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Operational Programme Education for Competitiveness

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EXECUTIVE SUMMARY

This document summarizes the Commission's comments to the Operational Programme Education for Competitiveness submitted officially by the Czech authorities on the 13 March 2007.

Given that the Commission's NSRF comments are not finalised yet and the negotiations are only upcoming, further comments to this OP may be made stemming from NSRF negotiations and subsequent amendments. In addition, during the negotiation process on the OP and the official adoption phase, some additional comments may also be raised.

For better readability and understanding of the comments, the paper is organised around the structure of the OP; it also summarizes the main points of the OP, assesses the regulatory requirements and provides for comments (in *italics*) to be reflected in the next version of the OP.

Summary assessment of the OP

The programme is a well elaborated document that addresses the main development challenges of the Czech Republic in the area of education. It is well anchored in relevant strategies, namely the Lisbon strategy, and integrates well the ESF intervention fields.

However, the most serious Commission's concern related to the architecture of the ESF interventions in the Czech Republic has not been sufficiently tackled on the NSRF level and on the level of the three ESF programmes proposed. The structure proposed does not guarantee a risk-free environment in terms of overlaps. Since this policy and overall architecture problem goes beyond the scope of this single OPEC, this paper limits itself only to the technical comments linked to this issue and the comments that are to be discussed on the NSRF + ESF OP level are attached in the Annex.

Furthermore, the issue that need re-thinking is connected to the structure of indicators.

1. PURPOSE AND BACKGROUND

1.1. Purpose and scope of Operational Programme

According to the NSRF, the OP follows implementation of the NSRF priority *Open, Flexible and Cohesive society*.

The global objective of the OP EC is **to develop an educational society in order to strengthen the Czech Republic's competitiveness by modernizing the systems of initial, tertiary and further education, integrating them into a comprehensive system of lifelong learning, and improving conditions in research and development.**

The OP is presented as multi-objective covering Convergence as well as Regional Competitiveness and Employment (RCE) objective.

The OP contains 5 priority axes (numbers in brackets shows the % of each priority axis on programme allocation): 1) Initial education (33.5%), 2) Tertiary education, research and development (34.2%), 3) Further education (15.8%), 4) National and systemic activities (multi-objective, 12.4%), 5) Technical assistance (multi-objective, 3.9%).

Priorities and Community contribution

Priority axis number	Priority axis name	Fund/ co-financing rate related to / objective	Community Contribution ESF (€)
1	Initial education	ESF/public/Convergence	612,077,738
2	Tertiary education, research and development	ESF/public/Convergence	626,536,268
3	Further education	ESF/public/Convergence	289,895,324
4a	National system activities	ESF/public/Convergence	210,862,611
4b	National system activities	ESF/public/RCE	16,220,201
5a	Technical assistance	ESF/public/Convergence	72,473,831
5b	Technical assistance	ESF/public/RCE	648,808
Total			1,828,714,781
Out of which: Convergence Objective			1,811,845,772
Regional Competitiveness and Employment Objective			16,869,009

→ *An executive summary of the OP may be added.*

1.2. Preparation process and timetable

The OP has been discussed by the Commission and the Czech representatives since spring 2006, two informal versions (July and November 2006) have been provided to the Commission; however, no substantial discussions took place on the OP level. The OP was approved by the Czech Government in November 2006. The informal discussions took place primarily on the NSRF level and were primarily regarding the issue of complementarity between the Convergence and RCE objectives and the scope of national ESF interventions. The official version of the OP was submitted via the SFC2007 on 7 March 2007, subsequently it was returned the Commission because of missing information on complementarity with EFF and EAFRD. Corrected OP was submitted via SFC2007 on 13 March 2007 – which is the basis for this paper.

1.3. Territorial coverage of the OP

➔ *The OP should explicitly refer to the **eligible geographical areas** chosen for the programme in accordance with Art. 35 of 1083/2006.*

1.4. Partnership in preparation of the programme

According to the Art. 11 of the General Regulation, the OP was prepared based on the partnership principle. The Ministry of Education, Youth and Sports as the main authority responsible established a working group that was guiding the drafting of the programme. The working group consisted of future implementing partners, regions, partner ministries, educational institutions, social partners. The draft OP was available for comments by wide public on the internet.

The consultation process is described in the chapter II/8 of the OP. The respect for the partnership principle is also declared in the composition of the Monitoring Committee of the OP in section IV.

➔ *The chapter II/8 and IV should also clarify whether the economic partners, environmental partners and bodies responsible for promoting equality between men and women have also been included in the process (Art. 11(1), 1083/2006).*

2. ANALYSIS OF THE SOCIO-ECONOMIC SITUATION

➔ *General remark: the analysis should be brought up-to-date. Sometimes the most recent data presented are from the year 2004 or even older. At least 2005 figures should be used in cases where 2006 data are not yet available.*

2.1. Socio-economic analysis

The OP provides for analysis split into four sections:

i. Normative framework of education in CR

Three acts are regulating education in the CR are analysed.

