

# THE SYSTEM OF SUPPORT FOR PROJECTS CO-FINANCED BY EU FUNDS IN THE CZECH REPUBLIC

Jana KOSTALOVA  
Libena TETREVOVA  
Michal PATAK

## Abstract

The paper deals with the system of support for projects co-financed through European Union funds (structural funds and the Cohesion Fund) which were applied in the Czech Republic during the programming period 2007-2013, both from the point of view of the process of applying for such support and from the point of view of project implementation. The authors aimed to analyze and evaluate the system from the point of view of the project organizers, identify the problem areas in this system, and propose measures to improve it, which could be usable for specification of the conditions for the programming period 2014-2020. The paper first characterizes the system of support for projects co-financed by EU funds applied in the Czech Republic during the programming period 2007-2013. Next, it discusses the outcomes of a questionnaire survey focused on the evaluation of project organizers' satisfaction with the selected areas of applying for support and project implementation, and on the proposal of possible measures to improve both the system of making an application and project implementation. Finally, the paper specifies the measures to be taken to eliminate the problem areas in the system of support for projects co-financed by EU funds.

**Keywords:** project, European Union funds, system of support, project implementation rules.

## Jana KOSTALOVA

Ph.D. Candidate, Department of Economy and Management of Chemical and Food Industry, Faculty of Chemical Technology, University of Pardubice, Pardubice, Czech Republic

Tel.: 0042-466-037.789

E-mail: jana.kostalova@upce.cz

## Libena TETREVOVA

Associate Professor, Department of Economy and Management of Chemical and Food Industry, Faculty of Chemical Technology, University of Pardubice, Pardubice, Czech Republic

Tel.: 0042-466-036.661

E-mail: libena.tetrevoval@upce.cz

## Michal PATAK

Assistant Professor, Department of Economy and Management of Chemical and Food Industry, Faculty of Chemical Technology, University of Pardubice, Pardubice, Czech Republic

Tel.: 0042-466-036.299

E-mail: michal.patak@upce.cz

## 1. Introduction

The European Union (EU) finances the fulfillment of its agricultural, fishing, and regional policy through investment and structural funds. Investment funds include the European Agricultural Fund for Rural Development (EARFD) and the European Maritime & Fisheries Fund (EMFF), which are purposefully intended to support agriculture and commercial fishing. Structural funds are comprised of the European Regional Development Fund (ERDF) and the European Social Fund (ESF), and are intended to support disadvantaged regions. The ERDF helps develop the economy in the form of infrastructural projects with a very wide focus, while ESF is intended to support activities in the area of employment and the development of human resources. Apart from these funds, the EU also has the Cohesion Fund (CF), which is intended to support the development of countries rather than individual regions (European Commission, 2014).

The paper focuses on the system of financing projects in the Czech Republic (CZ) within the context of EU regional policy application, i.e. financing from structural funds and the Cohesion Fund. Currently, the implementation of projects with the support of structural funds and the Cohesion Fund (together they are called EU funds) represents an important opportunity for all economic entities in the CZ, as well as in other EU countries. During the programming period (PP) 2007-2013, €26.69 billion were allocated to the CZ on the basis of the National Strategic Reference Framework (NSRF) approved by the European Commission (Ministry of Regional Development, 2007a). The NSRF specified the basic strategic targets and 22 operational programs (OPs) through which these targets were to be met (Ministry of Regional Development, 2007d). The priority axes and support areas were specified within each OP, and the applicants were approached through individual calls to prepare data and draw up applications for funds for particular projects.

The OPs within which the applicants could obtain support in the CZ during the PP 2007-2013 can be divided into four basic groups: regional OPs (Central Bohemia, Central Moravia, Moravia-Silesia, North-East, North-West, South-East, South-West), thematic OPs (Transport, Environment, Enterprise and Innovations, Research and Development for Innovations, Human Resources and Employment, Education for Competitiveness, Integrated Operational Programme, Technical Assistance), OPs intended for the capital city of Prague (Prague – Competitiveness, Prague – Adaptability), and OPs relating to European territorial cooperation (Cross-Border Cooperation Czech Republic-Bavaria, Cross-Border Cooperation Czech Republic-Poland, Cross-Border Cooperation Czech Republic-Austria, Cross-Border Cooperation Czech Republic-Saxony, Cross-Border Cooperation Czech Republic-Slovakia) (Ministry of Regional Development, 2007c).

The system of support for projects co-financed through EU funds was designed in CZ to arrange for the process of applying for support and for project implementation within the OPs. To be able to assess the quality of this system, it is necessary to ob-

tain feedback, particularly from the project organizers, based on their experience with submitting applications and solving practical problems during project implementation. In this way, it is possible to identify potential problem areas in this system and propose measures leading to their elimination.

## **2. Research objectives and limiting factors**

The research aims are: to analyze and evaluate the system of support for projects co-financed through EU funds (from the point of view of the organizers) applied in CZ during the PP 2007-2013, both from the point of view of the process of making an application and from the point of view of project implementation; and, on the basis of the performed evaluation, to identify the problem areas in this system.

The next objective is to propose measures to be taken to improve the system of support in the area of making an application for support and in the area of the implementation of projects co-financed through EU funds in the CZ, which would be usable for the specification of the conditions for the PP 2014-2020, and to verify their usability from the point of view of the project organizers.

