58.

¹⁵ **Source:** <http://www.ruse-europe.org/spip.php?rubrique33>, 8.10.2009

¹⁶ **Source:** <http://www.strukturalni-fondy.cz/Informace-o-fondech-EU>, 8.10.2009

¹⁷ **Source:** http://www.mfcr.cz/cps/rde/xchg/mfcr/xsl/eu_financni_alokace.html, 8.10.2009

5.4.1. Operational Programs

Since the 1988 reform, the Structural Funds Operational Programs are implemented according to 4 principles. These are: concentration, partnership, programming and additionality.¹⁸ The Programs should be consistent with local, regional, national and Community policies. Gender equality and sustainable growth are mentioned as additional goals that should be taken into consideration.

In the implementation process of the Operational Programs, partnership between relevant supranational, national, regional or local authorities is more than recommended to be involved. These partnerships include set of rules and procedures which are prescribed by the European Commission and national and sub-national authorities.

The principles of partnerships are carrying the idea of decentralization power over projects selection. However, in many cases, the national authorities wield some influence over the processes by specifying principles and rules to be observed in the selection of projects and implementation of the Programs.¹⁹

5.4.2. Operational programs in the Czech Republic

The Czech Republic has negotiated 26 Operational Programs for the period 2007 – 2013. Eight of them is thematically oriented (e.g. at transportation, science and education, employment, environment) and seven is oriented geographically (e.g. at north Bohemia, south Moravia etc.). The other 11 Operational Programs support

¹⁸ Source: http://ec.europa.eu/regional_policy/funds/prord/prords/implem/pdim2_en.htm, 8.10.2009

Concentration of measures on the priority objectives for development.

Programming, which results in multi-annual development programmes, the result of a process leading to a decision taken through partnership. The process has a number of stages. The adopted measures then become the responsibility of the managing authority.

Partnership, which implies the closest possible co-operation between the Commission and the appropriate authorities at national, regional or local level in each Member State from the preparatory stage to the implementation of measures.

Additionality, which means that Community assistance complements the contributions of the Member States rather than reducing them. Except for special reasons, the Member States must maintain public spending on each Objective at no less than the level reached in the preceding period.

¹⁹ Source: KUITUNEN, Soile. Assessing EU Structural Funds : What is the role of the EU Structural Funds in promoting RTDI? Review of some empirical findings. *Research Evaluation, volume 11, number 1* [online]. April 2002 [cit. 2009-08-10], s. 49-58.

a cross-border and interregional cooperation or they help to provide technical, administrative and other facilities necessary for cohesion policy implementation.

The Operational Programs, as official documents approved by the European Commission, define, what issues the Czech Republic intends to grant through the financial resources gained from the European budget and what are the goals for the period 2007 – 2013. These documents also guarantee that the chosen projects (requesting the financial support) are not on random screens but they are chosen according to their rate of assistance in implementing the cohesion policy goals.

The Operational Programs are divided into priority axes that identify much more specifically to whom/what the financial sources may be allocated. The priority axes are divided into support areas, eventually into support subareas.

5.4.3. Who can apply and how

Municipalities, regions, ministries, businessmen, transport infrastructure owners, non-profit associations, schools, research centers and others can submit projects.

Each subject that wants to apply for a financial support from the EU funds has to submit a project to the governing body of the particular Operational Program. The governing bodies are:

- ministry at the thematic Operational Program,
- regional councils (one or more regions together) at the territorial Operational Programs.

The project is a document that illustrates what kind of activities and how they will support the goals defined in the Operational Program and thereby the implementation of European economic and social policy.

The governing bodies publish calls for proposal for submitting the projects within the support areas and within the priority axes.

5.4.4. What types of projects can be financed from the EU Funds

- *Transportation and transport infrastructure development*
Construction of motorways, railways, water transportation, public transport etc.
- *Environment protection*
Sewerage plants building, wind-power installation, educational and consultancy centers in a field of environment etc.
- *Cities and urban areas development, cross-border cooperation*
Infrastructure for social service, leisure centers, cultural activities facilities etc.
- *Tourist trade development*
Accommodation facilities, museums reconstructions, touristic destinations etc.
- *Human resources development*
Retraining schemes, social service providing, educational system improvement etc.
- *Improvement in quality of services provided by public autonomy*
Networks, quality of public autonomy etc.
- *Entrepreneurship, science and research support*
Enterprises founding support, production technology purchase, support of experimental institutions, marketing service support etc.

5.5. THE ROLE OF PRE-ACCESION FUNDING

As it took more than 10 years to the weakest EU regions to learn how to participate in structural policies (after the 1988 – 1989 Reform), the European Commission recognized a great importance in institution building as a condition for membership. Thus a creation of national and regional institutions is a necessary condition for having active regional participation in the EU policy-making. However, the candidate countries need assistance in building institutional capacities to be able to participate in EU regional policy-making. The assistance is offered by the European Commission via pre-accession assistance.²⁰

²⁰ The EU provides specific targeted financial aid for acceding countries, candidates (currently: Croatia, Turkey, Macedonia) and potential candidates (Albania, Bosnia and Herzegovina, Montenegro, Serbia, Kosovo) in order to support their efforts to enhance political, economic and institutional reforms. (Source: *Www.2007-2013.eu* [online]. 2007 [cit. 2009-09-06]. Available from [www: <http://www.2007-2013.eu/preaccession.php>](http://www.2007-2013.eu/preaccession.php), *Www.seevisions.hiza.ba* [online]. 2007 [cit. 2009-09-06]. Dostupný z WWW: <http://seevisions.hiza.ba/?page_id=29>)

As the main instrument is to build the institutional capacities and familiarize the acceding countries with the main principles of EU structural policies, the Commission used the post Agenda 2000 Phare program. However, the used assistance has largely focused on the national level which led in some cases to “over-institutionalization” with relatively little achieved at the regional level.²¹

As the issue of the pre-accession funding is quite new, there are many discussions proceeding. One of such discussions took place in 2001 in Lithuania. 15 participants from Central Eastern European non-governmental organizations (NGO's) identified problems to the European Commission. As the main problems in the implementation of the pre-accession funding, were identified: The process is not transparent; civil society is not involved in the phase of project preparation and decision making; environmental concerns are lagging the rhetoric and sustainable development.²²

As we can observe, when the “moves” of the European Commission are not thought out properly, as a result it can cause damage rather than bring benefits.

5.6. ISSUES FOR THE NEXT STRUCTURAL FUNDS REFORM

By the EU enlargement in 2004, regional and national inequalities between the member states have widened dramatically so the situation for policy makers was much more difficult than ever before.²³ The EU regional policy is facing new problems because of economic and institutional “gaps” between the new member states (2004 and further accessions. Many of the new member states lack comprehensive regional development strategies.²⁴ In such situation, a simple extension of the operation of the Structural Funds to the new member states is likely to repeat the mistakes of the 1988 – 1989

^{21, 22} **Source:** Pre-accession Funding : NGO position paper - EU-NGO Dialogue. *Preparatory seminars : Dialogue meeting 5* [online]. 2001 [cit. 2009-09-06], s. 1-3. Available from [www: <http://ec.europa.eu/environment/enlarg/pdf/preaccessionfunding.pdf>](http://ec.europa.eu/environment/enlarg/pdf/preaccessionfunding.pdf).

²³ E.g. in 2003, levels of GDP per head in EU 15 varied from 41% of the EU average to 215% in Luxembourg. In 2005, level of GDP per head is below 90% of the EU25 average in all new member states, with GDP per head in Poland, Latvia, Lithuania and Estonia below 50% of the EU25 average. (**Source:** European Commission, 2005)

²⁴ In most new member states regional administration was a key part of the Communist planning apparatus and was hastily dismantled in the rush to abandon central planning. (**Source:** Wollman, 1997)

Reform of the Structural Funds in the matter of regional institutional structures are not sufficiently developed to enable the weakest regions to be active partners in EU regional policy.²⁵

Within the 1988 – 1989 Reform, there was a commitment to change the structure of governance by stimulating regional self-governance. But not all regions were able to become active partners with national governments or with the European Commission so the regional governance varied greatly across the European Union. As a result, the economically weak regions suffered the most after the introduction of the reformed structural policy, as they were not able to activate effectively their entitlement to funding. Thus, it is generally known that regional participation has been a crucial factor for regional development.

Creation of institutional capacities to ensure a success of structural policies is one thing but the ability of institutions to carry out the functions set up to execute is another thing. The institutions need time to learn the most appropriate way to deal with responsibilities and duties that structural policies bring. The European Commission is aware of the fact that a very little can be done to speed up the natural process of the institutions in learning, absorbing knowledge and routines, and building social capital through the partnership principle, particularly at the regional and local level.

In some regions of the new member states, there are still absent mechanisms for bringing together local actors such as trade unions and business associations so making the partnership principle is either very difficult or even impossible to apply in the short run (Bailey and De Propris, 2002b). As a generally known fact, partnerships have been the cornerstone of the EU Regional policy since the 1988 – 1989 Reform.

It is believed that a coherent set of post-accession transition policies needs to be put together in order to ensure that the new member states have time to implement the structural policies.

²⁵ **Source:** BAILEY, David, DE PROPRIS, Lisa. EU regional policy, enlargement and governance: issues for the next reform of the Structural Funds. *EU regional policy* [online]. 2006, vol. 3 [cit. 2009-08-25], s. 1-24.

6. PRAGUE – THE CAPITAL OF THE CZECH REPUBLIC

Area:	496km ²
Population:	1 237 893 (31.3.2009)
Density:	2 444 / km ² (1.1.2008)
Administrative division:	22 administrative districts (1.7.2007) 57 autonomous boroughs (1.7.2007)
EU accession:	1.5.2004
Member of UNESCO:	1992 (historical part of Prague) ²⁶



Coat of arms

In 2004, the Czech Republic, together with other nine countries, became a new member state of the European Union. By the accessing, the new member states gained the opportunity to derive financial resources from the European Union Funds. Through these Funds the European Union grants financial assistance to resolve structural, economic and social problems of the new member states (see chapter 5).

Prague covers an area of 496 km², which is only 0,6 % of the territory of the Czech Republic. The territory of Prague has a much dissected relief. The inner city lies in the extended valley on the river Vltava, while the outer city is situated mainly on the surroundings. Such disparities in height between individual parts of the city are reflected in higher demands on transport and the linear structures of technical facilities (especially water management).

Prague is divided into 22 administrative districts and 57 autonomous boroughs. These boroughs are completely non-homogenous according to degree of urbanization, population density, quality of technical infrastructure and socio-economic conditions of life for inhabitants.

²⁶ **Source:** *Www.pis.cz* [online]. Pražská informační služba, 2009 , 23.6.2009 [cit. 2009-09-20]. Available from www: <http://www.pis.cz/cz/praha/zakladni_info/zakladni_udaje_o_praze>.

Source: *Www.praha.eu* [online]. Magistrát hl.m.Prahy, 2006-2009 , 8.ledna 2009 [cit. 2009-09-20]. Available from www: <http://www.praha.eu/jnp/cz/obcan/mesto/zakladni_udaje_o_praze/index.html>.

Source: *Www.czso.cz* [online]. Český statistický úřad, 23.13.2008 , 20.4.2009 [cit. 2009-09-20]. Available from www: <[http://www.czso.cz/csu/2008edicniplan.nsf/t/24003E05F4/\\$File/4032080102.pdf](http://www.czso.cz/csu/2008edicniplan.nsf/t/24003E05F4/$File/4032080102.pdf)>.

The EU Funds help in improving the quality of the city environment, the quality of public transport but are also very useful in issues such as education and requalification or exploring the potential of science and research facilities, and many others. The Funds partially help Prague to maintain and even improve its position in competition with other Central European cities.

Between the years 2000 – 2006 Prague became one of the ten regions with the biggest increase in GDP per head in PPS (purchasing power standards).

7. PROGRAMMING PERIODS

The Czech Republic accessed the EU in the middle of the programming period 2000 – 2006. Nevertheless, the allocation for the Czech Republic was over EUR 2,6 billions.²⁷ Although, the Czech Republic did not have much experience with the EU Funds, we managed to spend over 98 % of the whole allocation, which is considered by the European Commission as a very effective result.

For the period 2007 – 2013 the allocation is much higher. It is nearly EUR 26,7 billions.²⁸ The Operational Programs in Prague (OPPC and OPPA) receive over EUR 419 millions.²⁹

As we can observe from the table 2 the cohesion policy keeps supporting lagged regions, however it has gone through reforms after the 2004 – 2006 period. As a result, the cohesion policy is mainly aimed at competitiveness, sustainable development and employment for the period 2007 – 2013. The suggested priorities are innovations, economy based on knowledge, environment protection, fairness and service of the common economic interest.

²⁷ **Source:** DIMUN, Petr. *Www.mmr.cz* [online]. 15.7.2004 [cit. 2009-09-29]. Available from [www: <http://www.mmr.cz/Pro-media/Tiskove-zpravy/2004/Aktualni-financni-alokace-pro-Fond-soudrznosti-a-s>](http://www.mmr.cz/Pro-media/Tiskove-zpravy/2004/Aktualni-financni-alokace-pro-Fond-soudrznosti-a-s).

^{28, 29} **Source:** *Www.businessinfo.cz* [online]. Czech Trade, 1997-2009 [cit. 2009-09-28]. Available from [www: <http://www.businessinfo.cz/cz/clanek/zdroje-financovani-z-eu-2007-2013/konecna-alokace-zdroju-fondu-eu-2007-13/1001573/41476/>](http://www.businessinfo.cz/cz/clanek/zdroje-financovani-z-eu-2007-2013/konecna-alokace-zdroju-fondu-eu-2007-13/1001573/41476/).

