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| Evaluation of administrative procedures of the implementation structure of the OP EICCzech Republic – Ministry of Industry and Trade**Final Report**October 2020 |

Executive summary

The submitted Final Report summarizes the findings of the analysis carried out within the project "**Evaluation of administrative procedures of the OP EIC implementation structure**" (hereinafter also "Project") prepared for the Ministry of Industry and Trade (hereinafter also "MIT" or "Contracting Authority"). The aim of the Evaluation was to identify shortcomings in the administration processes of the Operational Program Entrepreneurship and Innovation for Competitiveness (OP EIC) and to propose an appropriate solution so that the administration of support and certification of funds can be accelerated.

The presented report contains the main findings on the identified shortcomings of the processes associated with the administration of OP EIC support both by the implementation structure and by the applicants/beneficiaries. He then proposes measures to eliminate these shortcomings. These findings are a synthesis of knowledge gained by triangulation of selected evaluation methods in all phases of Evaluation, which are described in more detail in Chapter 3. The final report also provides answers to evaluation questions in the areas of methodology, implementation, communication and controls and irregularities. Last but not least, the Final Report contains a detailed analysis of six optimization measures as selected by the participants of the expert panel.

**Overview of key findings and corresponding solutions**

The following table presents a list of the most important identified deficiencies, and proposes an adequate solution with an optimal time horizon. In order to maintain the complexity, the Processor also left selected recommendations, which are not directly under the responsibility of the MIT, however, they can serve as an argument when setting up the administration of operational programs in the next programming period.

The working groups, which for this purpose the Draftsman proposes to establish the MA, should be responsible for the further elaboration of the recommended solutions, namely:

1. PS to the methodological environment;
2. PS for implementation;
3. PS to information systems, automation and robotics

A complete list of findings with recommendations, including the definition of the MIT's responsibility and a proposal for division into working groups, is given in the table in Chapter 4.

Table 1 Main findings and corresponding recommendations for the adjustment of administrative procedures of the OP EIC