It is possible to see a limiting factor in the fact that the assessed PP has not yet been completely finalized. Projects falling within the PP 2007-2013 can be implemented until the end of June 2015; the subsequent financial settlement with respect to EU Funds should be performed by the end of 2015. However, the PP 2014-2020 is already being intensively prepared, and thus it is desirable to use feedback from the previous PP, even though such feedback will only be finalized after the new PP has already begun.

## **3. Literature review and hypotheses**

The processes of filing applications and subsequent project implementation are specified by rules defined by the EU and the institutions authorized to provide funds at the national level. In the CZ, the general rules for drawing funds are defined by the Ministry of Regional Development (Ministry of Regional Development, 2007b). The detailed implementing decrees – the calls, methodology, handbooks, newsletters, etc., which the applicants and subsequently project organizers have to comply with – are specified by the ministries responsible for individual OPs and, for the regional OPs on the level of regions, by the authorities of regional councils. For orientation in particular problem areas, it is also possible to draw on other available sources, e.g. Marek and Kantor (2009), Mikusova Merickova and Stejskal (2014), Tauer, Zemankova and Subrtova (2009), which assist in the phase of writing an application for a contribution or in project implementation. Another document specifying the conditions for project implementation is a so-called decision on the provision of a grant, or an agreement on financing, which specifies the provision of the grant and defines the conditions of the provision and the grant recipient's obligations. The applicant and subsequently the project organizer also have to comply with the general legislative rules and also have to take account of any internal rules and methodologies the respective organization is governed by. Generally, the processes of drawing up applications and project im-

plementation are also affected by the level of awareness of the project management (Ernst & Young, 2013; Kratky *et al.*, 2012).

To obtain support from EU funds, it is necessary to take several steps (Ministry of Regional Development, 2007b). First, it is necessary to become acquainted with all the above documents. Next, it is necessary to create a project plan; to determine a suitable OP, the priority axis, and the area of support; and to draw up a project support application, including the required annexes in accordance with the currently effective call. Subsequently, the application is evaluated by the provider and the support is either granted or refused; if granted, the project is implemented.

Project implementation itself is then affected by the conditions set by the given OP. The project implementation period is based on the applicant's schedule and can last several months or several years. Projects implemented in the first part of the PP (2007-2010) can take a maximum of 3 years to complete (the n+3 rule). Projects implemented in the second part of the PP (2011-2013) must take no longer than 2 years (the n+2 rule) in order for all projects to be completed by 2015 (Ministry of Regional Development, 2009b). Project implementation runs in phases, in so-called monitoring periods, during which the project objectives approved in the decision to provide the grant are gradually fulfilled. At the end of each monitoring period, the recipient draws up a monitoring report giving detailed information about the course of the respective monitoring period, including the achieved values, the so-called monitoring indicators, which reflect the quantitative fulfillment of the project outputs. The monitoring report is sent to the support provider for approval together with a potential application for the partial release of funds to reimburse financial costs (Ministry of Regional Development, 2009a). The process of approving a monitoring report runs parallel with the next monitoring period. At the end of the project implementation period, the final monitoring report is submitted and, upon its approval, the project is accomplished and its accounts are settled and all the remaining justified expenses are reimbursed. For some projects, depending on their focus, the following period is a period of so-called sustainability, within which the support recipient has to ensure the application of usable project outputs (Ministry of Regional Development, 2009c).

Within the individual monitoring periods, the recipient is obliged to proceed in compliance with strictly set rules and deadlines. For instance, the running monitoring reports have to be sent within 1 month from the end of the monitoring period, and the final monitoring report has to be sent within 2 months from the end of the project (Ministry of Education, Youth and Sports, 2014; Ministry of Labour and Social Affairs, 2014, Ministry of Environment, 2014). On the other hand, there are no strict deadlines within which the support providers' representatives are obliged to evaluate the support application, to approve the monitoring report or the final monitoring report, or to perform the final rendering of accounts.

There are very detailed rules for project financial management, which include the conditions for the qualification of individual types of costs, the obligatory processes

for documenting costs and their monitoring, the conditions for changing the budget, and the rules for selecting outside suppliers, e.g. in the guidebooks of Ministry of Education, Youth and Sports, Ministry of Environment and Ministry of Labour and Social Affairs. The financial management rules also include rules for the reimbursement of project support and for financial settlement of the support (Ministry of Education, Youth and Sports, 2014; Ministry of Labour and Social Affairs, 2014).

The discussion of the problems concerning the rules specifying the conditions for drawing funds from EU funds and the evaluation of this system runs both at the national level, e.g. Jac (2008, p. 38), Brown and Zimmermannova (2012), and at the international level, e.g. Katsarova (2013), both from the point of view of the project organizers, e.g. Lnenicka (2013) and Venclik (2013), and from the point of view of the providers (European Commission, 2013; Ministry of Regional Development, 2012). As for the national level, the abovementioned authors cite the existence of too many OPs, the high bureaucratic load, insufficient promotion of the opportunities available, insufficient communication with the applicants and the project organizers, an insufficiently transparent evaluation process bordering on corruption and deceptive practices, a project monitoring system with low information ability, and also insufficient administrative capacity on the side of the state administration (Brown and Zimmermannova, 2012, p. 12). At the international level, the authors discuss, for example, insufficient coordination among the involved institutions, insufficiently independent financial audits (Bachtler and Gorzelak, 2007, pp. 319-320), the impact of the economic crisis on the ability of national budgets to co-finance, the need for the simplification and rationalization of the application and implementation processes at the national and regional levels (European Commission, 2013, p. 3), and the absorption capacity of the new Member States of Central and East Europe (Katsarova, 2013, pp. 4-6; Hapenciuc, Moroşan and Arionesei Gaube, 2013, p. 271).