ii. Demographic structure of the CR population in relation to education

The demographic developments are marked by overall ageing of the population caused by low fertility and increasing average age. The educational attainment of the CR's population is high (90.3% of young 20-24 having completed at least upper secondary education; early schools leavers only 5.5% in 2006). Share of people with the lowest level of education has been steadily decreasing and share of people with the university education has been increasing. However, share of people with tertiary education is still lower than the EU average. There are some regional differences in the educational attainment. Regarding employment/unemployment, the most at risk of unemployment are workers with low qualifications, young people without working experience (especially the young without or very low education). Another endangered group are older workers (50+). The main reason of unemployment is insufficient matching of skills and the labour market needs.

iii. System of education in CR

The average duration of school education has been increasing (16,5 years in 2003). The education expenditures (old figure from 2002 is given 4.4%, it increased a little to 4.55% in 2003) are still lower than the EU average (5.21%). Almost 100% of pupils participate in the basic education. There is a network of special schools for pupils with disabilities and special schools for pupils with educational handicaps, where many Roma children are placed. Participation in the secondary education is rather high and higher than the Lisbon target. However, it is necessary to increase numbers of teachers for grammar schools and support gender balance. There are specific post-secondary vocational schools that do not allow for bachelor certificate. Their network is unbalanced across the regions. The number of university students has been increasing; however, it is not accompanied by increase in the universities capacities and numbers of teachers. Life-long learning is very low (5.9% in 2005; 10.8% in the EU-25) and its complex system has not been set up yet.

iv. Education and competitiveness

The use of IT has been increasing; however, it is still low compared to the EU average. Compared to other countries the foreign language knowledge is quite low. Another problem is low expenditures for research and development. R&D institutions are unevenly distributed across the regions. There is a low share of researchers and another disadvantage is their high average age, young scientists are not motivated to stay in the R&D field.

Comments to the analysis

➔ *The analysis does not deal with the regional differences sufficiently. Since an overwhelming majority of the programme targets exclusively Convergence regions and not national interventions, this aspect remains a serious concern. The programme should, apart from general references to the region-specific problems in the sectoral analysis, also provide for sound **analysis of the main possible problems of the individual regions**.*

➔ *On page 26, 2nd paragraph – the text states that the high share of researchers employed in the governmental sector is unprecedented in an international context. This is an exaggeration since several EU countries that have inherited the Soviet model of Academy of Science show similar statistics. The wording should be adapted accordingly.*

2.2. SWOT analysis

In general, the SWOT analysis summarizes the main driving forces and tendencies and is adequately linked to the analytical chapter.

➔ *Building on analysis, possible regional differences should be mentioned.*

➔ *The integration of pupils from the disadvantaged backgrounds should be mentioned among the weaknesses.*

2.3. Experience from previous programming period

The main problems in the 2004-6 period are defined as follows:

- Slow start-up of based on lack of experience on the side of beneficiaries as well as administrators.

- Insufficient administrative capacity of the implementing structures.
- Monitoring system MSSF.
- Non-uniform interpretation of public aid and of partnership principle.
- Different assessments of the evaluators of the projects.

➔ *The analysis is quite short and not very informative. The issues identified are linked solely to the administration of the assistance. The chapter should also deal with e.g. most/least successful measures, measures/activities with most substantial impact, etc.*

➔ *Given that mainstreaming of EQUAL is an important activity for the OP, the experience with its implementation 2004-6 could be added.*

3. STRATEGY

Overall, a clear sequential and hierarchical link can be followed from the NSRF to the OP analysis (incl. SWOT), to the OP strategy and to the OP priority axis.

3.1. Justification of the multi-objective character of the OP

➔ *Multi-objective nature of a programme is rather exception than the rule and requires agreement between the Commission and the Member State (Art. 32(1), 1083/2006). Therefore, the OP must provide for sufficiently detailed justification of its multi-objective scope and summarize that advantages of the approach proposed (vis-à-vis mono-objective programme(s)). It is expected that a separate section will be included that would summarize the need for a multi-objective OP based, at least, on the following aspects:*

- *strategic approach to the policy fields tackled by the programme (including linkages to the NSRF and other relevant strategic documents);*
- *effective policy implementation and coordination;*
- *administrative, management and monitoring advantages.*

3.2. Horizontal themes

Two horizontal themes identified that are reflected in the priority axes of the OP are:

- Equal opportunities.
- Sustainable development.

3.3. Objectives of the OP

The global objective of the OP is to **develop an educational society in order to strengthen the Czech Republic's competitiveness by modernizing the systems of initial, tertiary and further education, integrating them into a comprehensive system of lifelong learning, and improving conditions in research and development.**

The global objective is quite broad but is understandable and to some extent measurable.

Three specific objectives are defined:

1. Developing and improving the quality of the system of initial education with emphasis placed on the improvement of key competences of school leavers to enhance their employability in the labour market, and to increase their motivation for further education.
2. Innovation of the system of tertiary education towards increased flexibility and creativity of school leavers employable in a knowledge economy, making the conditions for research and development more attractive, and towards the creation of a comprehensive and effective system that will support the innovation process as a whole.
3. Strengthening the adaptability and flexibility of human resources as the basic factor for the competitiveness of the Czech Republic economy and sustainable growth through the system of further education development.

It is welcome that each OP's **specific objectives corresponds to one OP priority axis**.

The identification of the priority axes and their justification is clear and consistent.

3.4. Consistency with the Community Strategic Guidelines (CSG)

The chapter II/3 describes in detail the linkages to the CSG. Most direct links are established with the third guideline "More and better jobs". One direct link and several indirect are identified with the second guideline "Improving knowledge and innovation for growth".