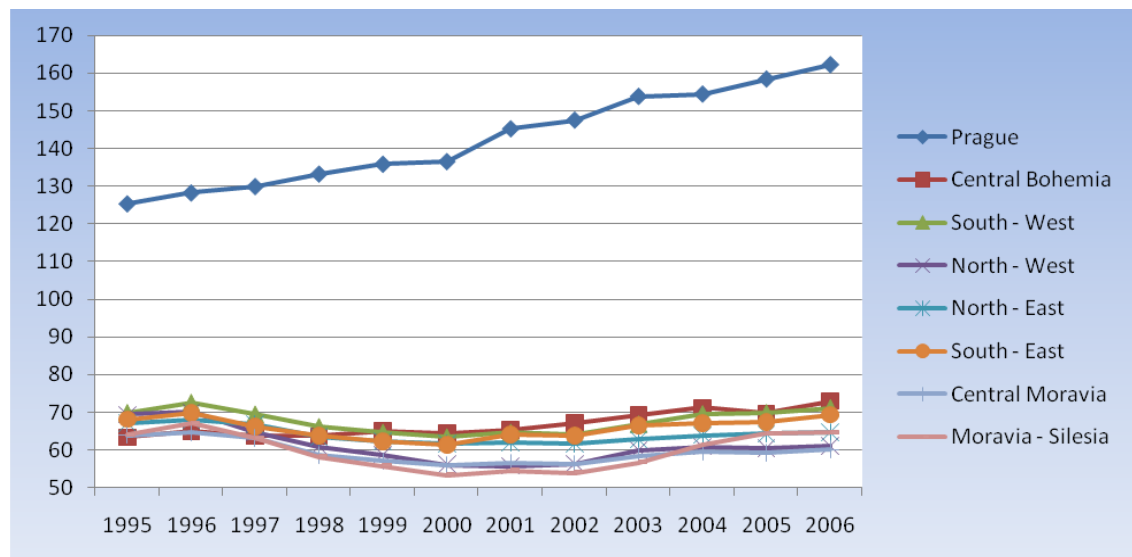
Table 2: Priority objectives

<u>PRIORITY OBJECTIVES</u>			
2000 - 2006		2007 - 2013	
<i>Objective</i>	<i>EU Fund</i>	<i>Objective</i>	<i>EU Fund</i>
Objective 1	ERDF ESF EAGGF FIFG	Convergence	CF ERDF ESF
Objective 2	ERDF ESF	Regional Competitiveness and Employment	ERDF ESF
Objective 3	ESF		
INTERREG	ERDF	Territorial cooperation	ERDF
URBAN	ERDF		
EQUAL	ESF		
LEADER+	EAGGF		
Countryside development and fishery	EAGGF FIFG	Countryside development and fishery not a part of a cohesion policy anymore	

Source: own input

http://www.euroskop.cz/gallery/43/12959-26_3_2009_evropsky_socialni_fond.pdf, 27.9.2007

Graph 1: Regional GDP in PPS per head (% of the EU25 average)



Source: own input

<http://nui.epp.eurostat.ec.europa.eu/nui/submitViewTableAction.do?switchdimensions=true>, 27. 9. 2009

7.1. PROGRAMMING PERIOD 2000 - 2006

For the period 2000 – 2006 there were 3 main objectives identified by the European Commission (see table 2). These were:

- Objective 1: Support to the development and structural changes in lagging-back regions.

This objective is only for regions with GDP per head less than 75 % of the EU average.³⁰

- Objective 2: Support to economic and social conversion of regions facing structural problems.
- Objective 3: Support to the adjustment and modernization of policies and system in education, re-qualification and employment.

As seen from the graph 1, Prague's GDP per head is above 75 % of the EU average, which means that the Capital City could (from the EU accession in 2004) only derive financial resources from the objectives 2 and 3.

7.1.1. Simple Programming Document 2 (SPD2)

The Prague's program for the objective 2 is called the Simple Programming Document 2 (SPD 2). The Program is oriented at investment projects and it's allocation was about EUR 142,6 mil.³¹ Half of the allocation came from the EU Funds - in particular from the ERDF and the other half came from the Czech public budgets such as state budget, the municipal budget and others.

The SPD 2 was divided into 3 main priorities:

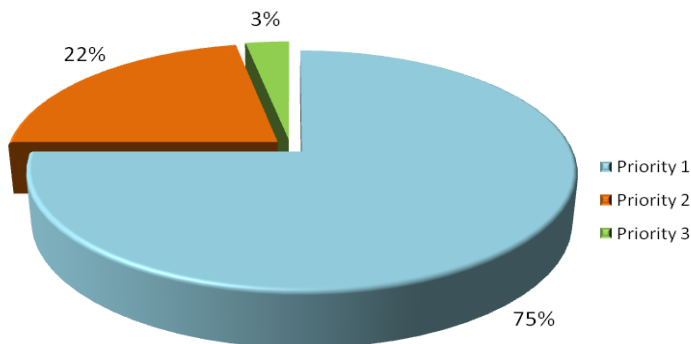
- Priority 1: Revitalization and development of the city environment.
- Priority 2: Building up the future prosperity of the selected area.
- Priority 3: Technical assistance.

These priorities were further divided into areas of intervention.

³⁰ **Source:** *Ec.europa.eu* [online]. 2008 , 15-7-2008 [cit. 2009-09-27]. Available from [www: <http://ec.europa.eu/regional_policy/policy/object/index_cs.htm>](http://ec.europa.eu/regional_policy/policy/object/index_cs.htm).

³¹ **Source:** *JPD2 v kostce*. Euro Managers, s.r.o., I.N. Global, a.s.. Praha : [s.n.], 2009. 23 p. Available from [www: <www.prahafondy.eu>](http://www.prahafondy.eu)

Graph 2: Portions of individual priorities of SPD 2

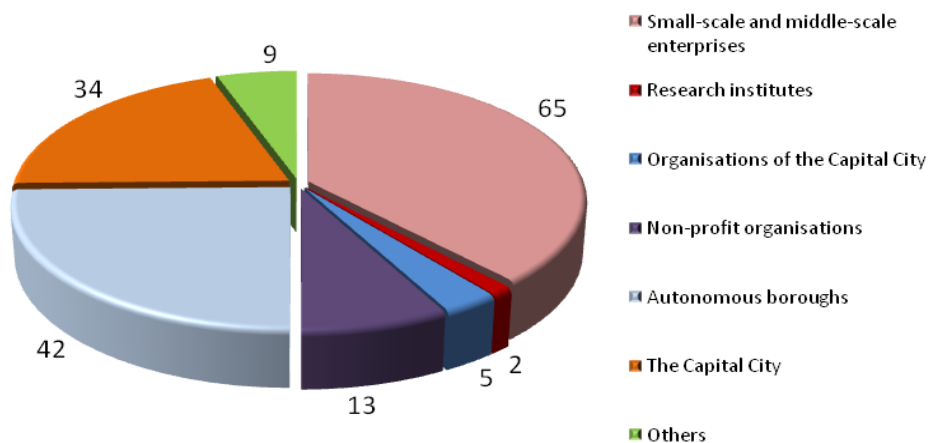


Source: *JPD2 v kostce*. Euro Managers, s.r.o., I.N. Global, a.s.. Praha : [s.n.], 2009. 23 p. Available from [www: <www.prahafondy.eu>](http://www.prahafondy.eu)

The beneficiaries of financial support from the SPD 2 were the City of Prague, autonomous boroughs of Prague but also entrepreneurs, non-profit organizations, research institutes and organizations of the City of Prague, such as the public library, the botanic garden and many others.

The most approved projects were the projects coming from the small-scale and middle-scale enterprises (see graph 3). On the other hand the least approved projects came from the research institutes.

Graph 3: Beneficiaries of financial support from the SPD 2 (number of projects)



Source: *JPD2 v kostce*. Euro Managers, s.r.o., I.N. Global, a.s.. Praha : [s.n.], 2009. 23 s. Available from [www: <www.prahafondy.eu>](http://www.prahafondy.eu)

7.1.2. Simple Programming Document 3 (SPD3)

The Prague's program for the objective 3 is called the Simple Programming Document 3 (SPD 3) and is oriented mainly at non-investment projects such as qualification increase, social integration of vulnerable groups and others. The Program's allocation was EUR 117,6 mil³². Half of the allocation came from the EU Funds - in particular from ESF. The other half of the allocation came from the Czech public budgets such as state budget and the municipal budget.

The governing body of the SPD 3 was the Ministry of labor and social affairs which cooperated with few other institutions.

The financial support from the SPD 3 was aimed mainly at disadvantaged people (health condition, social situation etc.) trying to enter the labor market.

The SPD 3 was divided into 5 main priorities. The priorities were:

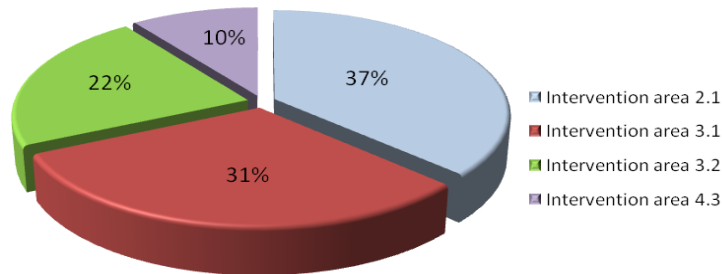
- Priority 1: Active employment policy.
- Priority 2: Social integration and equal opportunities.
- Priority 3: Lifelong learning.
- Priority 4: Adaptability and entrepreneurship.
- Priority 5: Technical assistance.

These priorities were further divided into areas of intervention. Prague could only gain money from four areas:

- 2.1 – Integrate specific groups at risk of social exclusion.
- 3.1 – Develop initial education as a basis for lifelong learning with regard to the needs of the labor market and knowledge-based economy.
- 3.2 – Develop further education and training.
- 4.3 – Development of tourism.

³² **Source:** *JPD3 v kostce*. Euro Managers, s.r.o., I.N. Global, a.s.. Praha : [s.n.], 2009. 23 p. Available from [www: <www.prahafondy.eu>](http://www.prahafondy.eu)

Graph 4: Portions of individual Prague's intervention areas of SPD 3



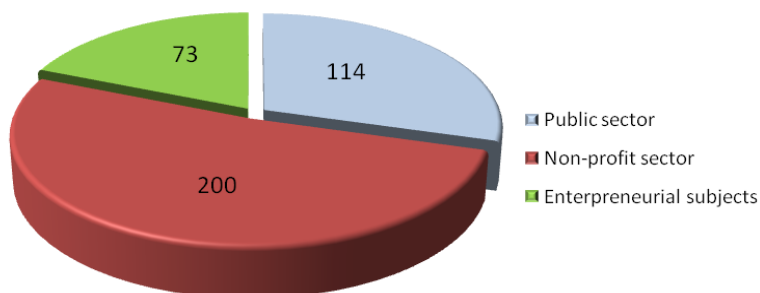
Source: *JPD3 v kostce*. Euro Managers, s.r.o., I.N. Global, a.s.. Praha : [s.n.], 2009. 23 p. Available from [www: <www.prahafondy.eu>](http://www.prahafondy.eu)

The beneficiaries of financial support from the SPD 3 were divided into three groups:

- Public sector – allowance organizations, autonomous boroughs of Prague and public universities.
- Non-profit sector – civic associations, church organizations, associations and many others.
- Entrepreneurial subjects – joint-stock companies, limited liability companies, co-partnership and others.

The most approved projects were the projects coming from the non-profit sector (see graph 5).

Graph 5: Beneficiaries of financial support from the SPD 3 (number of projects)



Source: *JPD3 v kostce*. Euro Managers, s.r.o., I.N. Global, a.s.. Praha : [s.n.], 2009. 23 p. Available from [www: <www.prahafondy.eu>](http://www.prahafondy.eu)

7.2. PROGRAMMING PERIOD 2007 – 2013

For the programming period 2007 – 2013 there are 3 main objectives identified by the European commission (see table 2). These are:

- Convergence:

Promoting conditions and factors leading to convergence for the least developed member states and regions. It concerns 17 member states out of the EU27. The amount available under the Convergence objective represents 81,5 % (EUR 282,8 billion) of the total. All the three Structural Funds are used for financing Convergence objective (ERDF, ESF, CF).³³

- Regional Competitiveness and Employment:

It aims at strengthening competitiveness and attractiveness, as well as employment, through 2 approaches:

1. Development programs help regions to anticipate and promote economic change through innovation and the promotion of the knowledge society, entrepreneurship, the protection of the environment and the improvement of their accessibility.
2. More and better jobs are supported by adapting the workforce and by investing in human resources.

The amount for the Regional Competitiveness and employment objectives represents only below 16% of the total allocation. Regions in 19 member states out of the EU27 are concerned with this objective.³⁴

- Territorial Cooperation:

This objective strengthens cross-border co-operation through joint local and regional initiatives, transnational co-operation aiming at integrated territorial development and interregional co-operation and exchange of experience.

The population living in cross-border areas is 37,5 % of the total EU population. 2,5 % of the total amount is available for this objective.³⁵

^{33, 33, 34} Source: http://ec.europa.eu/regional_policy/policy/object/index_en.htm, 22.11.2009

The Convergence objective includes all regions in the Czech Republic except the capital Prague. It is realized through the 8 thematic operational programs and 7 regional operational programs (see enclosure 2).

