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GENERÁLNÍ SEKRETARIÁT

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STÁLÉ ZASTOUPENÍ
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Věc: ROZHODNUTÍ KOMISE (3.10.2014)

Generální sekretariát Vás žádá, abyste laskavě předali ministrovi zahraničních věcí přiložené rozhodnutí.

Za generální tajemnici

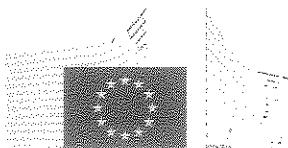
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Valérie DREZET-HUMEZ

Příloha : C(2014) 7256 final

CZ





EVROPSKÁ KOMISE

V Bruselu dne 03.10.2014
C(2014) 7256 final

Věc: Programování na období 2014–2020, připomínky k operačnímu programu „Praha – Pól růstu ČR“ pro podporu z EFRR v rámci cíle Investice pro růst a zaměstnanost pro region Praha v České republice

Vaše Excellence,

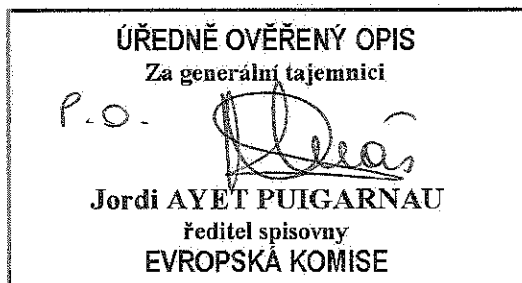
v návaznosti na konstruktivní neformální dialog s orgány Vaší země potvrzujeme obdržení operačního programu „Praha – Pól růstu ČR“ pro podporu z EFRR v rámci cíle Investice pro růst a zaměstnanost pro region Praha v České republice. Operační program byl obdržen dne 15. července 2014.

Komise předkládá v souladu s čl. 29 odst. 3 nařízení Evropského parlamentu a Rady (EU) č. 1303/2013 několik připomínek. Žádáme orgány Vaší země, aby tyto připomínky zvážily a operační program odpovídajícím způsobem upravily a poskytly požadované dodatečné informace.

Připomínky jsou uvedeny v příloze. Podrobnosti rádi s orgány Vaší země projednáme při osobním setkání.

Česká republika z důvodu naléhavosti výjimečně souhlasí s tím, aby byly tyto připomínky přijaty v anglickém jazyce.

S úctou



Za Komisi
Walter Deffaa
generální ředitel

Příloha: Připomínky k operačnímu programu „Praha – Pól růstu ČR“

Jeho Excellence Martin Povejšil
mimořádný a zplnomocněný velvyslanec
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ANNEX

Observations on the "Prague - Growth pole of the Czech Republic" operational programme

CCI 2014CZ16M2OP001

The following observations are made in reference to Article 29(3) of Regulation (EU) No 1303/2013 (the Common Provisions Regulation "CPR"). The Czech Republic is asked to provide any necessary additional information to the Commission and, where appropriate, revise the operational programme (OP).

GENERAL OBSERVATIONS

1. The strategic part has been significantly redrafted compared to the informal versions and gives a better overview of the main challenges identified. However, several changes need to be made as regards the selection of relevant thematic objectives and corresponding investment priorities.

In general, the intervention logic of the OP has to be improved, as well as the OP structure. Specific objectives under each investment priority have to be clearly set, followed by an identification of results and ways to achieve them and a list of selected actions and corresponding output indicators. A more specific description of actions proposed and a comprehensive revision of targets and indicators will be necessary to provide clarity about the specific objectives and the scope of the planned interventions under each priority axis. Concrete examples follow under the description of each priority axis.

2. The Commission has to stress that before it will be possible to adopt the Czech operational programmes of the 2014–20 period, the Czech authorities will have to comply with their commitments included in the partnership agreement regarding the Civil Service Act.
3. Any relevant country-specific recommendations (CSRs) for 2014 should be taken into account for the final draft of the OP, in accordance with Article 96(2)(a) CPR. The text in Chapter 1.5 currently refers to 2012 CSRs instead of the 2014 ones.

The need to precisely link the OP with the Europe 2020 strategy and the national reform programme (NRP) is of crucial importance. In this respect, the Czech authorities are invited to spell out more strongly the approach they have followed for the direct translation of the relevant 2014 CSRs into investment priorities. Consequently, the Czech authorities are invited to clarify how the root causes of CSR challenges are addressed through the selection of investment priorities in this OP. While the relationship between the CSRs and investment priorities has to be explained comprehensively, there seems to be a particular concern as regards the 2014 CSR on the provision of high-quality and accessible childcare (see specific observation in this respect below).