3.5. Consistency with the National Strategic Reference Framework

➔ *According to the NSRF the OP contributes to the implementation of the NSRF priority Open, Flexible and Cohesive Society. The description of the global OP objective refers to this priority and also to the NSRF priority Competitive Czech Economy. Other two priorities mentioned with indirect influence are Environment and accessibility and Balanced Territorial Development.*

3.6. Consistency with other operational programmes

➔ *The section well summarizes the linkages between OPEC and OP Human Resources and Employment and in the area of life-long learning. It should also pay particular attention to the **mismatch between the skills** of people and the labour market needs which is also particularly relevant for the interface between these two OPs.*

➔ *Given the issues of interconnections between the multi-objective OPEC and the OP Adaptability covering Regional Competitiveness and Employment objective, the description of links and demarcation is **evidently inadequate**. This aspect in the OP is impossible to follow since all the Convergence thematic priority axes are **partially** co-financed from the RCE priority axis (without distinguishing which intervention is of multi-objective nature and which not). Special sub-section needs to be devoted to this issue and describe clearly – priority axis by priority axis – what actions are covered by which OP.*

➔ *Linkages between OPEC and OP Research and Development for Innovations **are not sufficiently described**. It is suggested that a more detailed description of the concrete mechanism for coordination of interventions (policy as well as implementation view) between these 2 OPs is described in the OPEC itself (e.g. how are the responsible*

managing and implementing bodies going to make sure that the investment in R&D infrastructures will be supported by 'soft' investments from ESF and vice versa).

➔ *In order to ensure maximum synergies between ERDF and ESF interventions the OP should develop a section including a list of ESF interventions that need to be supported from the ERDF. The same approach would be used by the ERDF programmes (see also comment on the cross-financing).*

3.7. Coordination with EAFRD and EFF

In many areas the objectives and interventions of the ESF vis-à-vis EAFRD/EFF are complementary in nature. By way of example the ESF can finance the reform of training and education systems which includes institutions in rural areas as well as vocational schools in the field of agriculture (e.g. the ESF can support introduction of entrepreneurship to schools in rural areas or support the accessibility of education in rural areas). The ESF can also provide support to the modernisation of employment and social services and in Convergence regions and Cohesion countries can support strengthening of public administration and public services. All these activities can include institutions located in rural areas. These actions are complementary to actions financed by the EAFRD in rural areas.

Nevertheless, in some particular areas (e.g. support to persons, support to micro-enterprises or support to local authorities and local actors) the Funds can finance similar actions. Thus, in these fields careful division of tasks and interventions must be ensured in order to avoid on one hand duplication of actions and on the other hand gaps in possible interventions.

The areas where the possibility of overlapping and synergies between EAFRD/EFF and ESF are the most probable are the following:

- Vocational training and information actions, including the diffusion of scientific knowledge and innovative practices, in the field of agriculture and forestry, for persons engaged in the agricultural, food and forestry sector¹ (Axis 1 of Rural Development Plan - RDP).
- Training and information for economic actors operating in the fields of improving the quality of life in rural areas and diversification of the rural economy (Axis 3 of RDP)
- A skill acquisition and animation measures with a view to preparing and implementing a local development strategy (Axis 3 of RDP).
- Business creation and development (Axis 3 of RDP)
- Encouragement of tourism activities (Axis 3 of RDP)

Establishing a demarcation line is under the responsibility of the Member State/managing authority. However, the main demarcation criteria used until now are, based on:

- type of beneficiary (farmer/non farmer, micro-enterprise/SME other enterprise),
- type of activity (agricultural/non-agricultural),
- type of operations.

¹ Articles 20.a(i) and 21 of Regulation 1698/2005

In practice the demarcation will often combine the above options. In addition the demarcation can be also based on other criteria such as level of territorial impact (national/regional/local) or even on the size of the project.

➔ *The OP provides in II/4 only a general statement on the ESF – EAFRD/EFF demarcation. Based on the text above, further information is requested.*

3.8. Consistency with the National Reform Programme

The chapter II/3 includes table showing the consistency of the OP with the NRP. The OP particularly contributes to these NRP priorities:

- Simplify administration related to setting up and running a business
- Intensify the use of instruments securing the rights of scientific and research institutions and enterprises to intellectual property
- Promote effective development and use of ICT
- Decrease unemployment of young people (under 25)
- Increase older workers' participation on the labour market
- Facilitate foreigners' access to the labour market
- Implement curricular reform
- Improve the access to post-secondary technical and tertiary education
- Promote to cooperation between employers, employees, educational as well as other professional training institutions
- Improve the interconnection between the systems of primary and continuing education
- Promote transmigration between specific stages of tertiary education
- Increase information literacy

3.9. Consistency with the Social Inclusion Strategy

➔ *The links to the National Action Plan for Social Inclusion 2006-2008 are missing and should be added.*

The objectives of the NAPSI:

- strengthening the integration of socially excluded persons or persons at risk of social exclusion, eliminating barriers to entry and retention on the labour market for such persons;
- to strengthen the cohesion of the family and awareness of its importance; strengthen awareness of intergenerational solidarity and the rights of the child;
- to support for decision-making processes at the local and regional level and the development of partnership in social inclusion policy.