The Regional Competitiveness and Employment objective supports regions that are not concerned in the Convergence objective. In the Czech Republic only the capital Prague derives financial sources with its 2 operational programs: Prague Competitiveness and Prague Adaptability.

The Territorial Cooperation objective concerns all Czech regions through 9 operational programs (see enclosure 2).

7.2.1. Operational Program Prague – Competitiveness (OPPC)

The other of the two operational programs within the City of Prague is called Operational Program Prague – Competitiveness (OPPC). It receives the financial support from the European Regional Development Fund (ERDF). The OPPA is objectively connected to the previous program SPD 2 (programming period 2000 – 2006).

The program is oriented at investment projects and its main objective is to increase the competitiveness of the City of Prague as the dynamic metropolis through improving the quality of the urban environment, transport access and telecommunications and developing the city's innovation potential.

The program's allocation is EUR 234,94 mil which is approximately 0,9 % from the all financial resources assigned to the Czech Republic.³⁶ The rate of co-financing is the same in the both Prague's operational programs, 85 % of the resources come from the ERDF while the left 15 % is covered by the public budgets (7,5 % state budget and 7,5 % the municipal budget).

Potential beneficiaries of the financial support from the OPPC are: City of Prague, Municipal public transportation operator, owners of the railway infrastructure, City boroughs, non-governmental non-profit organizations, organizations established and founded by the City of Prague and the City boroughs, research and development

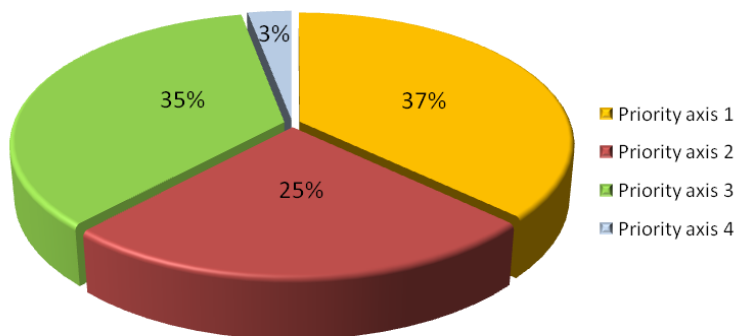
³⁶ Source: <http://www.strukturalni-fondy.cz/getdoc/df7c5155-012e-4b0e-8251-6b53f1495fdd/OP-Praha-Konkurenceschopnost>, 22.11.2009

organizations, entrepreneurs (SMEs) and professional and interest groups (business associations).

The OPPC is divided into 4 areas, so called priority axes. These priority axes are further divided into areas of intervention (see chapter 6). The priority axes are:

- Priority axis 1: Transport accessibility and ICT development.
- Priority axis 2: Environment.
- Priority axis 3: Innovations and enterprise.
- Priority axis 4: Technical assistance.

Graph 6: Portions of individual priority axis of OPPC



Source: own input, Průvodce OPPK, 22.11.2009

7.2.2. Operational Program Prague – Adaptability (OPPA)

In the programming period 2007 – 2013, the first of the two operational programs within the City of Prague is called Operational Program Prague – Adaptability (OPPA) and it receives the financial support from the European Social Fund (ESF). This program is objectively connected to the previous program SPD 3 (programming period 2000 – 2006).

It is the program oriented at non-investment projects such as increasing Prague's competitiveness by strengthening the adaptability and performance of human resources

and improving access to employment for everybody. It is also focused at education modernization.

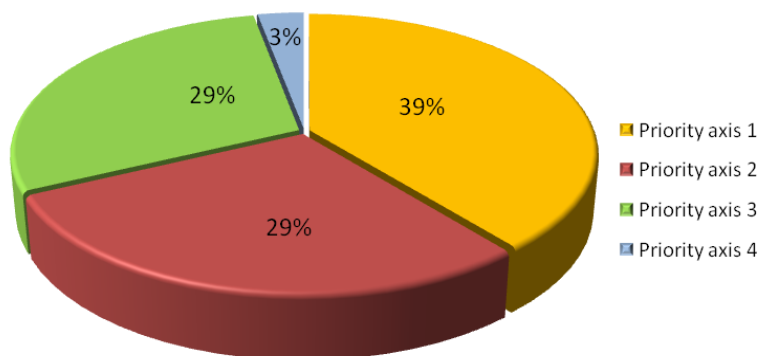
The program's allocation is EUR 108,39 mil. which is approximately 0,41 % of the all financial resources assigned to the Czech Republic. ³⁷ 85 % of the financial resources come from the ESF and the left 15 % come from the public budgets (7,5 % state budget and 7,5 % the municipal budget).

Potential beneficiaries of the financial support from the OPPA may be: public administration bodies, trade union associations, economic and social partners, non-governmental organizations, representatives of the business sector, schools etc.

The OPPA is divided into 4 areas, so called priority axes. These priority axes are:

- Priority axis 1: Support to development of knowledge-based economy.
- Priority axis 2: Support to entry onto labor market.
- Priority axis 3: Modernization of initial education.
- Priority axis 4: Technical assistance.

Graph 7: Portions of individual priority axis of OPPA



Source: own input, Průvodce OPPA, 22.11.2009

³⁷ **Source:** <http://www.strukturalni-fondy.cz/getdoc/575b6253-c04f-4eba-818f-acaecd7aa003/OP-Praha-Adaptabilita>, 22.11.2009

8. DIFFERENCES BETWEEN SPD 2 AND OPPC

8.1. DIFFERENCES

SDP 2
(2000 – 2006)

OPPC
(2007 – 2013)

Enlargement of supported area

- Support of projects connected only to selected areas of Prague – 24 autonomous boroughs which covers 40,7 % of the Prague area (see enclosure 3).
- Projects connected to the whole area of Prague are suitable for subsidies.

Program subject

- Priority 1: Revitalization and development of the city environment.
- Priority 2: Building up the future prosperity of the selected area.
- Priority 3: Technical assistance.
- Priority 1: Transport accessibility and ICT development.
- Priority 2: Environment.
- Priority 3: Innovations and enterprise.
- Priority 4: Technical assistance.

Change in control structure

- Too complicated controlling structure, the governing body was the Ministry of development and there were 2 liaison bodies – the Centre for regional development of the Czech Republic and the EU Funds department at the Prague City Hall. This structure was the source of time delays in the projects approval and also in the problem solving area.
- The governing body is the EU Funds department at the Prague City Hall and it also governs the issues that used to be in a competence of the Centre for regional development of the Czech Republic.

Co financing

- The EU co financed the projects from the 50 %, the other 50 % was provided by the national public budgets.
- The EU co finances the projects from the 85 %, the rest 15 % is provided by the national public budgets.

n+2, n+3

- Rule of n + 2.
- Rule of n + 2 and also n + 3. N + 3 is valid for the years 2007 – 2010.

Project sustainability

- Effects of the approved project have to be kept without any change for a 5-year period from the day of a grant approval.
- Effects of the approved project have to be kept without any change for a 5-year period from the day of completing the project realization.

Private co financing

- No private financing was required.
- Private financing is required (min 10 % of the total expenditures).

Filling and presentation of documents

- The project was filled in an electronic database ELZA and brought in both electronic and printed version.
- The project is filled in electronic database Benefit 7 and brought in only in printed version

Project time realization

- Project realization had to begin within 6 months at the latest from disclosure of information about approving the project; the time realization could not exceed 24 months.
- The maximum realization time is 30 months from co-financing contract signature and project realization had to begin within 6 months at the latest from signing co-financing contract.

8.2. GOVERNING BODY

Governing body is responsible for the whole implementation of the Operational Program.

- SPD 2 (2004 – 2006)
 - Governing body:
Ministry for Regional Development (final decisions, contract signature, payment of the financial support).
 - Liaison bodies:
Prague City Hall Secretariat (formal control, projects evaluating).
Regional Development Centre (risk analysis, ex-ante control, contracts preparation).

The Ministry for Regional Development was the governing body and there were also 2 other liaison bodies. These were the Prague City Hall Secretariat (today's EU Funds department) and the Regional development Centre.

The complicated organization structure was a source of many delays in projects approval as well as financial support payment. It also brought along misunderstandings in a mutual communication between the governing body and the liaison bodies, which led to problems extension and therefore the project submitters had problems with understanding rules and instructions.

- OPPC (2007 – 2013)
 - Governing body:
Prague City Hall, EU Funds department (responsibility for the whole program – providing all activities that the Regional Development Centre was responsible for as well as it is in charge of all responsibilities that used to be govern by the Ministry for Regional Development).

As there is only one body in the whole process there are no more misunderstandings in a communication. The project submitters obtain more complex information since there is only one subject to communicate with (instead of tree subjects). Therefore the whole process of submitting projects and consequent financial support payment became less difficult for both receivers and providers.

9. COMPARING SPD 2 WITH OPPC (RESULTS OF THE QUESTIONNAIRE)

9.1. RESPONDENTS

There were 23 respondents chosen, to whom the questionnaire was given (see enclosures 4, 5). Those respondents were selected from those applicants for the financial support who submitted their projects as individual investment projects in the both programming periods - SPD 2 as well as OPPC (see methodology).

There has been a change in the governing body between the two programming periods and also many other important changes during the both programming periods. The “strong” submitters, applying for the financial support almost from the beginning of the first programming period (2004), have gone through all these changes which make them more than competent to fill in the questionnaire. Especially the capital city departments, both of the organizations of the capital city and some of the non-governmental non-profit organizations are the “strong” projects submitters. They are in many cases the ones, who realize a revitalization of parks; reconstruction of many beautiful buildings; building of roads, over bridges and under bridges; developing of tram-lines etc. - the improved environment that we all in Prague are surrounded by.

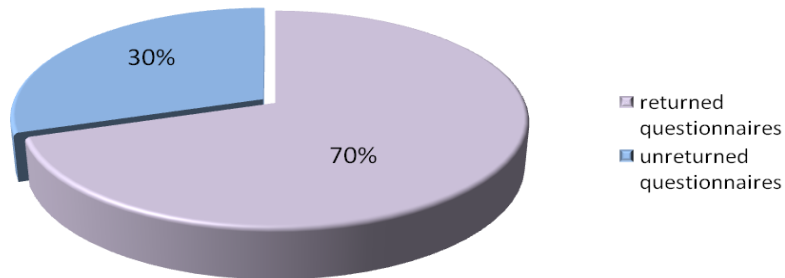
As the graph 8 indicates, 70% of the chosen respondents did return back the questionnaire. In numbers, 16 of the 23 respondents agreed to fill in the questionnaire and returned it back.

16 may seem like a small number but most of those respondents are the ones who submit their projects to almost every call therefore they are familiar with the issue of the Structural Funds. According to the mentioned facts, the sample of 16 respondents is sufficient for the purpose of analysis the implementing the SPD 2 and OPPC and its effectiveness.

Chosen respondents:

- 11 autonomous boroughs of Prague,
- 2 organizations of the Capital City of Prague,
- 3 capital city departments (representing Prague City Hall),
- 5 non-governmental non-profit organizations (public universities, civic organizations).

Graph 8: Percentage of returned questionnaires



Source: own input

As illustrated in the graph 9 all the capital city departments as well as the organizations of the capital city returned the filled questionnaire. On the contrary, 5 of 11 (45,5 %) autonomous boroughs of Prague asked for filling in the questionnaire refused or did not return the questionnaire back.

All the addressed autonomous boroughs of Prague were compared with the Prague City Hall, EU Fund department current projects database. It was discovered that those autonomous boroughs which refused or did not return the questionnaire have no successful projects in the OPPC. Those projects were rejected because they either did not fulfill the formal requirements or they did not obtain 50 points that are necessary for a project to get between the potential beneficiaries of the financial support.³⁸

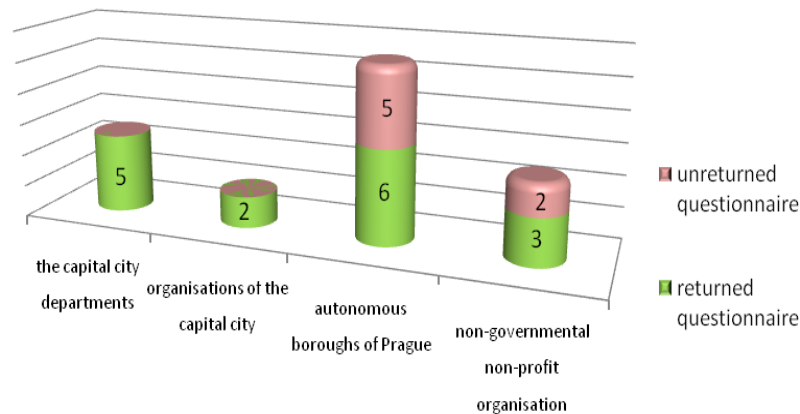
Relatively often, the projects submitters do not agree with the decision of rejecting their submitted project even though they receive justified information declaring the rejection. As a result they feel offended and do not want to cooperate in anything concerning their feelings about the governing body of the EU Structural Funds in Prague.

On the other hand there were few opposite situations. When the project submitters were contacted and kindly asked to fill in the questionnaire, they were more than willing to fill it in and express their negative feelings and discordant opinions about the governing body. Another reason for not returning the questionnaire by the autonomous boroughs may be the fact that compared to the capital city departments, the autonomous

³⁸ Program and project managers evaluate submitted projects in accordance with evaluating criteria.

boroughs much more often have an external firm completing the submitted project for them. Consequently, there was no competent person who could fill in the questionnaire.