| **No.** | **Identified deficiency** | **Solution design** | **Timetable** |
| --- | --- | --- | --- |
|   | **Information systems** |
| 1 | **Insufficient functionality requiring manual data processing.** E.g.:·  Control lists (CL) to Subsidy Decision (SD), CL to change requests ·  Additions to SD·  Supporting documents for the selection committee ·  Lack of templates·  Recipient notifications are not effective enough, they are sent only in the form of dispatches to ISKP2014+·  Administrative verification ·  Generate lists, reports, statistics ·  Calculation of mixed ratios·  Check Payment request (PR) | ·  Detailed analysis of absentee functionalisms MS2014+ and ISKP14+ and creation of a list of requirements for the new monitoring system.Development requirements for MS2014+ resulting from the following analysis:·  **Cancel the "Administrative Verification" tab.**·  **Automatic pre-filling and copying of** data in the MS system (e.g. NACE, NUT, date of signature of the SD, justification for the sanction).·  **Automatic generation of pre-filled documents, CL.**·  **Streamline state transition in** MS2014+ linked to a specific operation, such as linking payment detail generation to state transition.·  Streamlining the selection of addressees (instead of clicking individual addressees give the option to "everyone") and automating the sender at dispatches. ·  Create statistics more efficiently and export reports from MS2014+.Development outside MS2014+:·  **Application of robotic process automation (RPA) to selected processes.**·  **RPA for data validation in central registers**. | Short-term horizon for RPA Next programming period for setting up a new MS |
|   | **Methodological environment** |
| 2 | **The changing interpretation of the rules by the intermediate body (IB)/ managing authority (MA) during the implementation of the supported project, or the absence of binding statements and unified rules.**  | ·  **Introduce a binding nature of the decision, the opinions of the IB/MA (e.g. the tender, the business plan), which cannot be amended retroactively.**  | Short-term horizon |
| 3 | **Complexity of methodological environment**  | ·  **Introduction of evidence of changes** to monitor and prioritize methodological changes. |   |
|   | **Implementation** |
| 4 | **The length** of project proposals assessment and approval leads to frequent changes in support applications as well as supported projects and subsequent administrative burdens. | ·  Implementation of a full retrospective system of reimbursement of projects based on verification of purpose and costs not a project proposal.·  **Use of RPA in formal evaluation** ·  **Allowing project managers at the IB to fix the intentional redundant errors in project proposals.** ·  **More frequent introduction of simplified assessment.** | Short-term horizon Next programming period |
| 5 | **Cost benefit analysis (CBA) is a redundant process with minimal added value for further proposal assessment and support of projects**.  | ·  **Abolition of CBA for projects with CZV up to EUR 1 million.[[1]](#footnote-1)**  | Short-term horizon |
| 6 | **Inefficiently set rules for tenders.**  | ·  **Increase of the financial limits** for the obligation to proceed with the selection of a supplier following the official *Rules for supplier selection* to CZK 5 million and in the case of the tenders according to the *Law on public procurement* to CZK 2 million.·  **Change the Vendor Selection Rules.** | Medium-term horizon/Next programming period |
| 7 | **The implementation of the change procedure at the IB leads to a further burden on its staff and non-compliance with deadlines**.  | ·  **Transfer/share the change management** agenda from IB to MA.·  **Enabling automatic approval/notification of changes in the budget not exceeding XY % of the total budget or partial changes to the project without changes in the results and purpose of the aid.** | Short-term horizon |
| 8 | Checking the status of SMEs **is time-consuming** and capacity-consuming , leading to non-compliance with deadlines, different concepts among various senior project managers of the IB.   | ·  **Outsourcing** the assessment of SMEstatus to external suppliers.·  **Creation of a separate IB/MA department to determine the status of SMEs.**·  **Application of the SME status control model used by CMZRB[[2]](#footnote-2).**·  **Use of RPA for selected parts of the** process (e.g. verification of data in registers, determination of the status of a firm in difficulty). | Short-term horizon Medium-term horizon |
| 9 | **Length and complexity of approval PR** | ·  **Wider application of simplified cost options** (e.g. flat-rate support for labour costs; parametric support).·  Application of RPA and artificial intelligence.  | Medium-term horizon |
| 10 | **The calls and their annexes are too extensive, complex and cluttered for applicants**.  | ·  **Revision of the text of the calls, number of mandatory annexes**. Rigorous monitoring of the compliance of calls and rules for beneficiaries.·  **Simplifying** language (limiting the use of technical terms, unifying terminology) and streamlining the communication of changes in the wording of calls, in rules for recipients, etc. by highlighting or pre-sorting them graphically. | Short-term horizon |
| 11 | Applicants are **required to provide documents or information that is not relevant to** the assessment of the project proposals or is duplicated in the proposal.  |
|   | **Controls and irregularities (CaI)** |
| 12 | **CaI processes are associated with unnecessary manual tasks.**  | ·  **Untying CaI from PR**.·  Introduction of the compulsory participation in the CaI by the requesting authority (mostly IB).·  **Entrusting CaI's performance to an external supplier.**·  Cancel or automate reports to the IPCM[[3]](#footnote-3).·  **Removal of the obligation to check the status of SMEs from the CaI process.**·  Removal of labour cost control from CaI. / **Introduction of flat-rate financing of labour costs**.·  Cancellation of automatic sending of CaI to unlaunched projects and automatic start of the process of withdrawal of the subsidy. | Short-term horizon |
| 13 | **Verification of SME status in** the context of on-the-spot **checks is the most time-consuming activity with low added value**. |
| 14 | **Controlling labor costs is time-consuming and slows down the entire inspection** process. |
| 15 | **On-the-spot checks are also carried out in the case of 'dead projects'.** |
| 16 | The sanctions system for the Final Sustainability Reports leads to a **large number of reported irregularities** of an insignificant amount of 0.01% and an administrative burden on the implementation structure. | ·  **Abolition of the sanctioning mechanism for not presenting a sustainability report.**·  **Introduction of automatic notification of beneficiaries of their information obligations to their “data box”.** | Short-term horizon |
| 17 | **The IB does not receive feedback on** the way forward in the event of reported irregularities. | ·  Sending feedback to the IB about the process of irregularities. | Short-term horizon |
| 18 | The long delay between the imposition and application of a **penalty** leads to intervention in several financial years. | ·  Robotization and automation of sanctions calculation processes. | Medium-term horizon |
| 19 | **Complexity of reduction of subsidies** according to §14 of Act No. 218/2000 Coll. Influence of reduction of ineligible expenditure on internal limits. | ·  Robotization, automation of the calculation of subsidy cuts.·  **Introduction of a uniform level of support.** | Medium-term horizon |
|   | **Communication** |
| 20 | **Under-set communication processes and absence of communication platforms within the OP PIK implementation structure**. | ·  Introduction of communication mechanisms within the IS OP PIK (information sharing platform beyond sectional meetings) e.g. using the Programboard information sharing platform.·  Introduce targeted collection and sharing of examples of good and bad practice, again using a single platform, e.g. Programboard with simple orientation and search.  | Medium-term horizon |
| 21 | **The** language by which OP PIK support is **communicated is not always user-friendly**, it is complex for applicants, the wording is long and cluttered. This applies to the website, the wording of the calls and the methodological environment.  | ·  Simplifying language, unifying terminology, not using technical and foreign words, shortening the content of messages, highlighting important information, changes, etc. | Short-term horizon |



**Original**

Robotizace a automatizace procesů výpočtu sankcí.

1. According to the available information, CBA will be fully voluntary in the next programming period [↑](#footnote-ref-1)
2. Czech-Moravian Guarantee and Development Bank [↑](#footnote-ref-2)
3. Inspection planning coordination module [↑](#footnote-ref-3)