3.10. Linkage to other strategies, policies and programmes

➔ *Reference to the Council recommendations on Employment from 14.10.2004 is missing. Attention should be paid in particular to the third part of the second recommendation and to the third recommendation:*

Attracting more people to the labour market and making work a real option for all

- More efforts are needed to integrate the most vulnerable groups in the labour market. This is particularly needed in regions other than Prague and for the Roma population. This calls for preventive and active labour market measures, combined with anti-discrimination measures, putting a strong emphasis on

education, training, support to entrepreneurship and job creation. Modernising the public employment services should be seen as priority.

Investing more and more effectively in human capital and lifelong learning

- Building on the recent strategy for human resources development, raising participation in tertiary education and in training, both overall and for the low-skilled, seem crucial to sustain job creation and support occupational and geographic mobility.

➔ *Complementarity with **the Seventh Framework Programme** is not addressed at all. This is important given the strong potential for complementarity, especially the actions in the field of human resources (specific programme People and Marie Curie actions, as well as the action Research Potential, which targets specifically research organisations in the Convergence regions). An indication should be made where the potential for complementarity lies and what measures (if any) are proposed to exploit them.*

4. PRIORITY AXES

The categorisation codes (annex II of 1828/2006) are included.

Each priority axis contains the indicative list of activities - only the priority axis 4 needs closer specification (see further comments in the paper).

4.1. Priority axis - Initial education

Global objective: Developing and improving the quality of the system of initial education with emphasis placed on the improvement of key competences of school leavers to enhance their employability in the labour market, and to increase their motivation for further education.

Specific objectives

- Quality improvement in initial education;
- Improvement of equal opportunities for children, pupils, including pupils with special educational needs;
- Improvement of competences of teaching and non-teaching staff of schools and school facilities.

Priority axis 1 will be implemented through three complementary areas of intervention. The educational environment and its individual elements will be encouraged so as to be stimulating and motivating and so that the preconditions set in this way should be activating for a continual process of quality improvement of education. Attention will be paid to both the system environment and the activity of individual schools and school facilities, their co-operation and the support of partner entities. Significant attention will be paid to equal opportunities and individualize approach to overcome health, economic, social, and ethnic and other disadvantages. The axis will support vocational training of teaching staff as well.

It is positive that the priority axis will pay attention also to the education for sustainable development, prevention of racism, support for multicultural apprehension.

➔ *Following the analysis, the regional dimension should be taken more in account, especially in relation to possible regional differences in provision of educational institutions, programmes and regarding the pupils from the socially disadvantaged localities.*

➔ *Socially disadvantage localities/communities are inhabited mostly by Roma. The ESF money were used recently to develop the Analysis of the Socially Excluded Roma Communities. This field research identified a number of such localities. Will the results of the analysis be taken on board and how?*

➔ *Are there any specificities regarding the most structurally affected regions (Ustecko, Severozápad), respectively how will they be tackled?*

➔ *The list of activities to be implemented is comprehensive, however, no indication is given what activities are of the national/system nature and will be thus financed by the 4th priority axis with the use of Regional Competitiveness money.*

4.2. Priority axis - Tertiary Education, Research and Development

Global objective: Innovation of the system of tertiary education towards increased flexibility and creativity of school leavers employable in a knowledge economy, making the conditions for research and development more attractive, and towards the creation of a comprehensive and effective system that will support the innovation process as a whole.

Specific objectives

- Creation of a system and institutional framework for tertiary education and human resource development in research and development activity.
- Improving the quality of education at post-secondary vocational schools.
- Improving the quality and intensifying the diversification of universities with emphasis on the requirements of a knowledge economy.
- Improving the quality of human resources for research and development, including the improvement of vocational training and conditions of employees and use of appropriate motivational and promotional tools.
- Strengthening the relationships between tertiary education institutions, research institutions and the private sector and public administration entities (including promotional activities).

Priority axis 2, which is implemented through four complementary areas of intervention and one cross-sectional area of intervention, responds to the conclusions of the SWOT analysis. Each of the complementary area of intervention focuses on a separate area, while the cross-sectional area of intervention covers systematic measures. Two areas of intervention (2.2 and 2.3) are focused on individual parts of tertiary education, and directed to the modernisation of post-secondary vocational and higher education systems. Area of intervention 2.4 is focused on improving the quality and enhancing the attractiveness of conditions for research and development, while area of intervention 2.5

is focused on establishing the mutual relationships between individual entities – educational and research & development institutions, and public and private sectors. The settlement of regional disparities will be one of the most important objectives of this priority axis because there are regions of the Czech Republic with lower number of people with completed higher education, which results in a significant inequality of opportunities in the labour market. There is also a similar situation from the perspective of youth interest in education in the tertiary sector.

It is positive that attention dedicated to solving the regional disparities.