Graph 9: Portion of respondents



Source: own input

9.2. PROJECTS

There are many applicants who have submitted their projects to the Prague’s Operational Programs SPD 2 or OPPC in the both programming periods. Nevertheless, the ones chosen as the example (the ones who submitted their projects to the both programming periods) are those “strong” applicants with the most submitted projects (usually submitting even more than 1 project to every call). The other applicants, not taken as the example, generally submit only few projects (usually only 1 project) to only one of the Programs (either to the SPD 2 or to the OPPC).

From now on, the thesis will focus only on those 70% of the respondents who did return back the filled questionnaire with their attitudes and opinions.

As illustrated in the graphs 10 and 11 the most successful financial support beneficiaries in the both programming periods are the capital city departments representing the Prague City Hall. Nevertheless, the current programming period is only in the middle so the result might be different by the end of the year 2013.

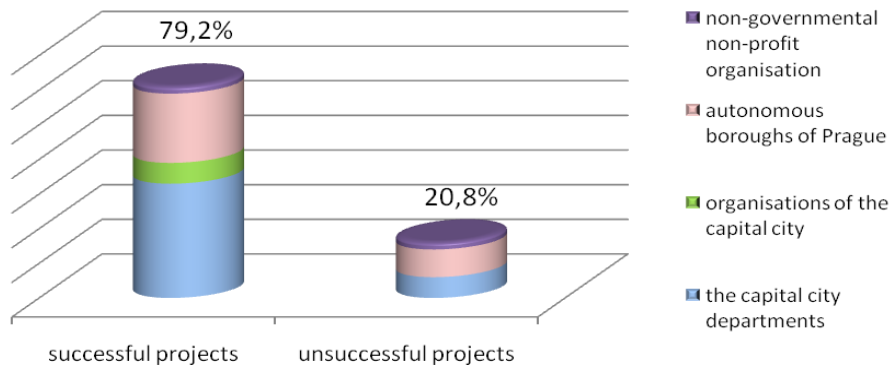
Reasons for the success:

- One of the reasons for this success may be the fact that the capital city departments mostly have certain employees specializing in the EU Funds issue.
- Another reason may be the fact that the Prague City Hall supports its departments and organizations of the capital city to submit projects by contracting a consultant firm which is supposed to provide service and consultancy in the area of Structural Funds.
- The Prague City Hall is also an owner of very attractive localities in the area of Prague which offers a real big potential for good quality projects.
- The Prague City Hall is also one of the main “strong” submitters. It is taken into consideration mainly when evaluating financial safety of an applicant in the overall evaluating of the submitted projects.

There is also an interesting observation flowing from the graphs 10 and 11. In the past programming period, most of the projects submitted by the chosen applicants for the financial support were successful and these projects received the financial support (79,2 %). On the contrary, in the current programming period, only 37,8 % of the submitted projects by the chosen applicants have received the financial support (talking about the chosen submitters). It is caused not only by the fact that in the past programming period there was no real experience with allocating the financial support from the EU Structural Funds but rather by changes in evaluating criteria that have been applied in the Programs.

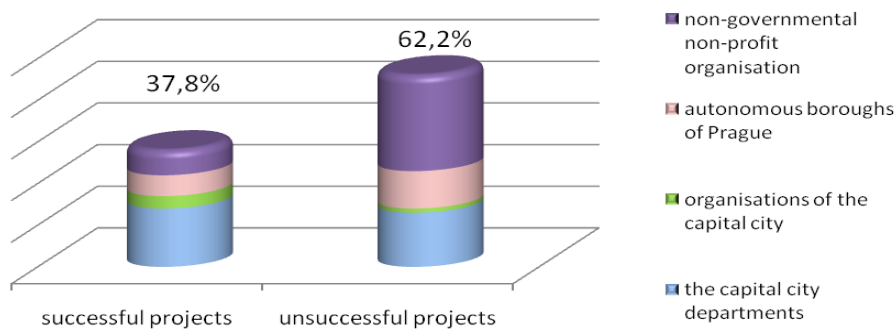
The comparison is fine as we talk about comparable time periods - 32 months (SPD 2) and 38 months (OPPC).

Graph 10: Successful / Unsuccessful projects, SPD 2 (2004 – 2006)



Source: own input

Graph 11: Successful / Unsuccessful projects, OPPC (2007 – 2013)



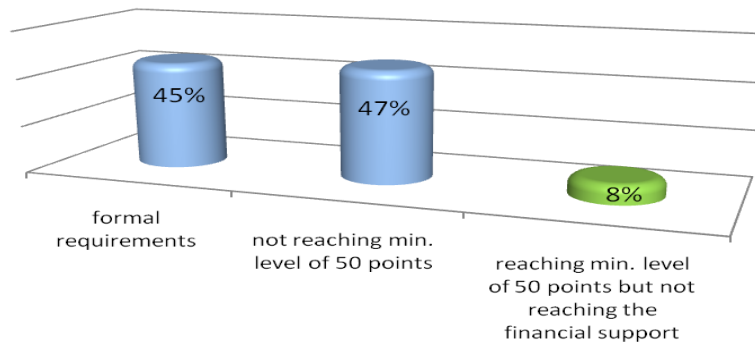
Source: own input

The graph 12 indicates reasons for rejecting the submitted projects. As shown, most of the projects do not get between the ones that have a chance to be supported because:

- they do not fulfill the formal requirements³⁹ so they cannot be accepted by project managers,
- they are accepted because of fulfilling formal requirements but they do not fulfill other conditions (explained in methodology) needed to be fulfilled for reaching the minimal level of 50 points

³⁹ The formal requirements include for example project application (generated from the online application Benefit), the feasibility study, financial situation of the project submitter etc.)

Graph 12: Reasons for rejecting submitted projects



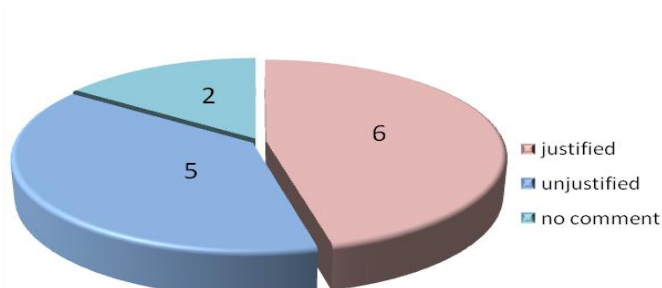
Source: own input

9.3. RESPONDENTS EVALUATION

9.3.1. Rejecting of submitted projects

Concerning the respondents' opinion on rejecting their submitted projects, 13 out of the 16 respondents are included (3 respondents have not had any rejected project). Demonstrated on the graph 13, 6 of the respondents agreed with the reasons explaining why their submitted project was rejected. On the other hand 5 of the respondents did not agree with the given explanation declaring reasons for rejecting their submitted project. Some of the respondents brought in the fact that once there is a decision made there is no chance to reverse it and that after the decision about the rejection, the project managers do not want to talk to the applicants anymore.

Graph 13: Opinion of decision about not receiving the financial support



Source: own input

Concerning the formal requirements, there are rules that the applicants have to observe. They all know about what needs to be fulfilled before submitting a project. They all have manuals and methodology at the disposal so there should be no excuse for not fulfilling the given requirements. In addition once there is something missing from the formal requirements the applicants are asked by the project managers for completing.⁴⁰ In many cases the applicants do not complete the project. Consequently, once there is a decision about rejecting a submitted project made it is justifiable by those who make that decision.

Not reaching the minimal level of 50 points needed for the project being included between the ones that are considered for the financial support is also the issue which gives the applicants a reason not to agree with a rejection of their submitted project. But the same is applied in this issue as is applied in the formal requirements issue. The applicants are aware of the fact how the projects are evaluated hence they can do their best to reach as many points as possible. The important issue in evaluating projects is how a particular project is processed. But even more important issue is the purpose of the submitted project and therefore the plans for fulfilling a purpose of the submitted project are evaluated as well. The projects are even given to experts for evaluating (especially for a financial analysis). Consequently, the reason for rejecting the project is always supported by justifiable facts and reasons and the applicants should accept it.

In the both programming periods the applicants are given the reasons for rejections by the EU Funds department, Prague City Hall (Prague City Hall Secretariat in the past programming period) that was in charge of control of formal requirements of the submitted projects as well as of evaluating projects.

As there were 2 respondents that did not express their opinion of rejecting their submitted projects it is **assumed** that they do not agree with the decision. On the basis of this assumption those 2 respondents are for the purposes of the graph 14 and the table 3 considered between the ones who did not agree with rejecting their submitted projects.

⁴⁰ There is a possibility to complete only **some** of the obligatory supplements and only within 3 working days. On the other hand, the most important supplement - the feasibility study - is not possible to complete once a project is submitted.

The table 3 takes into consideration only those respondents who believe that rejecting of their submitted project is unjustified. As already mentioned there are 5 + 2 respondents. All the submitted projects of those respondents were counted and put into the table 3 in percentage. As the table 3 indicates, 5 of those 7 respondents have more unsuccessful projects so one can conclude that they are only not satisfied because their projects did not receive the financial support from the Structural Funds because only 2 of those 5 respondents made further comment on that issue in the questionnaire even though all of these unsatisfied respondents were given a chance to make a comment which will be included in the final evaluation.

One comment is about misunderstanding on the side of the EU Funds department. The project concerned intangible ownership (patent) and according to the respondent, the governing body does not consider intangible ownership as an investment project. This result will be given to the methodologist for an inspection and as a result there should be information added to manuals and methodology about intangible ownership.

The other comment concerns formal requirements that need to be fulfilled when submitting a project. That particular project was rejected on the basis of not fulfilling the formal requirement even though the project submitter states (with an expertise) that all the formal requirements were fulfilled. Nevertheless, the governing body is the decision making body and only its expertise is the one taken into consideration for the final decision. So again this comment will be passed on the governing body which will be suggested to be more precise when justifying a rejection of a submitted project (even though they are already precise) or if the project submitter still does not agree with the reasons there should be an expert included so the project managers have more evidence to justify the reason for rejection.

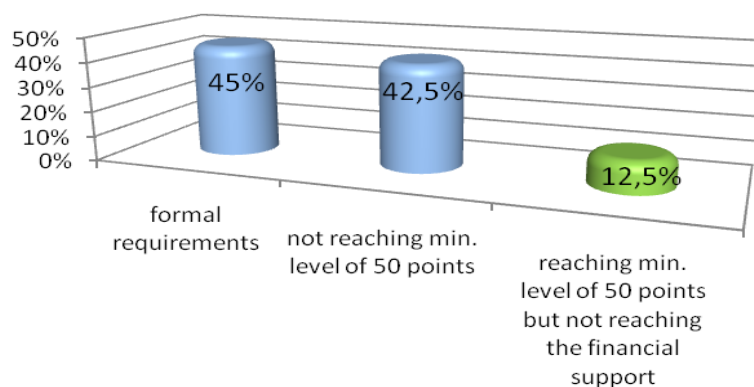
Table 3: Percentage of projects in case of unjustified rejecting of submitted project

	Respondents						
	1.	2.	3.	4.	5.	6.	7.
Successful project	33%	42%	83%	33%	70%	13%	40%
Unsuccessful projects	67%	58%	17%	67%	30%	87%	60%

Source: own input

In the graph 14 only the respondents who did not agree with the decision of rejecting their submitted projects were considered. As explained before the formal requirements and the result of not reaching the minimal level of 50 points are the justifiable and supported reasons for not supporting the submitted projects. 45 % and 42,5 % of those applicants complaining about rejecting their submitted projects belong to one or both of these categories. These numbers give us the awareness that most of those who do not agree with rejecting their projects have no justified reason for it and that they are often only disappointed with receiving no financial support. Nevertheless, it is often the source of complaints and other disagreements with the project managers.

Graph 14: Reasons for rejecting submitted projects (considering only applicants who do not agree with the rejection)



Source: own input

9.3.2. Evaluating the process

Information, consultations, workshops

The projects submitters applying for the financial support from the EU Structural Funds (in this case ERDF) have all the information needed at the disposal. On the internet web site of the Operational Programs there are all manuals and methodologies as well as calendar with planned events.

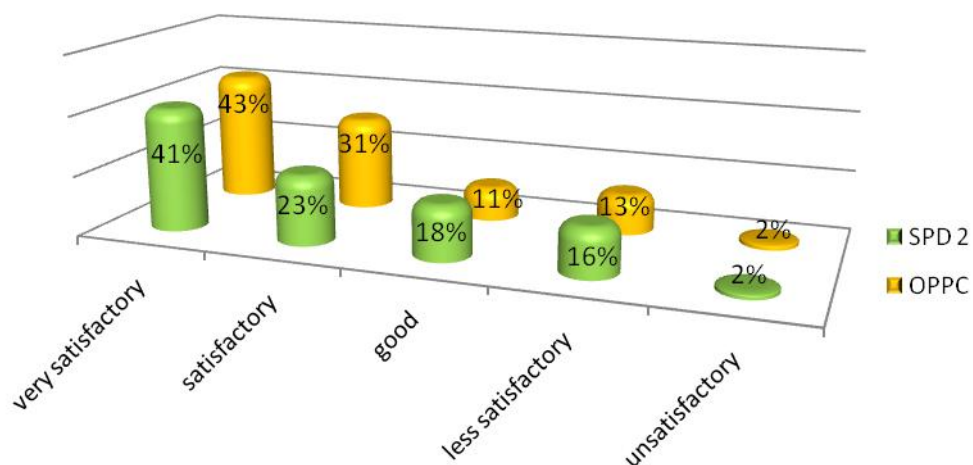
During the whole year the projects submitter have an opportunity to consult the projects they intent to submit with project or program managers. Also, before a call or during

the time of an opened call (minimally 4 weeks, usually 1 – 3 months), there is also an opportunity to participate in workshops that are arranged by the program and project managers of the relevant priority axis.