The strategic part also does not give any information on how the OP contributes to the challenges identified in the partnership agreement (only the position paper is mentioned).

4. Further to the above and as regards childcare facilities, notably for the youngest children, the European Social Fund (ESF) should be used as an investment priority under thematic objective 8 for financing nurseries (children aged 0–3) in the OP (following the CSRs for 2014). Please see the corresponding comment below, referring to the relevant priority axis.
5. The financial allocation of the OP and other tables should be amended appropriately, in order to be fully in line with the final version of the partnership agreement adopted on 26 August 2014 by Commission Decision C(2014) 6143.

Justifications of financial allocations within the strategy have not been supported by sufficient analysis, references or hard data. This applies to all thematic objectives. Justifications for splitting the financial allocation should better reflect relevant 2014 CSRs and the country position paper.

6. The Czech authorities are asked to ensure that the OP inserted in the SFC2014 system is consistent with the stand-alone document of the OP, in particular on financial tables, indicators and responsibilities for implementation. In addition, it has to be ensured that financial data across all different documents are consistent and calculations are correct.
7. As regards the performance framework in accordance with Article 4 of the Commission Implementing Regulation (EU) No 215/2014 of 7 March 2014, the managing authority (MA) is requested to submit, in a separate document, recorded information on the methodologies and criteria applied to select indicators for the performance framework. This information should include:
 - data or evidence used to estimate the value of milestones and targets and the calculation method, for instance data on unit costs, benchmarks, standard or a past rate of implementation, expert advice and the conclusions of the *ex ante* evaluation;
 - the justification for the selection of output indicators for the performance framework, including information on the share of the financial allocation represented by operations that will produce the outputs, as well the method applied to calculate this share, which must exceed 50 % of the financial allocation for the priority;

where the performance framework also includes result indicators or key

implementation steps, the explanation for the selection of these indicators and steps, respectively.

8. The financial targets of the performance framework only relate to European Union support. As stated in Article 5(2) of the Commission Implementing Regulation (EU) No 215/2014, the financial indicator relates to the total amount of eligible expenditure entered into the accounting system of the certifying authority and certified by the authority. This means that the financial indicators have to include the national counterpart as well. The performance framework shall be revised accordingly.
9. The Commission also notes that the amount of the performance reserve represents 6 % and 6,13 % of the European Social Fund (ESF) and European Regional Development Fund (ERDF) allocation to the OP, and therefore above 6 % for the ERDF. Article 22 CPR stipulates that the total amount of the performance reserve allocated by European Structural and Investment Funds (ESI Funds) and category of region shall be 6 %, whereas the performance reserve shall constitute between 5 and 7 % of the allocation to each priority within a programme. Compliance between the overview table on the performance amounts foreseen by fund and category of region as required by Article 15(1)(a)(vii) CPR to be included in the partnership agreement and OP needs to be checked as far as the performance reserve is concerned.

10. According to the ex ante evaluation submitted with the OP, the Strategic Business Model

12. Results should be expressed using the indicators of European Statistics, where these exist at the appropriate Nomenclature of Territorial Units for Statistics (NUTS) level ⁽¹⁾. and if

they correspond to the intervention logic and fulfill the criterion of responsiveness to funded activities as required by the general *ex ante* conditionality (EAC) 7. Where relevant, specific areas and regions referred to in the interventions (urban, rural, metropolitan, etc.) should be delineated, according to the harmonised definitions published by the European Commission.

13. The Commission draws the attention of the Czech Republic to the fact that the decision approving the operational programme is without prejudice to the Commission's position regarding compliance of any operation supported under that programme with the procedural and substantive state aid rules applicable at the time when the support is granted.

The granting of state aid falling within the scope of Article 107(1) Treaty on the Functioning of the European Union (TFEU), granted under aid schemes or in individual cases, requires prior approval by the Commission under Article 108(3) TFEU, except where the aid is exempted under an exemption regulation adopted by the Commission under Council Regulation (EC) No 994/98 of 7 May 1998 on the application of Articles 92 and 93 TFEU to certain categories of horizontal aid and its amendments or under the Commission decision C(2011) 9380 of 20 December 2011 on the application of Article 106(2) of the TFEU to state aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest or granted as general *de minimis* aid.

SECTION 1 STRATEGY FOR THE OPERATIONAL PROGRAMME'S CONTRIBUTION TO THE UNION STRATEGY FOR SMART, SUSTAINABLE AND INCLUSIVE GROWTH AND THE ACHIEVEMENT OF ECONOMIC, SOCIAL AND TERRITORIAL COHESION

(Reference: Article 27(1) and Article 96(2)(a) CPR)

14. As already mentioned in our comments to the informal drafts, the OP shall contain a short summary of the main priorities emanating from the smart specialisation strategy (S3) once it has been finalised. Since the S3 is a basic strategic document laying down objectives and policies for research and innovation in the Czech Republic including Prague, it shall be made evident that all planned investments under thematic objective 1 have their basis in the needs identified in the S3.