➔ *A clear link to the related ERDF Operational Programmes – Enterprise and Innovations; Education for Competitiveness; Prague Competitiveness should be put in place. The coordination mechanisms (policy and implementation) are not obvious.*

➔ *A special attention could be paid to the support of employee mobility between R&D poles and the entrepreneurial sector as well as to the cooperation between tertiary education institutions and private and public sectors so that synergies between matching operational programmes are ensured.*

➔ *Some of the supported activities described on page 65 are very general, such as "strengthening the role of tertiary education institutions in research", or "Improving the working conditions in the field of R&D". It is not clear what these will entail and what activities would be financed. More clarity should be provided.*

➔ *It is not clear why the areas of support 2.3. and 2.4. have been separated out. Some of the supported activities clearly overlap and it is not clear where the border line lies (is it the line between the universities and the research institutions / Academy of Science?). Most universities do research as well and the emphasis should be on strengthening the link between education and research, so it would seem logical to allow to merge both user groups from education and research under the same list of interventions.*

➔ *Some types of interventions are mentioned in the analytical part but they are not clearly spelled out in the proposed interventions. This may be due to the lack of a detail in the latter part. However, it is worth mentioning explicitly that following activities will also be supported (since they were identified as relevant in the analysis):*

- *training of science managers;*
- *management of universities and research institutions;*
- *return grants for Czech academics returning from abroad (possibly included under the mobility scheme?).*

4.3. Priority axis - Further education

Global objective: Strengthening the adaptability and flexibility of human resources as the basic factor for the competitiveness of the Czech Republic economy and sustainable growth through the system of further education development

Specific objectives

- Completion of a comprehensive concept and systematic and institutional framework for further education and ensuring its inter-connection with initial education.

- Facilitation of individual access for the Czech Republic's population to further education and an increase in their motivation for life-long learning.
- Intensification of further education offer and information system regarding the further education offer.

Further education is targeted at an increase of employment and employability by creating of educational institution programmes, which will be implemented in a close co-operation with employers and social partners acting in the labour market. The Ministry of Labour and Social Affairs will be a significant partner in building up the further education system through OP HRE, where the area of further education is supported with primary focus on increasing the employability and acquiring and intensifying the competences for performance of the respective profession. The key activity within the scope of Priority axis 3 is the creation of a systematic and institutional framework for the provision of further education. At the same time, the access to further education will be improved, not only by forming a system but also by direct support and motivation of the population for further education, thus strengthening the support provided to individuals.

➔ *Intervention area 3.2 Individual further education – again, it must be ensured that those activities are linked to the Operational Programme Enterprise and Innovations and Operational Programme Prague Competitiveness with the intention of reflecting the needs of the productive sector.*

4.4. Priority axis National system activities

The aim of the priority axis is to provide matching funds from the Regional Competitiveness and Employment objective to the Convergence priority axes.

➔ *Description of the priority axis its relation to the activities under the Convergence priority axes is not sufficient. It is accepted that the axis does not need to copy the text of the previous Convergence priorities. However, given that the activities are mixed, it must be clear what interventions are financed by the RCE: either by indicating it in the Convergence priority axis' interventions or by copying certain interventions from the Convergence priority axis' text to the RCE priority axis' text.*

➔ *Detailed information and justification (why a particular formula was chosen) should be provided also for the pro-rata calculation.*

➔ *The principle that each project that falls under particular multi-objective intervention is financed at a given rate (pro-rata) should also be acknowledged.*

4.5. Priority axis Technical assistance

Global objective: to achieve successful implementation of the programme by ensuring all the necessary activities performed within the scope of its implementation structures and by strengthening the absorption capacity of entities drawing on funds.

Specific objectives:

- To ensure effective management, audit, monitoring and evaluation of the programme, including sufficient administrative capacity of the implementation structure entities.
- To provide for monitoring and evaluation of the programme's progress and its wide publicity.

- To increase the absorption capacity of entities for obtaining resources from structural funds.

This priority axis finances the support of the management, implementation, control, monitoring, evaluation and publicity of the OP. Activities to reinforce the administrative capacity of the implementing bodies, the absorption capacity of project promoters, preparation of the 2014-20 programming documents.

➔ *The RCE priority axis technical assistance 5b should be normally listed in the text and wherever the list of priorities is given.*

4.6. Presentation of the priority axes

➔ *The presentation of the priority axes is good, it is appreciated that an indicative list of activities is included; however, it is not always clear what activities are of the national/system nature and thus will be financed also by the Regional Competitiveness objective.*

➔ *Under each priority axis, there is a section listing potential beneficiaries. Similar list on the target groups should be added. Also, an indicative identification of the intermediate bodies (Art. 59/2, 1083/2006) may be added.*

➔ *More emphasis could be given to the issue of linkage between the secondary and tertiary education level (e.g. the situation regarding incompatibility of secondary leaving exams and the entry exams to universities.)*

4.7. Cross-financing

Avail of the cross-financing facility is governed by the conditions in Art 34 (2) of 1083/2006. The flexibility can be used only for those actions which are necessary for the ESF implementation and are directly linked to it. The flexibility is limited to 10 % for each priority axis. Short reference on "cross-financing" is mentioned in the end of each priority axis description.

➔ *The OP should present some rationale and guiding principles for using the facility, particularly how the regulatory conditions will be monitored.*

➔ *Special attention should be paid to avoid supporting the same categories of interventions that are already supported from the ERDF programmes. Some demarcation criteria should be used (in this OP and the relevant ERDF OPs).*

5. INDICATORS

The Art. 37(1)c of 1083/2006 says: "...[targets of the priority axes] shall be quantified using a limited number of indicators for output and results, taking into account the proportionality principle. The indicators shall make it possible to measure the progress in relation to the baseline situation and the achievement of the targets of the priority axes".