Not all the submitters participate in the workshops or take an advantage of consulting their project. The ones that do so, have a better chance to submit a high quality project that might be supported from the EU Structural Funds (ERDF in this case).

The chosen respondents were given an opportunity to evaluate whether there is sufficiency of relevant information at the disposal as well as whether they are satisfied with the quality of workshops and consultations.

Graph 15: Evaluation of information, consultations and workshops



Source: own input

According to the graph 16 the project submitters are mostly very satisfied with sufficiency of relevant information that they have at the disposal as well as with consultations and workshops (graph 15).

The submitters that are not satisfied are surprisingly the ones that usually have more than 50% successful projects so these unsatisfied submitters are not the ones whose projects were not successful. So therefore their argumentation should be really taken into consideration. Consequently it could be stated that the program and project

managers do a good work but they should concentrate mostly on the workshops that received the worst evaluation of the three.

Comparing the two programming periods, there is only a slight improvement in the evaluation of the current programming period (OPPC) compared to the past programming period (SPD 2).

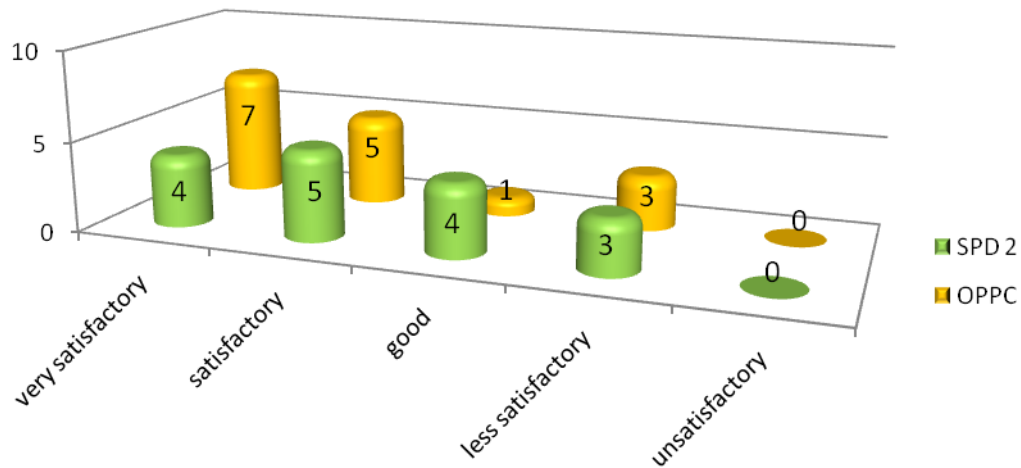
For the purpose of the graph 16 the only factor taken into consideration was a sufficient number of information that the project submitters need.

As observed, the respondents have been more or less satisfied with given information. The only change is that in the current programming period there is more of those who are very satisfied.

There are few ways how to receive the needed information. It is either from the methodology and manuals; there is also the possibility of consulting a project with project managers before submitting; or the submitters can attend seminars that project together with financial managers organize. In the past programming period, as there were the EU Funds department together with the Regional Development Centre was in a position of liaison bodies, the Regional Development Centre was in charge of the seminars.

The respondents who were less satisfied with sufficient number of information in the last programming period are totally different from those who are less satisfied in the current programming period. It can be stated that there has been an improvement because the ones less satisfied in the last programming periods do not anymore belong between the less satisfied. Nevertheless, there are less satisfied respondents in the current programming period. So the governing body will be advised to concentrate on that issue.

Graph 16: Evaluation of sufficient information



Source: own input

The table 4 includes only those respondents who are less satisfied with sufficient information. As seen on the graph 16, there were 3 in the last programming period and 3 in the current programming period.

As the result, 2 of the 3 respondents who felt like being less satisfied in the last programming period never attended one of the workshops where they could receive supplementary information. Consequently, there will be a recommendation for the EU Funds department to put a note (meanwhile it is only on the web site) into manuals about attending seminars.

Nevertheless, all of the respondents not satisfied with the sufficient information in the current programming period attended the workshops and even evaluated them as less satisfactory which is not a good result at all. Therefore, the project and financial managers organizing the workshops will be told that result. They, of course, already have satisfaction questionnaires to receive feedback from those who attend workshops but as seen there are still gaps that should be solved.

Table 4: Workshops (attendance + quality)

Less satisfied respondents						
	SPD 2			OPPC		
Attendance on workshops	√	x	x	√	√	√
Evaluation of workshops	less satisfactory	x	x	less satisfactory	less satisfactory	less satisfactory

Source: own input

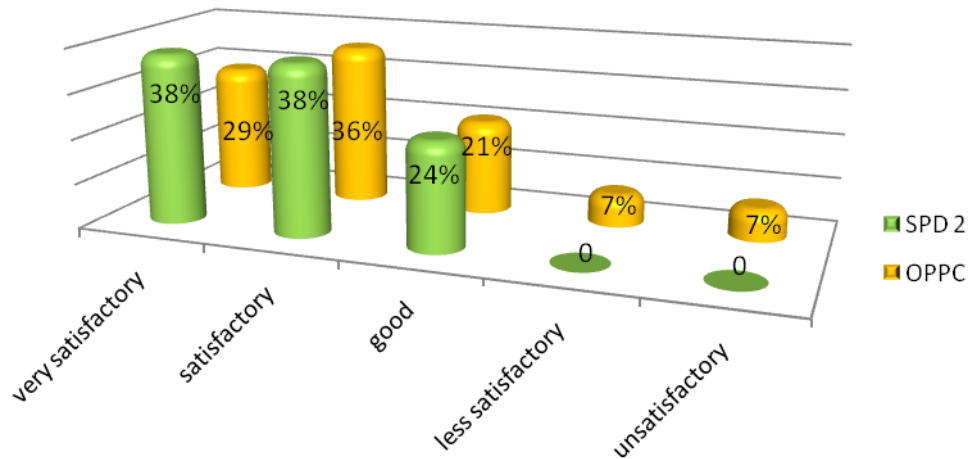
Ex-ante, interim, ex-post controls

Once a submitted project is chosen to be financially supported there might be an ex-ante control done (during the process of the risk analysis which is made by the financial managers. There are also interim controls that take place during a project realization or ex-post controls that take place during the time of the project sustainability (5 years from the day of a grant approval in SPD 2, 5 years from the day of completing the project realization in OPPC).

As seen on the graph 17 the respondents are more or less satisfied with a process of controls but the evaluation did not approve comparing the current programming period with the past programming period. There are even financial support beneficiaries that are less satisfied with the control in the current programming period. The reason for that is the fact that in SPD 2 the control was made by the Regional Development Centre (one of the two liaison bodies). In the OPPC the control is made by the financial managers of the EU Funds department. The problem is that the financial managers are very busy so sometimes they have very little time for the controls. It is a source of problems during the controls.

Fortunately, the EU Funds department is aware of this fact and there have already been steps made for improving the situation. The EU Funds department will outsource people that will be helping the financial managers with the ex-ante, interim and ex-post control so the situation should improve in the future.

Graph 17: Ex-ante, interim, ex-post control



Source: own input

Process of submitting projects

As mentioned many times before the project submitters have all the necessary information at the disposal. There are manuals and methodologies that have gone through countless numbers of changes and they are still actualized while the Program is running. The chosen respondents were given a chance to evaluate whether the manuals and methodologies are understandable enough by today or whether there are changes required to be done.

Once the submitters decide to submit a project they have to fill in an online application called Benefit. In the application there is a step by step procedure for a successful completion. Of course, even this online application has been changed many times since the beginning to get into today’s stage. The respondents were evaluating the application as well.

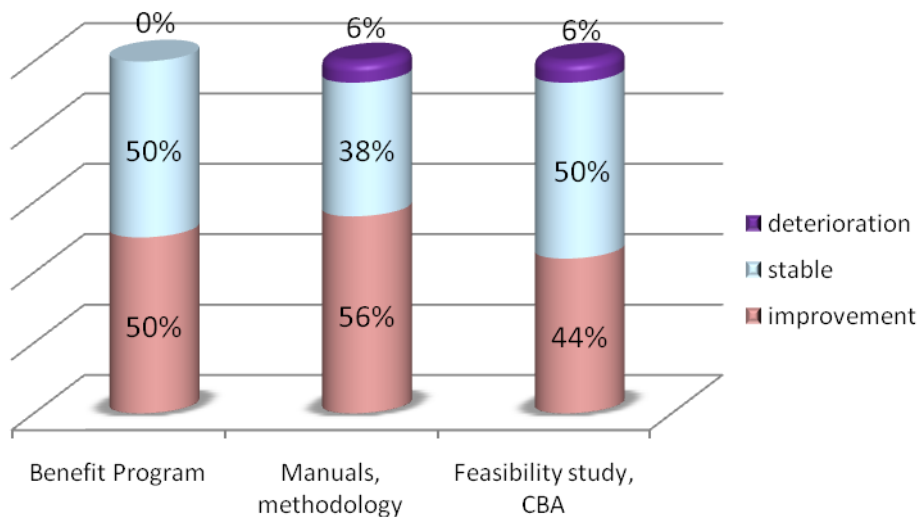
The feasibility study and the CBA (cost benefit analysis) are obligatory⁴¹ supplements that are necessary for the financial support application. The feasibility study describes

⁴¹ The CBA is obligatory only at projects exceeding certain financial limit (the financial limits are different at the different support areas).

the investment goals of a submitted project. In case of incomplete feasibility study the project is not accepted. There is a methodology for processing the feasibility study and the CBA. This methodology has also been changed few times to be more understandable to every single submitter.

When evaluating the manuals, methodologies (also the methodology for the feasibility study and the CBA) and the Benefit online application, the respondents mostly evaluated it as improved or stable which indicates that the project submitters nowadays have no problems with understanding the documents or the online application as the graph 18 represents.

Graph 18: Process of submitting projects



Source: own input

Contract settlement procedure, financial support payment

Once a submitted project is selected as the financial supported project, after the ex-ante control (if there is one) follows the contract settlement procedure and the financial support payment.

The contract settlement procedure consists of 2 processes:

- contract preparation and
- contract signature.

In the last programming period the liaison body (Regional Development Centre) was competent for the contract preparation and the governing body (Ministry for Regional Development) was competent for the contract signature. The governing body was also competent for payment of the financial support.

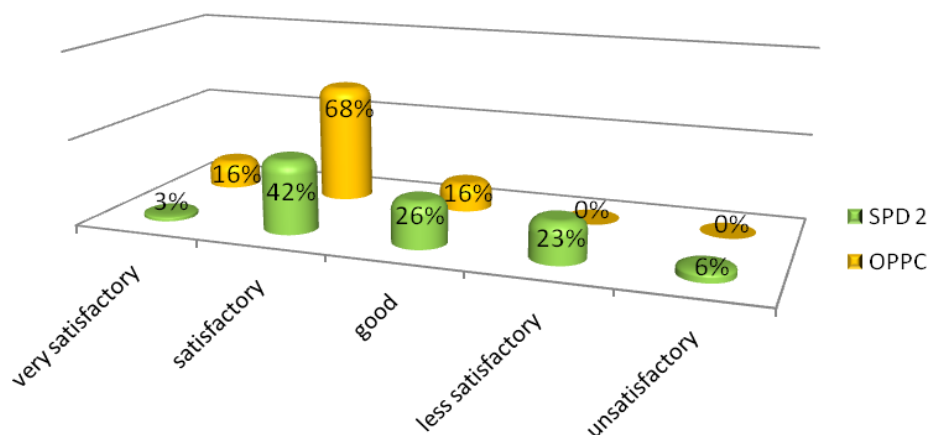
As there were two bodies included in the process in the past programming period there were huge delays in contract settlements and payments and misunderstandings on the both sides – the financial support beneficiaries as well as the governing and liaison bodies.

As the graph 19 indicates there has been a huge improvement in that issue comparing the current and past programming periods. The reason for the improvement is very simple – in the current programming period there is no complicated structure of the responsible bodies since the EU Funds department is the only subject included in the process of contract preparation, contract signing as well as the payment of the financial support.

In the past programming period, only 3 % of the chosen respondents were very satisfied with the mentioned process compared to 22 % in the current programming period.

There were also 32 % of the respondents unsatisfied in the past programming period compared to 0 % in the current programming period.

Graph 19: Contract settlement procedure, financial support payment



Source: own input

Comprehensibility

The administration required to be fulfilled for applying for the financial support from the Structural Funds is relatively complicated even though there are manuals and methodologies made for applicants, specifying every single step of fulfilling the requirements. They help the applicants with better orientation.

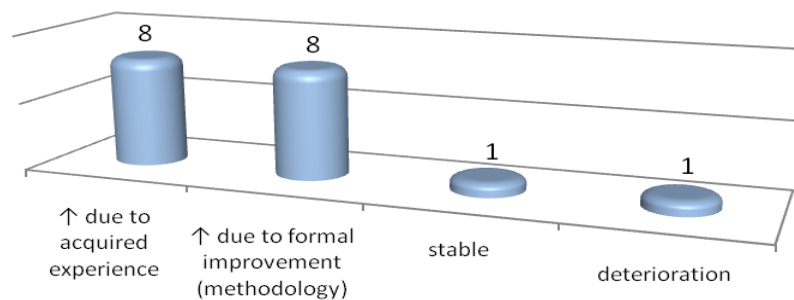
In the case of the chosen respondents for this thesis it would be expected that from their gained experience which they obtain from submitting projects to nearly every call, the comprehensibility has improved.