Support provider's representatives at the national level are aware of the importance of feedback for the identification of potential mistakes in the system of support for projects co-financed through EU funds. Thus, they performed, just after the first half of the 2007-2013 PP, a survey among project organizers. This research was conducted by the Ministry of Regional Development (2012) in June and July 2011, and was aimed at the current needs and the experience of both the applicants and recipients, and of the implementation structure entities. The research involved 3,122 respondents. This research resulted in conclusions regarding the evaluation of the system of providing grants from EU funds. The respondents saw the main problems of the system in the fragmentation and disunity of the information sources, in the unsuitability of the calls, and in the frequent changes in the information relating to the process of making applications. Another problem was seen in the system of evaluating applications, where the applicants criticized the variable levels of expertise of the project evaluators, the limited transparency of the process of evaluating applications, and the very long periods of project evaluation. The organizers also faced problems due to the failure to meet due dates for refunding the costs.

The research of the Ministry of Regional Development (2012) and the discussion at the national level (Brown and Zimmermannova, 2012) imply that certain problems of the given system were identified by the project organizers as early as in the course of the first half of the PP. On the basis of the outcomes of this research and the personal experience with the implementation of projects co-financed through EU funds, the following hypotheses were tested to assess the conditions of the set system of support for projects co-financed by EU funds in the CZ from the point of view of the project organizers.

**H1:** Organizers of projects co-financed through EU funds in the CZ are, within the system of support for these projects, the least satisfied with the quality of information sources.

**H2:** Organizers of projects co-financed through EU funds in the CZ see as the most beneficial measure for improving the system of making an application the unification of both basic and detailed rules across OPs.

**H3:** Organizers of projects co-financed through EU funds in the CZ see as the most beneficial measure for improving project implementation system the decrease in the administrative demands of the projects.

#### **4. Data and methodology**

To obtain the project organizers' viewpoint, we prepared and performed a research in the form of a survey, in which the respondents were asked about their experience with the process of making the applications for support and with the implementation of the approved projects, particularly aiming to identify the problem and problem-free areas of implementation with respect to these projects.

The main part of the questionnaire focused on evaluating the system of making an application and on the implementation of the approved projects. At the same time, the respondents were offered possible measures designed to improve the system of preparing projects, making applications, and implementing projects. Simultaneously, they had the chance to add their own opinions concerning the problems in question. The questionnaire also included an identification part, where the respondents were asked to identify their organization, the project, and the sector of their organization, to describe the relationship of the respondent to the project, and to identify the OP through which the project was financed.

The respondents were chosen from the database of projects undertaken within the PP 2007- 2013, published as of 6 February 2013 by the Ministry of Regional Development (2013), which included, to date, 40,908 approved projects. Using the random number generator in Microsoft Office Excel, each project was assigned a random number, and the data was then put in number order, from which the first 500 projects were selected (1.2% of the total number of projects). All projects have, on the basis of the rules governing the provision of EU-funded support, the obligation to present themselves to the public through, for example, the internet; some OPs have a database of all the implemented projects, including the contact information of the project

organizers. These sources were used to obtain the contact information of the organizers of individual projects, or of any other persons specified as project contact persons. The questionnaire was published on the internet using the Lime Survey application from April 10 to April 30, 2013, and representatives of all the randomly selected projects were approached by email in two waves. 171 completed questionnaires were returned, i.e. the rate of return was 34.20%, and, among these, not all respondents answered all questions.

With respect to the identification of respondents and projects, a total number of 152 respondents identified 88 projects (57.89%) from the public sector, 27 projects (17.76%) from the nonprofit sector, and 37 projects (24.34%) from the private sector. The survey involved 106 project managers or coordinators (80.92% of the respondents), 13 finance managers (9.92% of the respondents), and 12 persons whose positions within the project were of another character (9.16% of the respondents).

The obtained data were subsequently processed using IBM SPSS Statistics software and analyzed using the tools of exploration analysis. The validity of the hypotheses was verified at a significance level of 5% by means of Friedman and Wilcoxon signed ranks tests.

## **5. Making an application, project implementation, and their rules from the project organizers' perspective**

In the questionnaire, the respondents were asked to evaluate the system of support for projects co-financed through EU funds and to assess the proposed measures for improving this system, or to extend the proposed measures with their own ideas.

### ***5.1. Evaluation of satisfaction with selected areas of making an application and project implementation***

The questions aimed to evaluate the level of satisfaction with the system of support for projects co-financed through the EU funds and offered the organizers the possibility of commenting on the processes of making an application and project implementation in 10 defined areas. The perceived satisfaction level was evaluated by the respondents using a five-point scale (1 = satisfied; 5 = dissatisfied). Table 1 shows the evaluation of the respondents' satisfaction with the system in all 10 identified areas (ID).