The Art. 4(4) of 1081/2006 says "the indicators included in the operational programmes co-financed by the ESF shall be strategic in nature and limited in number and shall

reflect those used in the implementation of the European Employment Strategy and in the context of the relevant Community objectives in the fields of social inclusion and education and training".

The chapter on indicators needs to be substantially revised based on the following comments:

- ➔ *Definitions of the indicators should be provided/clarified.*
- ➔ *Where possible new data should be used. The indicators are based mostly on 2004 data. Some indicator baseline values are missing (see e.g. page 81).*
- ➔ *The number of indicators should be limited, ideally **one output and one result indicator per strategic objective of a priority axis**. Such indicators should represent the most important strategic aspect of a particular strategic objective. Apart from these strategic objectives' indicators, some horizontal output indicators may be followed across all priority axes: "number of supported persons (of which successfully)". (Use of input and impact indicators is welcome, but optional.)*
- ➔ *It should be specified **when** (2015?) the targets are to be reached. It is not clear if the targets presented for indicators are meant for the specific objectives of each priority or for all of them under certain priority together.*
- ➔ *The indicators "number of supported projects", "number of supported organisations" have **little value added** and are not relevant to measure the progress and achievements of the priority axes.*
- ➔ *Greater use of indicators based on sample surveys (as opposed to burdensome collection of data from project promoters) would be welcome.*
- ➔ *Context indicators: Target identified by the Czech National Reform Programme for employment: 66.4% for overall employment in 2008 should be taken into account.*
- ➔ *According to the Art. 37(1)c of 1083/2006, **each priority axis should have specific targets**. This includes the RCE objective as well. It is understood that the nature of the activities in the OP does not allow for physical separation of indicators for Convergence and RCE objective. There should be at least additional column "of which RCE objective" which would include a qualified estimate (number or percentage) of the RCE contribution to the attainment of the targets. (Note that this is not necessary for the context indicators or OP-level indicators).*
- ➔ *Target and indicators must be included for the **technical assistance** priority axes as for any other priority axis.*
- ➔ *OP level indicators should also reflect the **horizontal themes**, notably equal opportunities and sustainable development.*
- ➔ *In fact, the presented indicators do not say much about achievements of the concrete objective. The logical **link/relation between specific objective and result indicators should be respected**. Please reconsider the result indicators. More suitable indicators reflecting activities (depending on their importance within the objective) could be identified/added, allowing building – on the basis of a logical link – ‘stronger’ result*

indicators that would reflect the objective, considering the weight of the concrete activity within the objective.

➔ *The use of composite indicators such as the Competitiveness Index (page 79) based on the Global Competitiveness Report should be avoided. The synthetic index tends to 'average out' the individual analytical indicators that enter in it. Moreover, the quality of some of the indicators used by GCR is questionable since it is based on surveys of relatively small samples. This contains high risk of bias and fluctuation from year to year. It is suggested that more standard indicators are used.*

➔ *Page 84, the indicator on proportion of new or innovated programmes of initial education, what does target 100% mean?*

➔ *Page 86, indicator on share of innovated implemented accredited study branches reads 80%. Is this target set for 2.2, 2.3 objectives – each of them or together?*

➔ *Page 86, indicator on share of successfully trained and supported persons at advanced vocational schools (82%): what is their coverage ratio towards the relevant population? Without knowing that it can hardly be judged success of the activity.*

Page 86, indicator on share of successfully trained and supported persons at universities (85%) what is the coverage ratio of persons supported towards the relevant population?

➔ *Page 88, indicator on number of projects: from the table presenting the indicators, it is not clear if the detailed info about number of projects is just breakdown of 'number of projects' or are separate indicators. (A summary of targets is not equal to 430.) Are the targets set for objectives 1,2,3 or all of them together? When are they to be reached? Please provide definitions of the indicators. Types of supported organisations should be distinguished (respect breakdowns).*

6. OTHER REGULATORY REQUIREMENTS

6.1. Major projects

No reference to major projects in the OP.

➔ *Please indicate – in the meaning of the Art.37(1)h – whether the instrument of major projects is expected to be used. If yes, provide an indicative list.*

6.2. Ex-ante evaluation

The OP includes a summary description of the main findings of the **ex-ante evaluation** (Art. 46, 1083/2006) on the planned impacts of the OP strategic and specific objectives and priorities, including for impacts that may be difficult to quantify.

➔ *The section should clearly indicate which recommendations of the evaluators were taken on board and which not (and why). The chapter may also include the main evaluation questions.*

6.3. Information on the support to ESF priorities

➔ *Informative table should be added indicating how particular OP's priority axes support the ESF priorities as defined in the Art. 3, 1081/2006.*

6.4. Promotion of gender equality and equal opportunities

Art. 6 of 1081/2006 requires description of how gender equality and equal opportunities are promoted in the preparation, implementation, monitoring and evaluation of the OP. The chapter II/5 and other references in the OP sufficiently react to this requirement.

6.5. Specific actions for the capacity building of social partners

According to the Art. 5(3), 1081/2006, the social partners should specifically targeted the ESF in the Convergence objective. It is understood that the OPHRE takes the obligation to support the social partners according to the Art. 5(3).

