MINISTRY OF REGIONAL DEVELOPMENT

National Coordination Authority

Final evaluation report
Executive summary

Evaluation of methodological environment from the implementation structure point of view

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Executive summary

This study evaluates the methodological environment of the implementation of the European Structural and Investment Funds (ESIF) in the Czech Republic during the programming period 2014 - 2020. For the purposes of this evaluation, the term "methodological environment" is understood as the following: (i) the Unified Methodological Environment prepared by the National Coordinating Authority in cooperation with the Ministry of Finance, (ii) the methodological environment of the individual operational programmes as formulated by their respective Managing Authorities, and (iii) the ESIF monitoring system MS2014+.

The aim of this evaluation is to identify **weaknesses** as well as **best practices** in the setup of the methodological environment. The choice of analytical methods reflects the evaluation's focus which is to approach the analysis from the **viewpoint of the various actors of the implementation structure**. In this respect, the data was collected by means of a **desk research** of available documentation (i.e. all methodological documents, past evaluations and studies, outputs from public consultations with beneficiaries, etc.) and, predominantly, **interviews with representatives of the implementation structure** (i.e. the National Coordinating Authority, Managing Authorities, Intermediate Bodies; and the Ministry of Finance departments – the Audit Authority, Paying and Certification Authority, and Central Harmonisation Unit). These methods were supplemented by a **survey** sent to a sample of representatives of the implementation structure.

Weak spots and best practices were identified in relation to their impact on the level of administrative burden incurred primarily by ESIF applicants and/or beneficiaries, and secondarily by the bodies of the implementation structure. The main conclusions of this evaluation are presented below. They are categorized accordingly: (i) the setting of the methodological environment, (ii) the communication between the individual bodies of the implementation structure, and (iii) the monitoring system.

The setting of the methodological environment

The methodological environment per se is by the representatives of the implementation structure generally considered **robust, rather confusing, and often unnecessarily detailed**. This finding arises from the not-so-positively perceived **scope of the Unified Methodological Environment** (UME), from which the methodology of each operational programme (OP) is derived. The tens of methodological guidelines and recommendations add up to hundreds, even thousands of pages. Such volume is hardly comprehensible for the every-day user. The understandability of the methodological environment is further hampered by the relatively high frequency of changes and documentation updates. This significantly complicates the transmission of information and rules across the implementation structure.

A substantial impact on the volume of the methodological environment is also produced by the findings of the Audit Authority. Citing precautionary reasons, the Managing Authorities (MAs) often toughen their rules whereby enlarging their guidelines. European Commission audits and activities of other controlling bodies are reported to have a similar effect, though such institutions were cited much less frequently. Thus, the transcription of the findings of audit/controlling bodies into the methodologies ought to be a measure of last resort, employed only once alternative measures have been diligently considered.

In relation to the weaknesses mentioned above, the methodological environment (be it the UME or OP level) tends to copy the provisions of both the Czech and European law literally, without providing its users (i.e. implementation structure employees, beneficiaries, and applicants) a practical, more detailed interpretation. As a result, the methodology is not

sufficiently clear in some cases. This compels its users to seek for additional explanation. In this regard, a revision of the current methodologies, identification of weak spots, and ideally, their reformulation is advised. These changes should be carried out in such a way to make the methodologies much clearer for its users; examples are discussed below.

In general, **a reduction of the number and volume** of the methodological guideline, both on the UME and OP level, is desirable. Should it be taken as a standalone measure, this effort would not suffice to increase the effectiveness of the environment. It is essential that the reduction is supplemented by the reforms proposed below.

In addition to excessiveness and incomprehensibility, that the UME imposes **binding rules** on the Managing Authorities in areas that are specific for all (or some) OPs is another often cited drawback. The uniform codification thus leads to activities being carried out with no value added for either the Managing Authority or the National Coordination Authority (NCA), which is tasked with monitoring that the binding rules are adhered to. This criticism most often concerned the following areas:

► Working with evaluators and the database of evaluators. In some OPs, either the number of evaluators is very limited, or internal evaluators are predominantly made use of.

► Formal requirements pertaining to partnership platforms. Some OPs may have already developed their own channels for the communication with partners, or are using a more effective one.

► The requirement to submit a cost-benefit analysis (financial and financial as well as socio-economic analysis by the size and type of the project) alongside the applications. This obligation tends to be rather formalistic and of no value added vis-à-vis many projects.

► The way the evaluations and communication with applicants are conducted. Because communication with applicants is significantly limited, to formally amend a request may in some OPs (particularly those with a small number of large projects) be an administratively difficult task in the project-approval process.

On the other hand, the concept of the Unified Methodological Environment is generally accepted as **fundamentally positive**. The bodies of the implementation structure understand the **need for coordination and the efforts to standardize the approach to ESIF applicants/beneficiaries** as the NCA's (and of all other guarantors of the individual methodological guidelines) mission. However, the UME should be preoccupied with areas that are common for all OPs and where the Managing Authorities and Intermediate bodies (IBs) have insufficient expertise. Examples of such areas include

► State aid;

► Public procurement;

► Simplified cost options;

► Processing and dissemination of information on the interpretation of the European Commission's rules;

► Legislative requirements applicable across the entire implementation structure, e.g. personal data protection.

Considering the substantial experience of a majority of the implementation structure's actors, it seems more appropriate for the UME to be composed more of recommendations and guidelines in the form of best-practice presentations rather than binding directives and methods of operation. For the NCA's duties related to the coordination and management of

the Partnership Agreement to be fulfilled, the Authority should clearly define the duties of an MA. However, more flexibility should be awarded to the MAs when selecting the method of carrying out such duties.