In most of the identified areas, the median value of the satisfaction was in the middle of the applied scale (ID 2, 3, 6, 8, 9, and 10). In the other four identified areas of the system (ID 1, 4, 5, 7), the respondents expressed a higher rate of satisfaction. The different attitudes of the respondents in the evaluation of their satisfaction with particular areas of the system were verified through the Friedman Test (at a significance level of 0.05), and it is possible to consider them as statistically significant. For the purpose of discovering particular pairs of system areas that were evaluated differently, the data were tested using matched-pairs post-hoc tests (the Wilcoxon signed-rank test). For the results of the post-hoc tests, see Table 2.

**Table 1:** Evaluation of the organizers' satisfaction with the selected areas of making an application and project implementation

ID	Identified area	Median	Mode	Point Scale	Frequencies				
					1	2	3	4	5
1	Quality of information sources	2	2	Freq.	13	80	53	20	5
				%	7.60%	46.78%	30.99%	11.70%	2.92%
2	Scope of requirements concerning the processing of project applications and annexes	3	3	Freq.	9	34	77	40	9
				%	5.33%	20.12%	45.56%	23.67%	5.33%
3	System of monitoring reports with respect to its administrative load	3	3	Freq.	13	45	50	46	15
				%	7.69%	26.63%	29.59%	27.22%	8.88%
4	System of monitoring reports with respect to the monitoring indicators	2	2	Freq.	18	70	51	18	12
				%	10.65%	41.42%	30.18%	10.65%	7.10%
5	Recommended minimum and maximum project duration	2	2	Freq.	45	82	33	7	2
				%	26.63%	48.52%	19.53%	4.14%	1.18%
6	Deadlines for evaluation of project applications	3	4	Freq.	12	41	47	56	13
				%	7.10%	24.26%	27.81%	33.14%	7.69%
7	Deadlines for processing monitoring reports	2	2	Freq.	30	80	49	7	3
				%	17.75%	47.34%	28.99%	4.14%	1.78%
8	Deadlines for the evaluation of monitoring reports	3	3	Freq.	15	38	54	43	19
				%	8.88%	22.49%	31.95%	25.44%	11.24%
9	Deadlines for final project evaluation	3	3	Freq.	14	48	66	30	11
				%	8.28%	28.40%	39.05%	17.75%	6.51%
10	Project financial management rules	3	3	Freq.	13	46	68	35	7
				%	7.69%	27.22%	40.24%	20.71%	4.14%

**Source:** Own processing on the basis of the respondents' answers

**Table 2:** Wilcoxon signed ranks test results

Tested Pair <sup>a</sup>	Z	Asymp. Sig. (2-tailed)	Tested Pair <sup>a</sup>	Z	Asymp. Sig. (2-tailed)	Tested Pair <sup>a</sup>	Z	Asymp. Sig. (2-tailed)
1 - 2	-5.604 <sup>b</sup>	.000	2 - 9	-1.554 <sup>c</sup>	.120	5 - 6	-8.348 <sup>b</sup>	.000
1 - 3	-4.802 <sup>b</sup>	.000	2 - 10	-2.176 <sup>c</sup>	.030	5 - 7	-2.482 <sup>b</sup>	.013
1 - 4	-.703 <sup>b</sup>	.482	3 - 4	-4.879 <sup>c</sup>	.000	5 - 8	-8.103 <sup>b</sup>	.000
1 - 5	-5.635 <sup>c</sup>	.000	3 - 5	-7.986 <sup>c</sup>	.000	5 - 9	-7.354 <sup>b</sup>	.000
1 - 6	-5.144 <sup>b</sup>	.000	3 - 6	-.614 <sup>b</sup>	.540	5 - 10	-7.562 <sup>b</sup>	.000
1 - 7	-3.655 <sup>c</sup>	.000	3 - 7	-8.057 <sup>c</sup>	.000	6 - 7	-7.613 <sup>c</sup>	.000
1 - 8	-4.790 <sup>b</sup>	.000	3 - 8	-.622 <sup>b</sup>	.534	6 - 8	-.190 <sup>c</sup>	.849
1 - 9	-2.939 <sup>b</sup>	.003	3 - 9	-1.847 <sup>c</sup>	.065	6 - 9	-2.822 <sup>c</sup>	.005
1 - 10	-3.962 <sup>b</sup>	.000	3 - 10	-1.933 <sup>c</sup>	.053	6 - 10	-2.314 <sup>c</sup>	.021
2 - 3	-.426 <sup>c</sup>	.670	4 - 5	-5.949 <sup>c</sup>	.000	7 - 8	-7.935 <sup>b</sup>	.000
2 - 4	-5.077 <sup>c</sup>	.000	4 - 6	-4.361 <sup>b</sup>	.000	7 - 9	-6.962 <sup>b</sup>	.000
2 - 5	-8.593 <sup>c</sup>	.000	4 - 7	-4.342 <sup>c</sup>	.000	7 - 10	-6.451 <sup>b</sup>	.000
2 - 6	-.912 <sup>b</sup>	.362	4 - 8	-4.448 <sup>b</sup>	.000	8 - 9	-3.165 <sup>c</sup>	.002
2 - 7	-7.867 <sup>c</sup>	.000	4 - 9	-2.321 <sup>b</sup>	.020	8 - 10	-2.299 <sup>c</sup>	.021
2 - 8	-.578 <sup>b</sup>	.563	4 - 10	-3.202 <sup>b</sup>	.001	10 - 9	-.018 <sup>b</sup>	.985

Note: a - Post-hoc testing based on Wilcoxon signed ranks test, b - Based on negative ranks, c - Based on positive ranks

**Source:** Own processing on the basis of the respondents' answers



Table 2 implies that the respondents were least satisfied in the following areas: the scope of requirements concerning the processing of project applications and annexes, the system of monitoring reports with respect to its administrative load, the deadlines for evaluation of project applications, and the deadlines for evaluation of monitoring reports (ID 2, 3, 6 and 8). The respondents were most satisfied with the following areas: the recommended minimum and maximum project duration and the deadlines for processing monitoring reports (ID 5 and 7). On the basis of this fact, it is possible to disprove hypothesis H1.