6.6. Prevention of discrimination and ensuring access to funds

➔ *The OP should define – according to the Art. 16 of 1083 – how accessibility for disabled persons will be taken into account during the various stages of implementation.*

➔ *The OP should also define – Art. 5 (4), 1081/2006 – how the managing authority will encourage adequate participation and access by non-governmental organisations to the funded activities.*

6.7. Promotion of sustainable development

The promotion of sustainable development (Art. 17, 1083) is sufficiently dealt with in the chapter II/5 of the OP.

6.8. Good governance and partnership

According to the Art. 5(1) of 1081/2006, good governance and partnership shall be promoted by ESF.

➔ *The reference to the good governance principle is missing in the OP.*

6.9. Innovation

According to the Art. 7 of 1081/2006, each ESF OP shall promote and mainstream innovative actions. This principle is well-anchored in the OP EC priority axes.

6.10. Thematic, geographical and financial concentration

According to the Art. 37(3) of 1083/2006 and Art. 4 of 1081/2006, each OP covering RCE objective should provide for thematic geographical and financial concentration.

➔ *Information on thematic, geographical and financial concentration is missing.*

7. FINANCIAL TABLES

The structure of the financial tables presented is in accordance with the models in Annex XVI of the 1828/2006 regulation. The amounts are consistent with the NSRF and SFC2007 database.

Technical Assistance priority axes respects the ceiling of 4% as required by Art. 46(1) of 1083/2006.

8. KEY ASPECTS OF IMPLEMENTATION

8.1. Management

The authorities defined in Art. 59, 1083/2006 (managing authority, certifying authority, audit authority) are identified in chapter IV.

➔ *The national NSRF coordination body should be added to the management system, since it is responsible for crucial parts of the system (methodology for eligible expenditure, computerised management system, etc.). Also, description of relations between the managing authority and the NSRF coordination body should be added. Since the definition of the eligibility rules is in general within the responsibility of the Member State, a clear reference how and by whom the eligibility rules will be set and monitored.*

➔ *The description of the Certifying Authority role and its responsibilities in the management and control of the OP (p. 93) requires further clarification.*

➔ *The Managing Authority has designated an Intermediary Body within the Ministry of Education, Youth and Sport, but it is not clear which department will be the IB and which tasks will be allocated to this IB.*

➔ *The draft OP consists of a description of the Financial Department within the Ministry of Education, Youth and Sport. It is unclear, who will manage this department and its relations with other authorities (particularly the managing authority) involved in the implementation of the OP.*

➔ *The chapter IV makes no reference to the lessons learnt from the period 2004-6 implementation problems as described in chapter I/1.5.*

8.2. Monitoring

The monitoring function according to the Art. 63-67, 1083/2006 is described in the chapter IV. It identifies responsibilities related to the annual and final implementation reports and indicates the membership and proceedings of the monitoring committee.

➔ *It should be explicitly stated in this chapter that the category breakdowns as required under Article 66(2) and Annex XXIII of the Implementing Regulation will be respected when monitoring data.*

8.3. Audit and control

Audit and control function provides for adequate separation of functions and are sufficiently described.

Regarding the chapter "Auditing carried out by Bodies of the European Commission and European Court of Auditors" on pages 107-108:

➔ *the following sentence should be added as second paragraph before the end: "The European Anti-Fraud Office performs on the spot controls within the scope of the protection of the financial interests of the European Union to fight fraud, corruption and any other illegal activities".*

Regarding the paragraph on irregularities on page 108:

➔ *the last sentence is not clear enough. Furthermore we propose to identify also the competent authority responsible for reporting the cases of irregularities to the Commission or to align the text with the equivalent text provided in the OP HRE.*

8.4. Information systems

The chapter IV describes generally the system and procedures (Art. 37(1)(g)(vi)) used for management of the OP and for electronic data exchange with the Commission. It mentions that the Managing Authority is responsible for managing **relevant parts** of the system.

➔ *OP should include the procedures being implemented to provide for **reliable accounting, monitoring and financial reporting systems** in computerised form (Art. 58 (d), 1083/2006) including security and reliability of the electronic data exchanges. In addition, the respective roles of monitoring system and IS VIOLA should be presented and the link with the Integrated Central Information System described in section 10.3 of the NSRF should be explained. If a new system is planned, the starting date of implementation and the arrangements for the transition period should also be given, as mentioned in the NSRF.*

➔ *What are the basic characteristics of the system? Who is responsible for its running, maintenance and development? Who is responsible for the data integrity and reliability? How is the audit trail ensured? This is particularly relevant given the experience described I/1.5. (note that NSRF provides a detailed description of the system).*

8.5. Financial circuits

The OP chapter IV includes the procedures for the mobilisation and circulation of financial flows in order to insure their transparency (Art. 37 (1)g)iv, 1083/2006). The funds to beneficiaries will be provided by the state budget which will then be partially reimbursed by the Community funding. The chapter also identifies the bodies responsible for receiving the payments from the Commission and making payments to the beneficiaries (Art. 37 (1)g)iii, 1083/2006).

Chapter V Financial conditions OP (page 112) states that the OP is financed only by Convergence objective.

➔ *This mistake should be corrected in sense that the OP is multi-objective and will use the Regional Competitiveness money as well.*

8.6. Evaluation

In the chapter IV the programme describes clearly the approach to evaluation (Art. 47-49, 1083/2006). A special working group, reporting to the monitoring committee, will be established. Evaluation plan will be created. Internal evaluation capacity at the Managing Authority will also be supported. All results of evaluation will be public.