⁽¹⁾ An inventory of indicators compiled by Eurostat is published at:

http://epp.eurostat.ec.europa.eu/portal/page/portal/region_cities/documents/Regional_statistics_overview_20130919.xlsx

All investments under thematic objective 1 will have to closely reflect the conclusions of the S3 in terms of priorities, policy mix, instruments and indicators, and it should be clear how the OP will contribute to the fulfilment of the objectives of the S3.

The links with the S3 will have to be checked at a later stage, once the final version of the S3 is available.

15. The OP deals with only a small subset of environment- and climate-related challenges faced by the city of Prague. In some places the OP mentions environment, climate change and energy issues which are not later addressed by the OP. For example, Section 1.1.1 mentions that Prague is not meeting its renewable energy target but renewable energy is then addressed only marginally in relation to energy retrofit of public buildings.

The Strengths Weaknesses Opportunities and Threats (SWOT) analysis of the OP in Annex 1 also mentions the issues of high energy demand in the residential building sector, low use of renewable energy and the decrease in greenery and unpaved spaces. Public consultation respondents suggested actions under thematic objective 6 related to

The same relates to environmental indicators which should be included in the OP, mainly air quality indicators in energy- and transport-related investment priorities. Quantified outputs are set for CO₂ emissions. However, if air quality is to be improved, attention should be paid as well to particulate matter (PM) or NO₂ or NH₃. The indicators could relate to tones of PM or NO₂ or NH₃ avoided or to reductions in concentrations.

It also has to be clear how the measures will be embedded in air quality plans under the

ambient air quality directive (Directive 2008/50/EC) and how a link will be established between air quality plans at local or regional levels to reach compliance with the ambient air quality directive and with the national emission ceilings at the national level. This has to be linked to the Prague context since the city is also to be one of the first cities implementing measures related to low emission zones as a part of national air quality strategy to be finalised by the Czech Republic in 2014.

18. The investment priority set out in Article 3(1)(b)(v) of the ESF regulation (social entrepreneurship) is consistent with neither the position paper nor the CSRs. The OP does not provide sufficient information to justify the selection of this investment priority. A

and to the professional capacity of schools to deal with classroom diversity. This could enable the scope of specific objective 4.2 to be clarified and given greater focus, and also justify the need for it to use the multi-fund approach in order to allow for the purchase of relevant equipment and infrastructure from the ERDF.

23. In Part 1.1.6, a description of the contribution of the third priority axis to the priority for funding human capital-driven growth and improved labour market participation is missing.
24. The Commission notes that despite the multi-fund nature of the OP, cross-financing has been foreseen as well. Even if this is not forbidden by the regulations, the Czech authorities are reminded that the managing authority has to ensure that it does not increase unduly the administrative burden of beneficiaries. The managing authority will need to monitor the use made of the cross-financing as it is limited to 10 % of the EU contribution to a priority axis. Moreover, the managing authority has to check whether the other criteria set by Article 98(2) CPR are fulfilled, as only part of an operation can be subject to cross-financing and the costs must be necessary for the satisfactory implementation of the operation and be directly linked to it.
25. The need to have an OP for Prague as well as an ITI is still not sufficiently explained. The Commission is of the opinion that the whole area of Prague (metropolitan area + core) should be treated as one functional area and all interventions should emerge from a single

28. The formulation of actions needs to be considerably improved. The description of type and examples of actions is rather confusing since the expected results are mixed with the supported actions. The planned actions are therefore described in a very general manner and they need to be described in a concrete and precise way. The text should in particular explain how the types of actions planned contribute to specific objectives, for example through targeting of specific target groups, a focus on particular themes or issues, etc. The programme has to present the list of actions to be supported under the investment priority, which means all the actions to be taken with their concrete examples and not — as it is the case currently — a description of the scope where analysis of problems is mixed with broad goals, description of objectives and some types of actions.
29. The guiding principles for the selection of operations remain very general and identical for all specific objectives. The OP needs to be more specific on how the criteria for project selection will be applied, and shall seek to identify criteria which are specific to the specific objective in question (at least two specific criteria per specific objective).
30. Result indicators are often confused with output indicators. The result indicators relate to the whole programme area, or the whole target population, not just beneficiaries. Therefore, the baseline and target values cannot be reported by the monitoring reports from the beneficiaries. Please use only a maximum of two result indicators per specific objective.