The assessment of the organizers' satisfaction with the selected areas of submitting applications and project implementation was also analyzed from the point of view of the respondents' affiliation with individual sectors (private, nonprofit, public). Table 3 shows the outcomes of the Median test.

**Table 3:** Median test results

ID	1	2	3	4	5	6	7	8	9	10
Median	2	3	3	2	2	3	2	3	3	3
Chi-Square	.999	.241	.454	2.977	.306	1.820	.139	1.035	1.386	6.273
Df	2	2	2	2	2	2	2	2	2	2
Asymp. Sig.	.607	.887	.797	.226	.858	.403	.933	.596	.500	.043

**Source:** Own processing on the basis of the respondents' answers

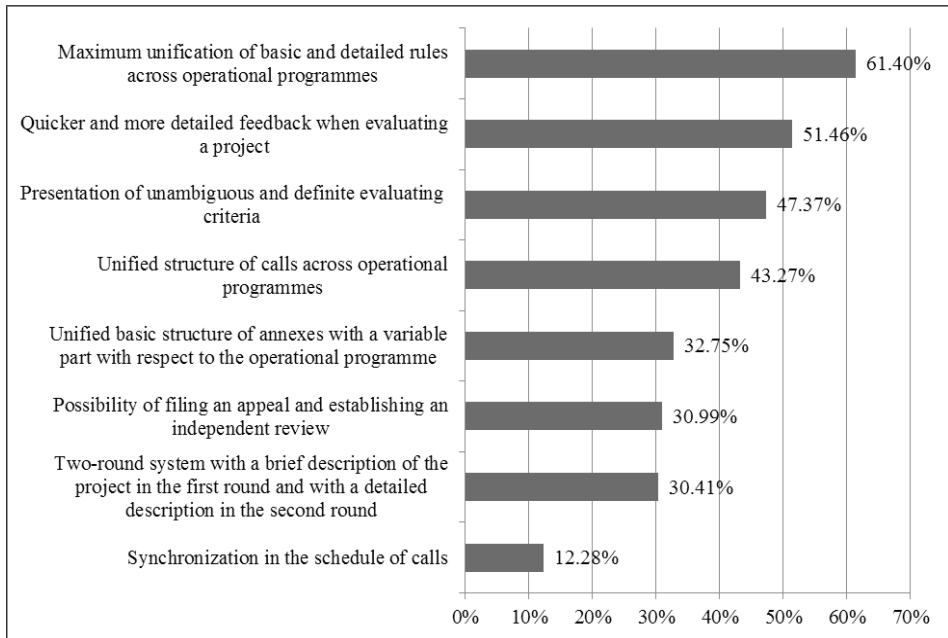
Table 3 shows that it was not possible to demonstrate statistically significant differences between individual sectors, and, thus, it is possible to consider the respondents' satisfaction with the selected areas of submitting applications and project implementation as independent of the sector the respondent comes from.

### ***5.2. Measures for improving the system of filing applications and project implementation***

The respondents were also offered proposals on how to improve the system of filing in applications. As for the proposed measures, they could choose from more options and also add their own comments or propose different measures. Figure 1 shows the preferences for individual proposed measures.

Maximum unification of basic and detailed rules across OPs was preferred by the largest number of respondents (108 respondents, or 61.40%), which proves hypothesis H2. A significant proportion of the respondents preferred the measures specifying quicker and more detailed feedback when evaluating a project (88 respondents, or 51.46%) and the presentation of unambiguous and definite evaluation criteria (81 respondents, or 47.37%). By contrast, only 21 respondents (12.28%) preferred the introduction of synchronization in the schedule of calls. Nevertheless, one of the comments on this question recommended the publishing of a long-term plan of calls across all OPs in such a way that applicants can better schedule the preparation of applications.