In regard to the impact of the methodological environment on the applicant/beneficiary, this evaluation relied primarily on the results of the Public Consultation on the Reduction of the Administrative Burden conducted with beneficiaries. The outcomes of this consultation were subsequently compared with the opinions of the respondents from within the implementation structure. As a result, the most problematic areas are the following:

- ► Frequent changes to the calls for proposals and their schedule. Although the issuer of the call is not always able to influence the causes of these changes, a diligent preparation of the calls could lower the number of changes.
- ► The level of detail and scope of the calls for proposals. The availability of the information on required attachments, and the form and availability of the relevant methodological documentation; both aspects greatly differ across the OPs. There are often differences even between two calls in the same OP. Hence, the navigation in the relevant documentation is significantly aggravated for those applying to more OPs or priority axes.
- ► Requirements on attachments to applications greatly differ by the type of a given project. Nonetheless, discrepancies were identified across the implementation structure even in cases of similar projects. Most often, the differences concern the volume of mandatory documentation and the moment when respective attachments are due for submission. Consequently, the administrative burden on the applicant may be negatively affected. The format in which attachments are required has an impact as well.

Communication among the bodies of the implementation structure

An important aspect of ESIF implementation's operability which this evaluation considers is the **communication** and **information transmission** among the individual bodies of the implementation structure. The access to various communication tools and channels was not identified as problematic; on the contrary, their functionality was. The main communication route from the NCA and the other guarantors to the rest of the implementation structure are **the working groups**. The following are features of the working groups perceived rather negatively:

- ► Low level of dialogue, one-way information stream, or on the contrary, low level of the participants' activist and unwillingness to engage in a discussion.
- ► Last-minute preparations and sharing of the working group's agenda with all the participants.
- ► Many working groups and thus not always sufficient capacity of implementing bodies to send representatives with relevant know-how to the meeting.
- ► Inefficient transmission of information from the working groups to the inner circles of the relevant bodies.

In this respect, we recommend the rationalizing of the number and focus of the working groups to increase their efficiency. It would be easier for the MAs to delegate relevant representatives to the working groups. Additionally, to introduce a format encouraging interactive discussion and best-practice sharing (e.g. the workshop or world café methods) is also desirable. Making use of digital file-sharing platforms was also identified as best practice, especially in connection to sharing documentation with all working group participants.

Given the multi-level setup of the implementation structure, information flow **between the managing authorities and intermediate bodies** as well as among various **departments within an institution** was also identified as a point of friction. The ineffectiveness of information channels can lead to improper setup or misinterpretation of the methodological environment vis-à-vis the applicants/beneficiaries. The key to a smooth information flow is to establish at least a basic communication method such as circulating a regular newsletter or holding regular meetings.

Communication with the Ministry of Finance as the Audit Authority (AA) was an aspect mentioned frequently. Respondents reported that the communication with the AA was not easy; more precisely, that there is no possibility for dialogue, namely when accommodating the findings of the AA´s audits of operations. This causes, inter alia, the excessiveness of the methodological environment, and an oft-unnecessarily strict approach to the beneficiaries (as noted above). Information exchange between the AA and other institutions is, thus, crucial to also decreasing the number of cases whereby the beneficiary is faced with inconsistent judgements delivered by various controlling bodies on the same issue.

The role of **informal communication** has been emphasized across the institutions. It can often lead to a more effective information exchange relative to the official means such as working groups and circular notes. Although informal communication is quite a frequent tool of the system, it would be desirable to consider fostering this means by an adequate form (i.e. bare of excessive formalization and mandatory meetings), for example by strengthening the already existing staff rotation between the various institutions in the implementation structure or by organising joint out-of-town meetings with more emphasis on the informal agenda.

The monitoring system

The third vital section of the functioning of the ESIF methodological environment is the **monitoring system – MS2014+**, which to a large extent affects the setting of the UME per se. The following rank among the weakest spots of the system:

► The setup of the monitoring system;
► The communication between the institutions responsible for the system's development and operation;
► The system's technical aspects.

Similar to the majority of the MAs/IBs subscribing to the basic concept of the UME but being dissatisfied with its execution; so they **agree with the existence of the single monitoring system**. However, the respondents have considerable admonitions to its functioning, regarding above all its excessive scope, which inter alia causes slow responsivity, or (partial) malfunctioning of some of the features of the methodological environment. The most cited features read as follows:

► Strategic management and planning tool;
► Prediction tool;
► Controlling module and the electronic checklists.

Technical difficulties were characteristic of the beginning of the programming period when some of the system's components were not operational. Subsequently, the managing authorities, as well as the intermediate bodies, initially grew **sceptical of the system itself**. This hindered, and to a certain extent still does, the acceptance of the system by its users and their willingness to use some of its features even though they might have become fully operational in the meantime. Henceforth, the respondents often indicate that they still conduct

a significant portion of their work with project data (e.g. monitoring indicators, controls, etc.) on their own – externally of the monitoring system where they merely upload the end results.

Likewise, problematic is the way changes are made to the system. There are many adjustments of the system which makes it hard for the institutions of the implementation structure to keep track of all of them, for no **comprehensive records** are in place. The lag between a request for a change and the change being implemented tends to be very high which often renders the change relevant no more.

Furthermore, the low user-friendliness of the system not only increases the administrative and time-management burden laid on the members of the implementation structure, but also affects the **applicants and beneficiaries**. Even though the latter work with a different platform (ISKP2014+) of the same system, they encounter similar problems: user un-friendliness, slow pace, and perplexity. According to the public consultations, to submit a project application is difficult for 62% and a request for payment for 42% of the respondents.