8.7. Communication and information

The publicity requirements are governed by the Art. 69 of 1083/2006 and by 1828/2006. The chapter IV of the programme describes the main regulatory principles related to publicity.

➔ *Given that the ESF is spread over 3 operational programmes, it is necessary to establish common publicity lines. The OP should establish that **common ESF publicity strategy** will be pursued, including using identical logo and visual identity by all three ESF programmes.*

ANNEX - ARCHITECTURE OF ESF INTERVENTIONS

The Commission welcomes and acknowledges the recent developments on the Czech side, namely the increase of the ESF funding from the Regional Competitiveness and Employment (RCE) objective allocated to the activities of national character. Nevertheless, the whole architecture still has not been satisfactorily brought to the final solution during the informal negotiations and **remains a serious concern** of the Commission. The structure proposed remains doubtful in terms of policy logic and administrative structure. The Commission will insist on **unconditional assurances in the structure of the programmes and its implementing structures** that would exclude possible double-funding (overlaps) and potential use of the ESF Convergence funds for the benefit of the RCE objective (and vice-versa).

In order to move forward, it is necessary to discuss this issue on the NSRF level together with the acknowledgement of the details provided in the ESF operational programmes. The reason is that the discussions on the OP level are likely to have an impact on the NSRF content and financial tables. Therefore, the following comments are based on the knowledge of both the NSRF as well as the ESF OPs.

In order to proceed, the Commission insists on respecting of the following minimum conditions:

I. The structure of the ESF programmes proposed must ensure that there is no possibility that the Convergence funds are used for the benefit of the RCE objective and vice-versa.

- (a) Therefore, **each OP priority axis should be clearly targeting only one objective**. It is not possible that a priority axis describes an intervention that is by definition of national nature without co-financing from the other objective via different priority axis.

This principle is respected in general with reservations below.

- (b) The **pro-rata calculations** must be fair, logical and transparent.

This principle is impossible to assess in the OP Education for Competitiveness (OPEC) as no calculation or explanation is provided in the body of the OP. It needs to be explained in detail how the respective share was reached and why the particular calculation was chosen. In this sense it will be necessary to distinguish, inside the priorities, between the activities (or areas of support) that will be cofinanced from both objectives and the activities financed from Convergence only. In this way it would be possible also to judge the adequacy of the budget allocated.

This principle is difficult to assess in the OP Human Resources and Employment (OPHRE). Little information is provided on the calculation process and no information is given why particular way of calculation was chosen as the most suitable.

II. Policy focus: In general, there should be sufficient funds in the multi-objective OPs to finance all the national interventions planned. National interventions must receive adequate financing since those have the most significant impact on successful implementation of the ESF-related policies. For illustration, see the following calculation of the global share:

- (a) In practical terms, the OPEC allocates app. ESF 16,87 mil.€ from RCE to system activities. Assuming that the pro-rata is e.g. 90/10 (speculation, since no methodology was provided), it makes $16,87 + 151,83 = 168,7$ mil.€ total budget available for ESF national interventions;

this amount represents less than 10% of the programme. I.e. it is suggested that 90% of the OP would target exclusively Convergence-related actions and only 10% of the OP would be devoted to national actions. This percentage does not seem to match with the focus of the OP and the description of its objectives and priorities.

- (b) In the OPHRE the same estimated ratio is 18% of the OP dedicated for national multi-objective interventions and 82% for Convergence dedicated interventions. In this context, it will be discussed how the *adaptability* priority axis of the OP will be implemented (Convergence only?) and whether the allocation from RCE for the *active labour market policies* priority axis is sufficient.

III. Implementation coherence principle:

- (a) Areas which are covered by the national ESF OPs in both the Convergence and RCE objective should not be covered again by OP Prague Adaptability (RCE objective). In other words, an area of policy intervention which is financed in the RCE by the national OPs should not be financed in the RCE by the Prague OP to avoid overlap and inconsistencies. This principle should be **explicitly acknowledged in the NSRF and in the relevant OPs**. From the information provided it seems that this principle is respected between OPPA and OPHRE (potentially with the exception of the smart administration). In the case of OPPA vis-à-vis the OPEC, it is impossible to judge because the activities within the OPEC priority axes are not split to identify pure Convergence interventions and multi-objective intervention.
- (b) To ensure coherent policy implementation on the institutional level, the ESF interventions to be implemented by the regions should be implemented by regions throughout the CR regardless to under which OP they fall. For instance, the activities included in the national ESF programmes that are delegated to the regional authorities in Convergence should be also implemented by the Prague regional authorities in RCE region (if they are financed at all). In other words, it should not be the case that a ministry directly implements some interventions in Convergence and the same type of interventions in the RCE objective are implemented by somebody else (e.g. by the Prague regional authority).
- (c) It is indeed possible and desirable that the OP Prague Adaptability finances interventions that the national ESF OPs do not deal with (i.e. specific problems of the Prague NUTS II region).
- (d) Given the above, it is not clear **why the state budget commits to finance 10% of the programme** and the Prague region (having GDP per capita over 150% of the EU average) only 5%. This arrangement complicates even further the ESF implementation structure and lacks policy logic. Why the measures that are proposed to be co-financed from the state budget are not in the national programmes?