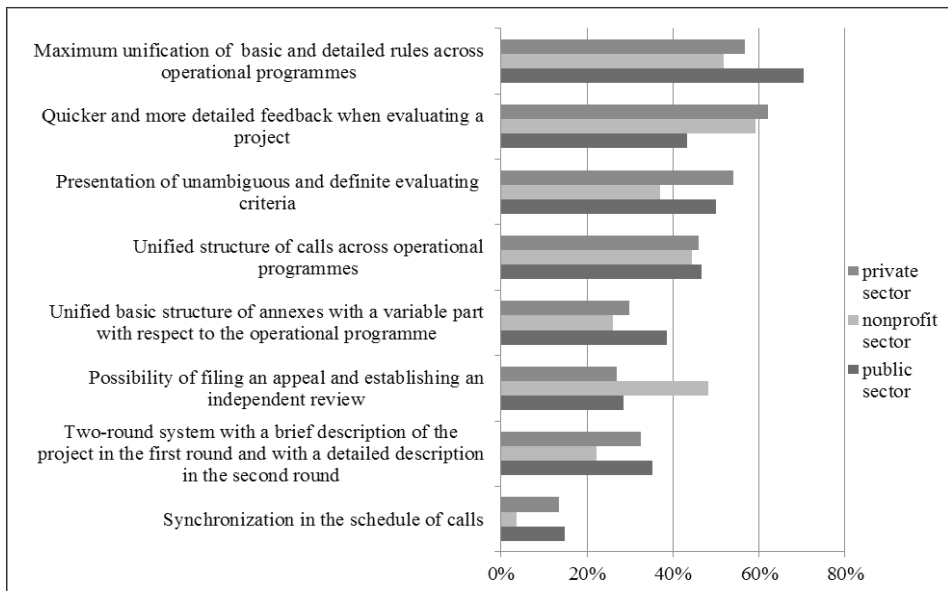
The question regarding the measures to improve the system of filing applications was also analyzed from the point of view of the respondents' affiliations with indi-



**Figure 1:** Measures for improving the system of filing in applications

**Source:** Own processing based on the respondents' answers

vidual sectors (private, nonprofit, public). For the preferences of individual measures with respect to the respondent's sector, see Figure 2.



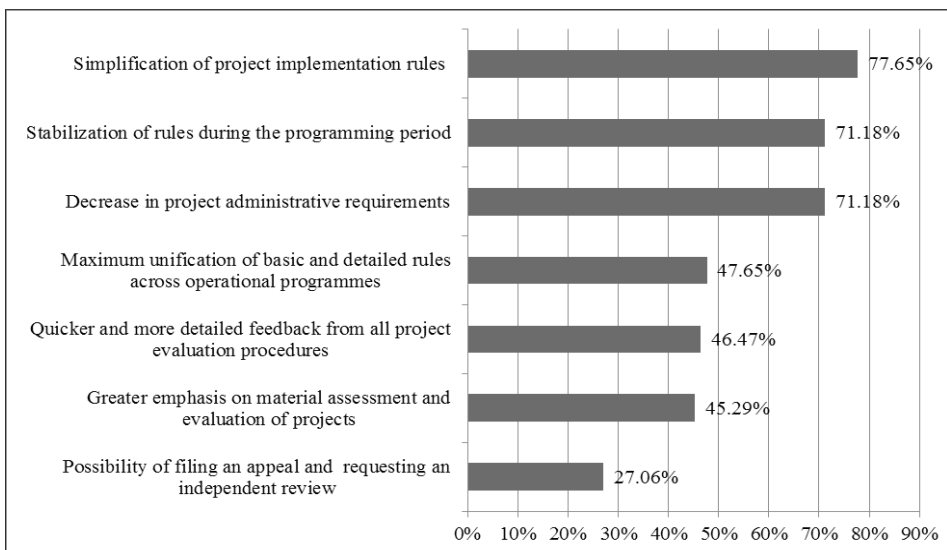
**Figure 2:** Measures for improving the system of filing in applications – differentiation by sector

**Source:** Own processing based on the respondents' answers

With respect to possible measures to improve the system of filing applications, respondents from individual sectors displayed different attitudes. Respondents from the public sector preferred the measure proposing maximum unification of the basic and detailed rules across OPs. Respondents from the private and non-profit sectors preferred quicker and more detailed feedback when evaluating a project. There was a significantly different view regarding the measure proposing the possibility of filing an appeal and establishing an independent review, which was substantially more preferred by respondents from the nonprofit sector.

To this question, the respondents had the possibility of suggesting more measures to improve the system of filing project applications. Most proposals suggested a simplification and better arrangement of the rules in order to ensure a clear and unified structure with respect to making applications that focused more on project outputs and less on formal details. The respondents also recommended that applications and signatures should be acceptable in electronic form. Another recommended measure was to decrease the number of OPs. The respondents also recommended increasing the number of evaluators and choosing experts in the given field for this activity.

The respondents also proposed ideas that could lead to improvements in the system of project implementation. They could choose from the already proposed measures, adding their own comments, or propose their own measures. Figure 3 shows the respondents' standpoints on individual proposed measures.



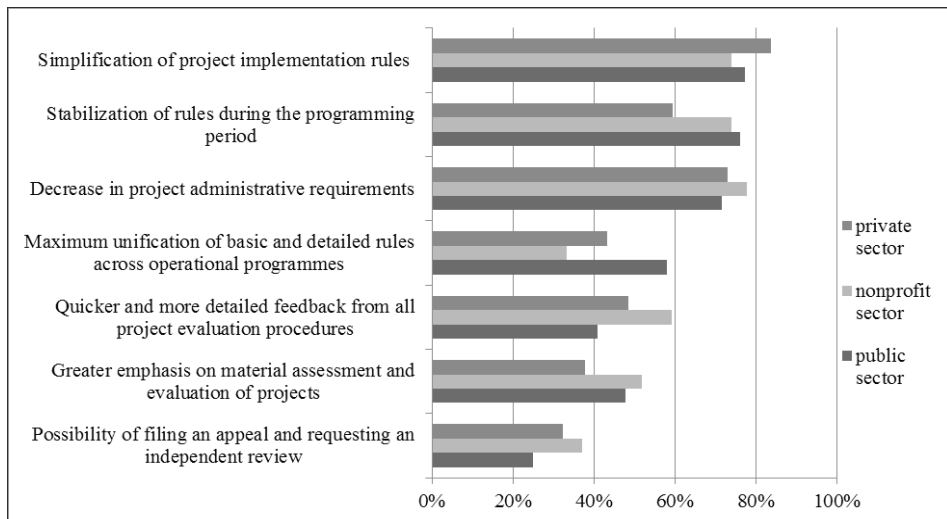
**Figure 3:** Measures for improving the project implementation system