According to the graph 20 it is seen that the comprehensibility has really improved comparing the two programming periods.

The comprehensibility improvement is anticipated taking into consideration all the changes in manuals, methodologies and the online applications.

A big share of better comprehensibility is also caused by the gained experienced (as mentioned above) so the applicants that submit their projects more than once gain a sort of an advantage to the ones that submit projects only once.

Graph 20: Comprehensibility between SPD 2 and OPPC



Source: own input

Recommendations

The chosen respondents were asked for recommendations for the EU Funds department to improve.

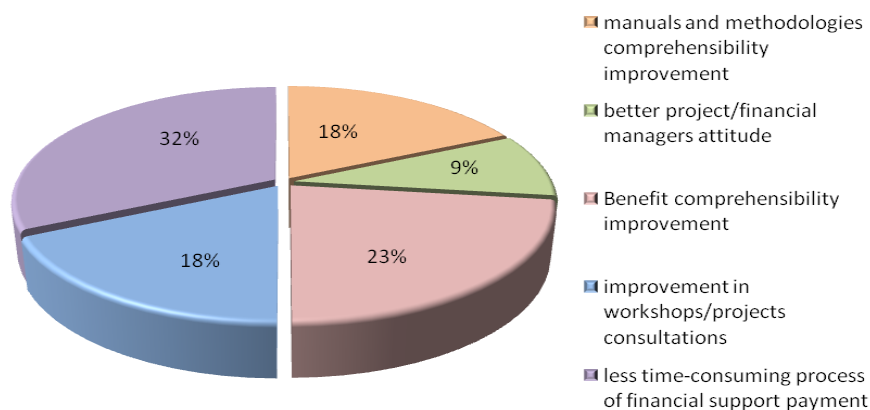
As already mentioned, the financial support payment (together with contract settlement procedure) has much improved since the past programming period, by simplification of an organization structure. Nevertheless, as the graph 21 clearly shows, 1/3 of the respondents would still like an improvement in the financial support payment (to be less time consuming).

1/5 of the respondents would like an improvement in comprehensibility of manuals and methodologies. However, half of these respondents do not attend workshops or do not consult their projects with the program and project managers before submitting it.

1/5 of the respondents also think that the workshops should be of a better quality or that the Benefit online application should be improved.

The question about recommendations for the EU Funds department was one of the questions where the respondents could mark more than one answer. But only 2 of the 16 respondents who returned the questionnaire back marked 2 or more options. Consequently it could be said that the respondents are more or less satisfied with the work of the EU Funds department or the manuals, methodologies etc. that the EU Funds department makes.

Graph 21: Recommendations for the EU Funds department



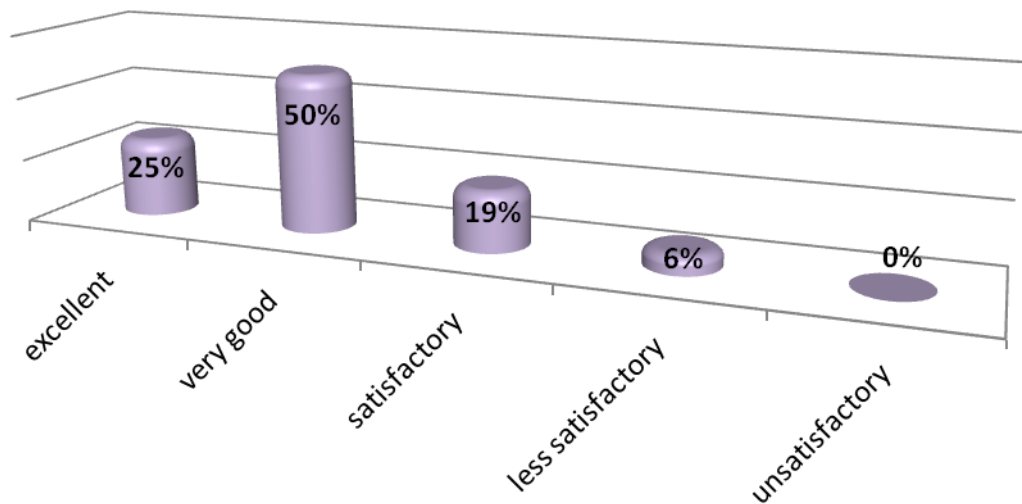
Source: own input

Overall assessment

The last thing that the respondents were supposed to evaluate was the overall work of the EU Funds department. Whether, according to the respondents, the work of the department is effective and understandable.

The graph 22 indicates the overall results of the EU Funds department. As clearly shown nearly all the chosen respondents are either very satisfied or satisfied with the work of the EU Funds department.

Graph 22: Overall assessment of the EU Funds department



Source: own input

10. CONCLUSION

The diploma thesis summarizes the issue of the European Regional Policy. The general aim of the Policy is integration by reducing disparities in the level of development between individual European Union member countries and their regions.

The **main objective** of the thesis was to identify whether there has been an improvement in comprehensibility and the overall administration of the Prague's Operational Programs financed from the ERDF; comparing the current Operational Program (OPPC) to the past Operational Program (SPD 2), from the project submitters point of view.

As the method for selecting data for fulfilling the main objective, the questionnaire method was chosen. Therefore, all the results published in this thesis refer to those filled questionnaires. The questionnaires were distributed among 4 types of respondents that have submitted their projects into **both** programming periods: autonomous boroughs of Prague, organizations of the Capital City of Prague, Capital City departments and non-governmental non-profit organizations.

To identify whether there has been an improvement in comprehensibility and the overall administration of the OPPC comparing to the SPD 2, the whole process that the projects submitters have to go through until the project is finished, was evaluated step by step.

The whole process includes consultations and workshops, sufficient information from the governing (liaison bodies), methodologies of manuals and documents, the online applications, physical controls, contracts signing and the financial support payment.

Concerning the workshops and consultations there has been an improvement in the current programming period but in the both programming periods, over 40 % of the respondents are very satisfied and 10 – 30 % of the respondents are either satisfied or evaluate workshops and consultations as good. Only around 15 % evaluate it as less satisfactory or unsatisfactory. Also when evaluating the sufficient information it has improved only slightly but the overall result is that nearly 4/5 of the financial support applicants are satisfied. Among the satisfied ones are also the ones whose projects were not financially supported so it can be said that the information given are really sufficient.

Considering the physical (ex-ante, interim and ex-post) control, the evaluation received from the respondents shows that there has been no improvement in the current

programming period. There has even been deterioration. The 4/5 of the respondents are satisfied but the percentage of very satisfied respondents decreased by 9 %. Also the percentages of evaluation as satisfied or good decreased by few percent. The reason for that result is that in the last programming period there was a governing body and two liaison bodies and the controls were done by one of the liaison body. At the current programming period there is only a governing body that does everything (including controls). Thus the governing body will be point out about this issue.

The process of submitting projects includes reading manuals and methodologies and proceeds in accordance with them, filling in the form in the online application (Benefit Program) and also handing in the feasibility study ,eventually the CBA (together with other documents). All of those three processes were evaluated as either improved or stable. There has only been insignificant percentage of respondents who evaluated it as deterioration. Consequently, the changes done from the last programming period are shown as being very well done and useful. Also the financial support applicants gained a better orientation in the whole process of submitting projects so the process is more effective from the both sides – the governing body and submitters.

The comprehensibility is tied to the whole process described above and as the results indicate 90 % of the respondents evaluate the comprehensibility as increasing (either because of the formal improvement or to gained experienced).

Evaluating the overall process of implementing the two Prague's Operational Programs, 25 % of the respondents evaluate it as excellent, 50 % as very good and 19 % as satisfactory. Only 6 % of the respondents are less satisfied with the overall process. Therefore the overall result is that there has been quite a significant improvement in the Operational Programs implementation and not only on the side of the governing body but also on the side of the financial support applicants.

As the presumption was that there has been an improvement achieved, especially due to gained experience, it can be concluded that the presumption is confirmed on the basis of information received right from the financial support applicants through the questionnaires.

Results of the alternate objectives:

1. Discover who are the most successful financial support beneficiaries (concerning only those submitters who applied for the financial support in the both programming periods).

Based on the received data it is concluded that the most successful applicants are the Capital City departments representing the Prague City Hall. Nevertheless, comparing the two periods (with nearly the same time-scale) it was observed that in the last programming period, nearly 80 % of submitted projects were successful and on the other hand only 38 % of submitted projects in the current programming period have been successful. The reason for that result is that not only the governing body but also the submitters themselves gain experience consequently there is more and more very good quality projects.

2. Explain differences between the last and the current programming periods focusing only on one of the Structural Funds applied in the City of Prague, which is European Regional Development Fund.

One of the main differences is not as complicated structure as it was in the last programming period. In the current programming period there is only a governing body although in the last programming period there were a governing body and two other liaison bodies. Having three responsible bodies made the process much more complicated as every of the bodies did different things. The simplification in the structure together with gained experience contributed to better comprehensibility of the Operational Programs from financial support applicants' point of view.

Between the other differences there can be found for example enlargement of supported area, EU co-financing - increased percentage of the EU contribution, private co-financing required in the current programming period, different online application for filling in documents etc.

It is obvious from the results that the governing body is doing a good work in implementing the current Operational Program Prague – Competitiveness. Nevertheless, it should make sure that all changes applied have a support from the projects submitters so the overall comprehensibility improvement can continue.

11. BIBLIOGRAPHY

- [1] KUITUNEN, Soile. Assessing EU Structural Funds : What is the role of the EU Structural Funds in promoting RTDI? Review of some empirical findings. *Research Evaluation, volume 11, number 1* [online]. April 2002. p 49-58.
- [2] MANZELLA, Gian Paolo, MENDEZ, Carlos. The turning points of EU Cohesion policy. *The turning points of EU Cohesion policy* [online]. 2009. p 1-28. Available from: <http://ec.europa.eu/regional_policy/policy/future/pdf/8_manzella_finalformatted.pdf>.
- [3] BAILEY, David, DE PROPRIS, Lisa. EU regional policy, enlargement and governance: issues for the next reform of the Structural Funds. *EU regional policy* [online]. 2006, vol. 3 [cit. 2009-08-25], p. 1-24.
- [4] Sapir A., Aghion P., Bertola G., Helwig M., Pisany-Ferry J., Rosati D., Vinals J., Wallace H.: *An agenda for a growing Europe, 2005*. Oxford Scholarship Online: ISBN 978-0-19-927148-1
- [5] FONTAINE, Pascal. *Evropa ve 12 lekcích*. Reporters. Belgium, 2007. p 63. Available from: <ec.europa.eu/publications/>. ISBN 92-79-02860-X.
- [6] KARMAN, Jakub. *Průvodce Evropskými dotacemi: Pro hlavní město Praha, jeho městské části a organizace jimi zřizované.*: Naviga 4, s.r.o., 2008. p 40. The information are actual to the month of October 2008.
- [7] DIMUN, Petr. *Www.mmr.cz* [online]. 15.7.2004 [cit. 2009-09-29]. Available from [www](http://www.mmr.cz/Pro-media/Tiskove-zpravy/2004/Aktualni-financni-alokace-pro-Fond-soudrznosti-a-s):<<http://www.mmr.cz/Pro-media/Tiskove-zpravy/2004/Aktualni-financni-alokace-pro-Fond-soudrznosti-a-s>>.
- [8] Going NUTS : The effect of EU Structural Funds on regional performance. *Stirling economics discussion paper 2008-27* [online]. 2008 [cit. 2009-08-25], s. 1-38. Available from [www](http://www.economics.stir.ac.uk): <www.economics.stir.ac.uk>.
- [9] *Central Europe: Cooperating for success*: 2008. p 10. Available from: <www.central2013.eu>.
- [10] *Jak funguje Evropská unie: Váš průvodce po institucích EU*. Úřad pro úřední tisky Evropských společenství; EK. Belgium: 2007. p 46. Available from: <ec.europa.eu/publications>. ISBN 92-79-03649-1.