**Source:** Own processing based on the respondents' answers

Most respondents (132, i.e. 77.65%) were in favor of simplifying the project implementation rules, which disproved hypothesis H3. Nevertheless, the administrative load and instability caused considerable problems to organizers, as 121 respondents

(i.e. 71.18%) preferred measures to decrease administrative requirements and to stabilize the rules during the PP. Supplementing the project implementation system with the possibility of filing an appeal and requesting an independent review was the least preferred measure (46 respondents, i.e. 27.06%).

The issue regarding measures to improve the system of project implementation was also analyzed from the point of view of the respondents' affiliations with individual sectors (private, nonprofit, public). For the preferences of individual measures with respect to the respondent's sector, see Figure 4.



**Figure 4:** Measures for improving the project implementation system – differentiation by sector

**Source:** Own processing based on the respondents' answers

With respect to possible measures to improve the system of project implementation, respondents from individual sectors displayed different attitudes. Respondents from the private and public sectors preferred the measure proposing the simplification of project implementation rules. Respondents from the nonprofit sector mostly preferred a decrease in project administrative requirements. They also preferred the measure proposing quicker and more detailed feedback from all project evaluation procedures more than respondents from the other sectors, which was apparently related to complications resulting from the obligation to fund projects from the respondents' own sources before final accounts were settled.

In their comments, the respondents proposed more measures to improve the project implementation system. In most cases, they required the simplification of the system of tendering, which, in the respondents' opinion, complicated project implementation. The other proposed measures concerned the work of the staff on the side of the support providers. They emphasized the need to enhance the competency of workers on the side of the support providers as well as the effectiveness of project audits. The respondents also suggested greater utilization of the feedback obtained from the

project organizers. Another proposal was for more frequent training of project organizers, not only at the beginning of the project, but also during its implementation, focusing on examples of both good and bad practices. The comments also included recommendations concerning the validity of the rules; the proposals recommended limiting the application of retroactive procedures in which an accomplished project was evaluated on the basis of newly established rules or required to apply a new rule retroactively.

### *5.3. The respondents' overall evaluation and assessment of the system of support for projects co-financed by EU funds*

In the evaluation of their satisfaction with particular areas and in the overall evaluation of the whole system at the end of the questionnaire, the respondents had the chance to comment on the project support system and mention any other potential issues and problems relating to the system of support for projects co-financed through EU funds.

The respondents made overall comments on the following areas and mentioned particular problems within them:

- administrative demands (creation of duplicate documents, both in electronic and paper form; extensive annexes and in many cases not related to the application; growth of administrative requirements over the course of the PP; more extensive requirements concerning the documentation of projects with a smaller budget than those concerning the documentation of projects with a bigger budget; problematic and administratively demanding implementation of changes to a project, or the impossibility of making such changes; the too detailed and too formal design of working reports substantiating the work done; problems with completing working reports with the correct formulations of activities without being in contravention of the rules of dividing costs into direct and indirect ones; obligatory project promotion, which is too robust and expensive);
- methodological documents and handbooks (methodological texts, handbooks and other documents that are too extensive, complex, non-uniform, and poorly arranged; frequent issues with new specifying rules and new versions of templates for monitoring projects; rules that are too strict and too binding; the obligation to comply with different wordings of handbooks for projects from one OP, but initiated in different periods within the PP; the impossibility of being knowledgeable about all potential problems without the help of specialists);
- evaluation of applications for project support (low transparency of the process of evaluating applications; diverse expertise of the evaluators; long delays in receiving feedback from the evaluation of applications);
- competency of workers on the side of the support providers and communication with project organizers (insufficient knowledge and experience of workers on the side of the support providers, particularly in the area of project management; diverse approaches to solving the same problem by different workers on the side

- of the support providers; unwillingness to accept responsibility for answers to organizers' questions; formal and arrogant approach of support providers' workers; low level of support from support providers during implementation, and an absence of cooperation with organizers, building a rather antagonistic relationship; formal communication and answers to particular questions in the form of quotations from handbooks only; a large turnover of support providers' staff resulting in regular changes of contact persons in the communication between organizers and support providers; failure to inform organizers about changes of contact persons on the side of the support providers);
- procedures in monitoring project implementation and conducting audits (extensive and gradually increasing requirements concerning the scope of monitoring reports and their annexes; diverse requirements concerning the scope of monitoring reports in different OP; long periods waiting for feedback with respect to the assessment of monitoring reports and audits; absence of binding deadlines for support providers to hand over feedback, unlike the binding character and strict enforcement of deadlines on the side of project organizers; sending comments on monitoring reports in a multi-round system, where more and more new comments, or comments relating to another project, are added; the low information value of the monitoring indicators, which insufficiently characterize the progress of the project; the complex structure of the monitoring indicators and unclear methodology concerning their calculation; the complex controlling mechanism involving a number of entities, whose mutual coordination is insufficient; the non-uniformity of procedures in the performance of project audits; a formal audit prevailing over the audit of the material aspects of projects; a restrictive approach which offers little constructive help in terms of the principle of prevention);
  - conditions of conducting tendering procedures (problematic and administratively demanding legislative regulation of tendering procedures; complications in the form of time delays and threats to the financing of projects in the case of no tenders being received, only one proposal being received, or the filing of a motion for a review of the contract owner's practices by the Office for the Protection of Competition; complications resulting from procurement outside of the period during which the item is needed, but in the period when it is possible to arrange administration of a tendering process; complications resulting from the obligation to unite similar purchases across the organizer's organization, which usually prolongs the process of procurement; excessive emphasis on the assessment of proposals from the point of view of the price, which subsequently leads to the delivery of goods and services of lower quality); and
  - project financial management (complicated and administratively demanding financial management of projects, including the duplicate monitoring of some data; more detailed and stricter rules and methodologies than those required by the legislation in this area, in some cases in contradiction to the legislation; lack of practical instructions concerning the financial management of projects; too high limits