- [11] *Single Programming Document for objective 2 for the Prague NUTS 2 region in the period 2004 - 2006*. Ministry for Regional Development of the Czech Republic in co-operation with Prague City Hall, 2003. p 163.
- [12] *JPD2 v kostce*. Euro Managers, s.r.o., I.N. Global, a.s.. Praha: 2009. p 23. Available from: <<http://www.prahafondy.eu/cz/homepage.html>>.
- [13] Bachtler J., Gorzelak G.: *Reforming EU Cohesion policy*, 2007
- [14] *Www.businessinfo.cz* [online]. Ministerstvo pro místní rozvoj, 01.08.2003 [cit. 2009-04-06]. Available from www: <<http://www.businessinfo.cz/cz/clanek/politiky-eu/fondy-eu-a-jejich-urceni-historie-cil/1000521/8880/>>.
- [15] *Www.businessinfo.cz* [online]. Czech Trade, 1997-2009 [cit. 2009-09-28]. Available from www: <<http://www.businessinfo.cz/cz/clanek/zdroje-financovani-z-eu-2007-2013/konecna-alokace-zdroju-fondu-eu-2007-13/1001573/41476/>>.
- [16] *Abeceda fondů Evropské unie 2007 - 2013*. Jakub Karman. [s.l.] : [s.n.], 2007. 28 p. Information are actual in the month of May 2007. Available from: <www.strukturalni-fondy.cz>.
- [17] *Www.pis.cz* [online]. Pražská informační služba, 2009 , 23.6.2009 [cit. 2009-09-20]. Available from www: <http://www.pis.cz/cz/praha/zakladni_info/zakladni_udaje_o_praze>.
- [18] *Www.praha.eu* [online]. Magistrát hl.m.Prahy, 2006-2009 , 8.ledna 2009 [cit. 2009-09-20]. Available from www: <http://www.praha.eu/jnp/cz/obcan/mesto/zakladni_udaje_o_praze/index.html>.
- [19] *Www.czso.cz* [online]. Český statistický úřad, 23.13.2008 , 20.4.2009 [cit. 2009-09-20]. Available from www: <[http://www.czso.cz/csu/2008edicniplan.nsf/t/24003E05F4/\\$File/4032080102.pdf](http://www.czso.cz/csu/2008edicniplan.nsf/t/24003E05F4/$File/4032080102.pdf)>.
- [20] Pre-accession Funding : NGO position paper - EU-NGO Dialogue. *Preparatory seminars : Dialogue meeting 5* [online]. 2001 [cit. 2009-09-06], p. 1-3. Available from www: <<http://ec.europa.eu/environment/enlarg/pdf/preaccessionfunding.pdf>>.
- [21] *Ec.europa.eu* [online]. 2008 , 15-7-2008 [cit. 2009-09-27]. Angličtina. Available from www: <http://ec.europa.eu/regional_policy/policy/object/index_cs.htm>.
- [22] *Www.ec.europa.eu* [online]. 2008 [cit. 2009-06-04]. Available from www: <http://ec.europa.eu/regional_policy/intro/regions5_en.htm#2>.

- [23] *Www.ec.europa.eu* [online]. 2008 [cit. 2009-06-04]. Available from www: <http://ec.europa.eu/regional_policy/funds/prord/prords/history_en.htm>.
- [24] *Www.ec.europa.eu* [online]. [2008] [cit. 2009-05-23]. Available from www: <http://ec.europa.eu/regional_policy/funds/2007/jjj/index_en.htm>.
- [25] *Www.2007-2013.eu* [online]. 2007 [cit. 2009-09-06]. Available from www: <<http://www.2007-2013.eu/preaccession.php>>, *Www.seevisions.hiza.ba* [online]. 2007 [cit. 2009-09-06]. Available from www: <http://seevisions.hiza.ba/?page_id=29>)
- [26] The EU inside and out: regional policy and development aid. *The economics of the European Union* [online]. 2006 [cit. 2009-07-29].
- [27] European Commission, Council regulation, 1083/2006 of 11 July 2006.
- [28] Regional and structural policies. *Regional and structural policies* [online]. 2005 [cit. 2009-07-29], p. 456-487
- [29] Wallace H., 1977: The establishment of the Regional Development Fund
- [30] <http://www.strukturalni-fondy.cz/glosar/k>, 21.2.2010
- [31] <http://www.strukturalni-fondy.cz/Informace-o-fondech-EU>, 8.10.2009
- [32] <http://www.strukturalni-fondy.cz/getdoc/df7c5155-012e-4b0e-8251-6b53f1495fdd/OP-Praha-Konkurenceschopnost>, 22.11.2009
- [33] <http://www.strukturalni-fondy.cz/getdoc/575b6253-c04f-4eba-818f-acaecd7aa003/OP-Praha-Adaptabilita>, 22.11.2009
- [34] http://ec.europa.eu/regional_policy/funds/procf/cf_en.htm, 25.8.2009
- [35] http://ec.europa.eu/regional_policy/policy/object/index_en.htm, 22.11.2009
- [36] <http://www.ruse-europe.org/spip.php?rubrique33>, 8.10.2009
- [37] http://www.mfcr.cz/cps/rde/xchg/mfcr/xsl/eu_financni_alokace.html, 8.10.2009
- [38] http://ec.europa.eu/regional_policy/funds/prord/prords/implement/pdim2_en.htm, 8.10.2009
- [39] http://www.euroskop.cz/gallery/43/12959-26_3_2009_evropsky_socialni_fond.pdf, 27.9.2007
- [40] <http://nui.epp.eurostat.ec.europa.eu/nui/submitViewTableAction.do?switchdimensions=true>, 27. 9. 2009

12. LIST OF GRAPHS AND TABLES

Table 1: Division of basic EU Funds	22
Table 2: Priority objectives	31
Graph 1: Regional GDP in PPS per head (% of the EU25 average)	31
Graph 2: Portions of individual priorities of SPD 2	33
Graph 3: Beneficiaries of financial support from the SPD 2 (number of projects)	33
Graph 4: Portions of individual Prague's intervention areas of SPD 3	35
Graph 5: Beneficiaries of financial support from the SPD 3 (number of projects).....	35
Graph 6: Portions of individual priority axis of OPPC	38
Graph 7: Portions of individual priority axis of OPFA	39
Graph 8: Percentage of returned questionnaires	44
Graph 9: Portion of respondents	45
Graph 10: Successful / Unsuccessful projects, SPD 2 (2004 – 2006)	47
Graph 11: Successful / Unsuccessful projects, OPPC (2007 – 2013)	47
Graph 12: Reasons for rejecting submitted projects	48
Graph 13: Opinion of decision about not receiving the financial support	48
Table 3: Percentage of projects in case of unjustified rejecting of submitted project ...	50
Graph 14: Reasons for rejecting submitted projects (considering only applicants who do not agree with the rejection)	51
Graph 15: Evaluation of information, consultations and workshops	52
Graph 16: Evaluation of sufficient information	54
Table 4: Workshops (attendance + quality)	55
Graph 17: Ex-ante, interim, ex-post control	56
Graph 18: Process of submitting projects	57
Graph 19: Contract settlement procedure, financial support payment	58
Graph 20: Comprehensibility between SPD 2 and OPPC	59
Graph 21: Recommendations for the EU Funds department	60
Graph 22: Overall assessment of the EU Funds department	61

13. ENCLOSURES

Enclosure 1: The European integration vs. Cohesion policy expansion

	The European integration	Members	Cohesion policy expansion
1957, 1958	European Community (the Treaty of Rome),	Benelux, France, Italy, Germany	The European Social Fund (ESF), the European Agricultural Guidance and Guarantee Fund (EAGGF)
70's	First European Community expansion	Denmark, Ireland, UK	The European Regional Development Fund (ERDF)
80's	Single market (1986), Economic and Social Cohesion	Greece, Spain, Portugal	Integrated Mediterranean Programs (IMP), reforms of the Structural Funds
90's	The Treaty of the European Union (1993)	Finland, Sweden, Austria	Cohesion Fund, Second reform of the Structural Funds (3 objectives)
2000 - 2006	The biggest extension of the European Union	Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovakia, Slovenia	2000 - 2006 programming period; 1., 2. objectives financed by ERDF, 3. objective financed by ESF
2007 - 2013	The latest extension of the European Union (2007)	Bulgaria, Romania	2007 - 2013 programming period; regional policy financial tools - JASPERS, JEREMIE, JESSICA

Sources: own input

<http://www.businessinfo.cz/cz/clanek/politiky-eu/fondy-eu-a-jejich-urceni-historie-cil/1000521/8880/>, 4.6.2009

http://ec.europa.eu/regional_policy/funds/prord/prords/history_en.htm, 4.6.2009

http://ec.europa.eu/regional_policy/intro/regions5_en.htm#2, 4.6.2009

Enclosure 2: Operational Programs list

OPERATIONAL PROGRAMS (PERIOD 2007 - 2013)		FINANCIAL AMOUNT
THEMATIC OPERATIONAL PROGRAMS	OP Entrepreneurship and innovation	€ 21 271,1 mil. (79,5%)
	OP Transportation	
	OP Environment	
	OP Human resources and employment	
	OP Education for competitiveness	
	OP Research and development for innovations	
	Integrated OP	
	OP Technical assistance	
REGIONAL OPERATIONAL PROGRAMS	ROP NUTS II Southeast	€ 4 659 mil. (17,6%)
	ROP NUTS II Southwest	
	ROP NUTS II Moravian-Silesia	
	ROP NUTS II Northeast	
	ROP NUTS II Northwest	
	ROP NUTS II Central Bohemia	
	ROP NUTS II Central Moravia	
OPERATIONAL PROGRAM PRAGUE	OP Prague Competitiveness	€ 372,4 mil. (1,4%)
	OP Prague Adaptability	
EUROPEAN TERRITORIAL COOPERATION	OP Interregional cooperation	€ 389 mil. (1,5%)
	OP Multinational cooperation	
	OP Cross-border cooperation (Czech Republic - Bavaria)	
	OP Cross-border cooperation (Czech Republic - Poland)	
	OP Cross-border cooperation (Czech Republic - Austria)	
	OP Cross-border cooperation (Czech Republic - Saxony)	
	OP Cross-border cooperation (Czech Republic - Slovakia)	
	INTERACT II	
	ESPON 2013	

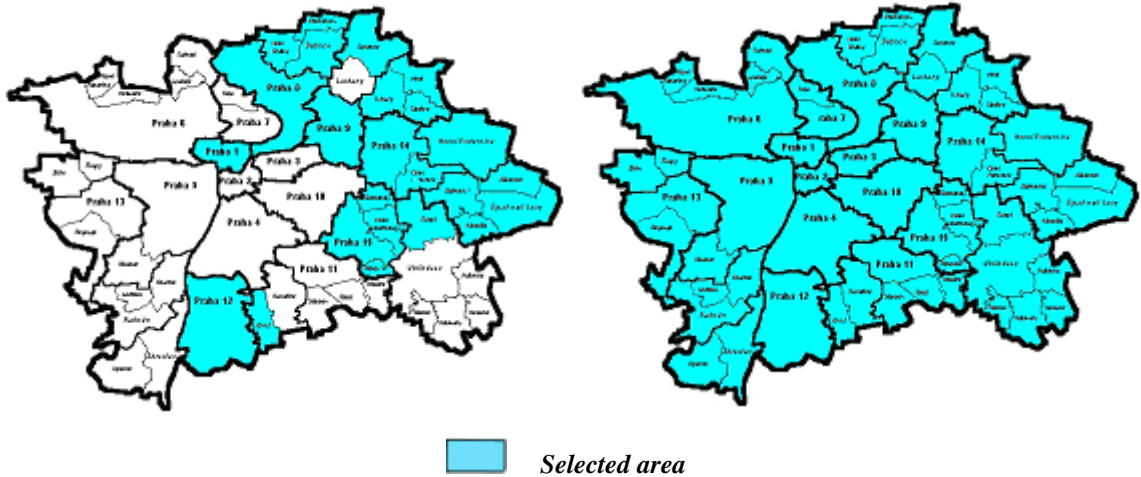
Source: own input

<http://www.euroskop.cz/8640/sekce/cr-a-strukturalni-fondy-v-letech-2007-2013/>

Enclosure 3: Map of selected Prague areas*

City plan SPD 2

City plan OPPC



*Agreed by the Council of the Capital City Prague, decision No. 0950 from June 18th 2002; and by the European Commission decision from June 21st J004 No. K(2004) 2134.

Source: <http://magistrat.praha-mesto.cz/default.aspx?ido=4564&sh=-920378373>, 25.10.2009

Enclosure 4: Questionnaire (in English)

QUESTIONNAIRE

WORK PROCEDURE EFFICIENCY OF THE EUROPEAN FUNDS DEPARTMENT
IN THE CITY OF PRAGUE,
COMPARISON OF THE PROGRAMMING PERIODS 2004 – 2006 AND 2007 - 2013

Dear madam/sir,

this questionnaire serves for the purpose of completing my diploma thesis on the theme “Work procedure efficiency of the EU funds department in the City of Prague”, comparing the last and the current programming periods.

I would kindly ask if you could fill the questionnaire in. It only consists of 10 questions so it should not be very time-consuming for you.

On the basis of obtained data I will be able to complete the practical part of my diploma thesis. Your answers will have NO influence on your future cooperation with the EU funds department in the City of Prague as this questionnaire is anonymous.

This questionnaire is being sent to you – financial support beneficiaries, who applied for the financial support at the EU funds department in the City of Prague, ERDF section, in the both programming periods (SPD2: 2004 - 2006, OPPC: 2007 – 2013).

Nobody else, but me, will have the individual filled questionnaires at the disposal. There will be only the results at the disposal afterwards. These could be provided to you as well at request.

Thank you very much for your time and cooperation.

Bc. Hana Gablová

Czech University of Life Sciences

Instructions for completing the questionnaire:

- Only 1 answer possible* *More than 1 answer possible*

Abbreviations used:

CBA – Cost-benefit analysis

ERDF – European Regional Development Fund

SPD2 – Simple Programming Document 2

OPPC – Operational Program Prague - Competitiveness

1. Beneficiaries identification:

- City of Prague
- Organisations of the City of Prague
- Autonomous borough of Prague
- Research institutes and organizations
- Non-governmental non-profit organisations

2. Did your submitted projects receive the financial support in SPD2:

Yes

How many projects received the financial support

Total amount of the financial resources received from the SPD2CZK

No

How many projects did not receive the financial support

3. Did your submitted projects receive the financial support in OPPC:

Yes

How many projects received the financial support

Total amount of the financial resources received from the SPD2.....CZK

No

How many projects did not receive the financial support

The following 2 questions (N° 4 and N° 5) are thought to be answered only if at least 1 of your submitted projects did not receive the financial support. If all of your submitted projects DID receive the financial support, please continue to the question N° 6.

4. Reasons for dismissal of your submitted projects:

Formal requirements

number of projects.....

Not reaching minimal 50 points necessary for receiving the financial support

number of projects.....

Reaching over 50 points but not getting between the supported projects

number of projects.....

5. Your opinion of decision about not receiving the financial support:

Justified reason for not receiving the financial support

Unjustified reason for not receiving the financial support

Please complete commentary.....

6. Evaluation of your cooperation with the EU funds department: (1 = very satisfactory – 5 = unsatisfactory; not concerning please mark 0)

a) Programming period 2004 – 2006 JPD2:

- | | | | | | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Sufficient information | <input type="radio"/> 1 | <input type="radio"/> 2 | <input type="radio"/> 3 | <input type="radio"/> 4 | <input type="radio"/> 5 | <input type="radio"/> 0 |
| Helpful consultations | <input type="radio"/> 1 | <input type="radio"/> 2 | <input type="radio"/> 3 | <input type="radio"/> 4 | <input type="radio"/> 5 | <input type="radio"/> 0 |
| High-quality and informative workshops | <input type="radio"/> 1 | <input type="radio"/> 2 | <input type="radio"/> 3 | <input type="radio"/> 4 | <input type="radio"/> 5 | <input type="radio"/> 0 |
| Project control (ex ante, interim, ex post) | <input type="radio"/> 1 | <input type="radio"/> 2 | <input type="radio"/> 3 | <input type="radio"/> 4 | <input type="radio"/> 5 | <input type="radio"/> 0 |
| Solvable expenses regulation (successful projects) | <input type="radio"/> 1 | <input type="radio"/> 2 | <input type="radio"/> 3 | <input type="radio"/> 4 | <input type="radio"/> 5 | <input type="radio"/> 0 |
| Contract settlement procedure (successful projects) | <input type="radio"/> 1 | <input type="radio"/> 2 | <input type="radio"/> 3 | <input type="radio"/> 4 | <input type="radio"/> 5 | <input type="radio"/> 0 |
| Financial support repayment (successful projects) | <input type="radio"/> 1 | <input type="radio"/> 2 | <input type="radio"/> 3 | <input type="radio"/> 4 | <input type="radio"/> 5 | <input type="radio"/> 0 |
| Other, please complete..... | <input type="radio"/> 1 | <input type="radio"/> 2 | <input type="radio"/> 3 | <input type="radio"/> 4 | <input type="radio"/> 5 | <input type="radio"/> 0 |

b) Programming period 2007 – 2013 OPPC:

- Sufficient information 1 2 3 4 5 0
- Helpful consultations 1 2 3 4 5 0
- High-quality and informative workshops 1 2 3 4 5 0
- Project control (ex ante, interim, ex post) 1 2 3 4 5 0
- Solvable expenses regulation (successful projects) 1 2 3 4 5 0
- Contract settlement procedure (successful projects) 1 2 3 4 5 0
- Financial support repayment (successful projects) 1 2 3 4 5 0
- Other, please complete..... 1 2 3 4 5 0

7. **Evaluation of the process of projects submitting and administration, comparing the past programming period (2004 – 2006) and the current programming period (2007 – 2013):** (1 – improvement, 2 stable, 3 – deterioration)

- ✓ Program Benefit – projects submitting
 1 2 3
- ✓ Manuals, methodology
 1 2 3
- ✓ Feasibility study + CBA
 1 2 3

8. Comprehensibility evaluation of the whole process of submitting projects, comparing the past programming period (2004 – 2006) and the current programming period (2007 – 2013):

- Improved due to acquired experience
- Comprehensibility improved due to formal improvement (methodology)
- Stable comprehensibility
- Deterioration in comprehensibility

9. Evaluation of work of the EU Funds department - effectiveness and comprehensibility: (1 – excellent to 5 – unsatisfactory)

- 1 2 3 4 5

10. What are your recommendations for the EU Funds department:

- Manuals and methodologies comprehensibility improvement
- Better project / financial managers attitude
- Benefit comprehensibility improvement
- Improvement in workshops / projects consultations
- Less time-consuming process of financial support payment
- Other, please complete

Enclosure 5: Questionnaire (in Czech)

DOTAZNÍK O EFEKTIVITĚ PRÁCE ODBORU FONDŮ EU V HLAVNÍM MĚSTĚ PRAZE, POROVNÁNÍ PROGRAMOVACÍCH OBDOBÍ JPD2 A OPPK

Dobry den,

tento dotaznik slouzi pro ucely diplomove prace na tema „Efektivita prace odboru fondu EU v hlavnim mestě Praze“, porovnaní minulého (2004 – 2006, JPD2) a nynějšího (2007 – 2013, OPPK) programovacího období. Ráda bych Vás proto touto cestou poprosila o jeho vyplnění. Dotaznik obsahuje pouze 10 otázek, tudíž by neměl být časově velmi náročný. Na základě získaných údajů zpracuji praktickou část své diplomové práce.

Vaše odpovědi v tomto dotazniku nebudou mít žádný vliv na Vaši budoucí spolupráci s Odborem fondů EU MHMP, neboť dotaznik je ANONYMNÍ.

Tento dotaznik je rozesílán Vám – žadatelům o finanční podporu, kteří jste předkládali projektové žádosti na Odbor fondů EU MHMP, oddělení EFRR v obou programovacích obdobích tj. 2004 – 2006 (JPD2) a 2007 – 2013 (OPPK).

Nikdo jiný než já nebude mít jednotlivé vyplněné dotazníky k dispozici. K dispozici budou

až celkové zpracované výsledky, které mohu dát v případě zájmu k dispozici rovněž i Vám.

Mnohokrát Vám děkuji za spolupráci

Bc. Hana Gablová

Česká zemědělská univerzita v Praze

Instrukce k vyplnění dotazníku:

Pouze 1 možná odpověď

Více možných odpovědí

Použité zkratky:

CBA – Cost-benefit analýza

FEU – odbor Fondů Evropské unie

EFRR – Evropský Fond Regionálního Rozvoje

JPD2 – Jednotný Programový Dokument pro Cíl 2

MHMP – Magistrát hlavního města Prahy

OPPK – Operační Program Praha – Konkurenceschopnost

2. Identifikace předkladatele projektu:

- Hlavní město Praha
- Organizace zřízená a založená hl.m.Prahou (Dopravní podnik hl.m.Prahy,
- Městská část Prahy
- Organizace výzkumu a vývoje
- Nestátní nezisková organizace

3. Obdržely Vámi předložené projekty finanční podporu v JPD2:

Ano

Kolik Vámi předložených projektů bylo úspěšných

Celková výše obdržené finanční dotace z JPD2CZK

Ne

Kolik Vámi předložených projektů bylo neúspěšných

3. Obdržely Vámi předložené projekty finanční podporu v OPPK:

Ano

Kolik Vámi předložených projektů bylo úspěšných

Celková výše obdržené finanční dotace z OPPKCZK

Ne

Kolik Vámi předložených projektů bylo neúspěšných

Na následující 2 otázky (č.4 a č.5) odpovězte jen v případě, pokud byl některý z Vašich předložených projektů neúspěšný. Pokud byly všechny Vaše projekty úspěšné, pokračujte k otázce č.6.

4. Důvody pro odmítnutí Vašich projektů:

- Formální náležitosti projektu
počet projektů.....
- Nedosažena min. bodová hranice (50 bodů)
počet projektů.....
- Dosažena 50-ti bodová hranice, ale projekt se nedostal mezi dotované
počet projektů.....

5. Váš postoj k rozhodnutí FEU MHMP ohledně neúspěšnosti Vámi podaných projektů:

- Oprávněné odůvodnění vyřazení námi předložených projektů
- Neoprávněné odůvodnění vyřazení námi předložených projektů
Prosím doplňte komentář

6. Vaše ohodnocení spolupráce s FEU MHMP: (1 – velmi uspokojivá až 5 - velmi neuspokojivá; pokud se Vás možnost netýká, označte prosím 0)

a) Programovací období 2004 – 2006 JPD2:

- | | |
|---|---|
| Dostatek potřebných informací | <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 0 |
| Vstřícné osobní (telefonické či mailové) konzultace | <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 0 |
| Kvalitní a informativní semináře | <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 0 |
| Kontrola projektu (ex ante, interim, ex post) | <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 0 |
| Úprava způsobilých výdajů u úspěšných projektů | <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 0 |
| Postup při uzavírání smluv u úspěšných projektů | <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 0 |
| Proplácení podpory u úspěšných projektů | <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 0 |
| Jiné, prosím doplňte..... | <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 0 |

b) Programovací období 2007 – 2013 OPPK:

- Dostatek potřebných informací 1 2 3 4 5 0
- Vstřícné osobní (telefonické či mailové) konzultace 1 2 3 4 5 0
- Kvalitní a informativní semináře 1 2 3 4 5 0
- Kontrola projektu (ex ante, interim, ex post) 1 2 3 4 5 0
- Úprava způsobilých výdajů u úspěšných projektů 1 2 3 4 5 0
- Postup při uzavírání smluv u úspěšných projektů 1 2 3 4 5 0
- Proplácení podpory u úspěšných projektů 1 2 3 4 5 0
- Jiné, prosím doplňte..... 1 2 3 4 5 0

7. Zhodnocení procesu v předkládání projektů a administraci při porovnání minulého programovacího období 2004 – 2006 (JPD2) a současného programovacího období 2007 – 2013 (OPPK): (1 – zlepšení, 2 stejný stav, 3 – zhoršení)

- ✓ Podávání projektových žádostí – Program Benefit
 1 2 3
- ✓ Projektové příručky, metodiky (úpravy)
 1 2 3
- ✓ Studie proveditelnosti + CBA
 1 2 3

8. Zhodnocení srozumitelnosti celého procesu podávání projektových žádostí při porovnání minulého programovacího období 2004 – 2006 (JPD2) a současného programovacího období 2007 – 2013 (OPPK):

- Srozumitelnost se zvýšila v důsledku námi nabytých zkušeností
 - Srozumitelnost se zvýšila díky formálnímu vylepšení (lépe zpracovaná projektová příručka, Studie proveditelnosti + CBA, srozumitelnější program Benefit, více konzultací a seminářů atd.)
- Srozumitelnost se nezvýšila
- Srozumitelnost se snížila

9. Celkové zhodnocení efektivity a srozumitelnosti práce FEU MHMP: (1 – velmi uspokojivé až 5 – velmi neuspokojivé)

- 1 2 3 4 5

10. Jaké jsou z Vaší strany doporučení pro odbor FEU MHMP:

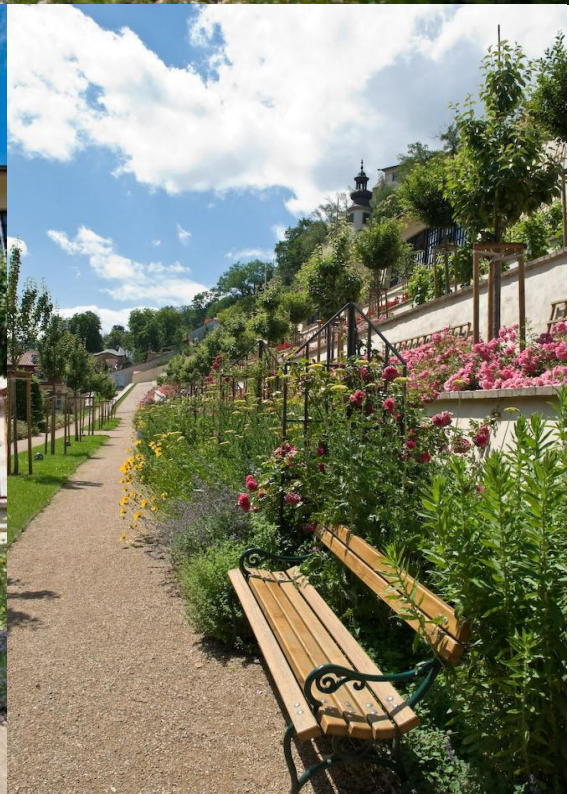
- Větší srozumitelnost projektových příruček/metodik
- Přívětivější přístup projektových/finančních manažerů
- Větší srozumitelnost programu Benefit
- Srozumitelnější konzultace a semináře
- Časově méně náročný proces proplácení finanční podpory
- Jiné, prosím doplňte

.....
.....

Enclosure 6: Pictures of realized projects:

RECONSTRUCTION OF FURSTENBERG GARDEN (SPD 2)

Realization place	Prague 1	Project realizator	The Capial City Prague
Project beginning	August 2005	Project ending	July 2008
Total expenditures	178 694 971 CZK	EU grant (ERDF)	75 216 438 CZK



NEW PRAGUE 20 METROPOLITAN CENTER – HISTORICAL LANDMARK
CHVALSKÝ MANOR (SPD 2)

Realization place	Prague 20	Project realizator	Autonomous borough
Project beginning	February 2005	Project ending	January 2008
Total expenditures	54 017 070 CZK	EU grant (ERDF)	26 990 685 CZK



SOLAR SCHOOL ZŠ K MILÍČOVU (OPPC)

Realization place	Prague 11	Project realizator	Autonomous borough
Project beginning	January 2008	Project ending	February 2009
Total expenditures	59 465 726 CZK	EU grant (ERDF)	35 451 226 CZK