for budgets within the calls, leading to a useless increase in costs due to observance of the limit; too detailed budgeting at the time of making an application regardless of the potential specifications during implementation; complicated system of altering budgets; because of the long periods required for the assessment of monitoring and final reports, it is necessary to finance projects temporarily from one's own resources or other sources; discrepancies between costs already approved in a particular monitoring report and the same costs approved retrospectively in a later controlling step or monitoring report, or at the end of the project; strict and complex sanctioning of even small administrative mistakes).

In general, the respondents evaluated the support providers' approach as inhibiting or preventing an active approach on the part of the applicants and organizers to the projects and, on the other hand, in spite of all the detailed and binding rules, leaving space for the abuse of financial sources. However, the comments also suggested that the situation improved over the course of the PP.

## **6. Proposed measures**

In view of the large number of problem areas, it was necessary to propose measures that would eliminate, at least partially, the above problems. For the next PP, the following changes to the rules governing the provision of support for projects co-financed through EU funds are recommended:

- to decrease the number of OPs and standardize information sources, rules, and procedures within them;
- to synchronize individual methodologies with the valid legislation;
- to decrease administrative demands in the area of project documentation, both at the stage of drawing up applications, and at the stage of reporting on projects, both throughout the project and at the end;
- to use to the maximum extent electronic tools for communication and for submitting applications and related documentation;
- to apply pressure to observe the triple constraint of projects (in the PP 2007-2013, projects were defined in terms of the substance and quality of their outputs, their proposed time schedules, and their proposed budgets; however, there was no pressure to achieve the effective combination of these factors.);
- to create a transparent and unambiguous system for evaluating applications for support, providing a maximum amount of available information, extensive feedback, and the possibility of independent assessment;
- to evaluate projects within all phases of the process of support from the point of view of effectiveness, economy, and efficiency, i.e. to use financial assessments of projects as well as social and economic assessments;
- to evaluate finished projects by placing a greater emphasis on qualitative outputs, rather than on quantitative outputs;

- to extend the minimum and maximum limits for project budgets to enable smaller entities to undertake projects with smaller budgets and, on the other hand, to enable the initiation of more complex projects covering several areas of support;
- to introduce the possibility of using project incomes to completely or partially reimburse the provided funds in order to increase the possibility of obtaining future funding repeatedly;
- to stabilize working teams on the side of the support providers and to work towards increasing the qualifications and skills of these workers;
- to create conditions for partnership, based on mutual confidence, between representatives of the support provider and the applicants or project organizers; and
- to use the principle of prevention to a larger extent.

This research addressed only briefly the problems connected with the final evaluation of projects. This makes way for further research in the form of a detailed survey of organizers of finished projects.

## 7. Conclusion

The performed research implies that the system of support for projects co-financed by EU funds applied in the CZ within the PP 2007-2013 was, from the point of view of the organizers of these projects, connected with a number of problems.

According to the project organizers, the areas causing the largest problems within the phase of drawing up an application for project support and during the project implementation phase include: the scope of requirements concerning the processing of project applications and annexes, the system of monitoring reports with respect to its administrative load, the deadlines for evaluation of project applications, and the deadlines for evaluation of monitoring reports. Thus, Hypothesis H1 was proven to be false.

As for the proposed measures to improve the system of filing in support applications, the project organizers would most welcome unification of the basic and detailed rules across OPs, quicker and more detailed feedback when evaluating a project, and the presentation of unambiguous and definite evaluating criteria. Thus, Hypothesis H2 was proven to be true. In the case of the system of project implementation, the organizers would most appreciate the simplification of project implementation rules and their stabilization within the PP. Thus, Hypothesis H3 was proven to be false.

Overall, during the PP 2007-2013, the project support system improved as the conditions gradually stabilized (the frequency of changes in the rules decreased). On the other hand, more and more new methodologies and rules tightening the project implementation process and increasing the range of documents required for monitoring reports were introduced.

In view of the number of problem areas specified in the paper, it is possible to state that the system applied in the given PP did not lead to problem-free project implementation and decreased the effectiveness of the utilization of allocated funds.



In general, it is necessary to make greater use of feedback received from project applicants and organizers and to find inspiration in the rules of other public support programs; in addition, foreign experience should also be taken into consideration. For these reasons, the system of support for the following PP should be modified according to the measures proposed in the paper.

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