There are also many result indicators where the baseline value is stated as zero. Baselines for result indicators should always be provided. Only in duly justified and exceptional circumstances can the baseline for result indicators be zero, if the nature of the operation so requires.
31. The managing authority should consider adding NGOs as possible beneficiaries where relevant.

Priority axis 1 — Strengthening research, technological development and innovation

32. The links between the national S3 (including regional annexes) and the Prague regional innovation strategy are not clear. The text gives a hint that projects will be chosen if they respect the regional innovation strategy and also the priority fields identified in the national S3. The Commission reminds the Czech authorities that all investments under thematic objective 1 must be in line with the national S3. This has to be clearly stated in the OP.
33. The current text gives an impression of the region as very inward looking and searching for solutions within its administrative borders, without further exploring transregional collaborations and possible collaborations with other regions and public/private partners. Public and private actors active in research and innovation (R & I) should be supported in creating international partnerships outside the borders of the region and the country. For example, the participation of private actors in pre-commercial public procurement calls or

innovative vouchers in other countries should be considered. Another way of making R & I activities more international is to support public research institutions in setting up collaborations with private companies in other EU countries. Also, enterprises should be motivated to participate in international cooperative and competitive calls, such as COSME

and Horizon 2020.

34. Three main weaknesses of the local R & I system are identified in the strategic part: the

will be addressed, and perspective forms of their development which take into account recent trends for their operation will be sought' which does not provide any information on type of actions to be proposed.

40. Concerning the implementation and development of capacities providing progressive services for SMEs, it is stated that the activity will be primarily implemented in form of specialised vouchers. The Czech authorities should specify if and what other activities are foreseen.
41. The description of the specific objectives indicates that the aim is to increase the survival rate of start-ups and companies in knowledge-intensive sectors. In line with the domains identified in the S3, these sectors should be further specified.
42. For the result indicator 'number of enterprises supported by a regional instrument which increased export or began exporting within 3 years', it has to be confirmed that it applies to the whole target population, not just the beneficiaries.

'Number of new businesses in the knowledge and technology intensive sector' could be an additional result indicator.

43. The Czech authorities should clarify the output indicator 'number of solution designs of

OP later states that the aim is to upgrade to a zero-energy building level). Other information (such as priorities for energy retrofits) has not been identified. Therefore, more information has to be provided on energy use per unit area, type of fuel, CO₂ reduction potential and costs, types of buildings which are considered a priority (e.g. based on visibility of investment to the general public, emission reduction potential). These should be also reflected in the selection criteria.

47. Section 1.1.1 (p. 16; Czech version) mentions that grant funding in the area of energy efficiency will be followed up by a financial instrument which will probably use the EPC principles. This sentence needs to be clarified since the OP does not propose the use of financial instruments for energy efficiency.
48. While 'smart' solutions will be supported with respect to both transport and energy infrastructure, there is no indication (except for the integration of an intelligent IT-based building management system) that they will contain a significant ICT component. The Commission would therefore recommend making a clear reference to the use of ICT-based solutions for energy efficiency, smart energy management systems and intelligent transport systems.
49. Two result indicators per specific objectives are sufficient. The result indicator 'decrease of primary energy consumption' would be acceptable if it applied to all city buildings, i.e. all target population, and not just the supported entities.

The result indicators 'reduction of annual consumption of primary energy in facilities for transport infrastructure' and 'reduction of annual consumption of primary energy in public buildings' are even more specific than the indicator mentioned above ('decrease of primary energy consumption'). The target values should increase compared to the baseline, i.e. a higher reduction of energy consumption should be achieved. The result indicators have to apply to all the population, not just the supported entities or beneficiaries.

The indicator 'reduction of CO₂ emissions' is a common output indicator and is too complex to calculate. CO₂ emissions for the whole public transport sector could be an alternative result indicator.

The result indicator 'reduction of annual consumption of primary energy' is not needed since it is basically the same as decrease of primary energy consumption.

As for the output indicators, please use also common output indicator 34.

50. As for specific objective 2.2, the public transport-related activities are well defined and thought through and the intervention logic seems to be correct.

Nonetheless, the OP should also clearly identify areas where there is a lack of P + R facilities and areas where the biggest needs have been identified. Project selection criteria should clearly reflect it.

In addition, when selecting P + R facilities, the criteria for, for example, electric chargers should seek technological neutrality.

Similar comments apply to the interventions to improve the preference for urban public transport in street mode. Since a number of preferential measures have already been implemented, the OP needs to clarify what areas will be preferred and whether they are part of some comprehensive plan.

51. The selected result indicator 'shorter time spent in public transport' is not clear and should be reformulated. It seems that the target value indicates a decrease of savings, from 60 to 50. It has to be specified as well whether it relates to average journey time or something else.

For the result indicator 'number of cars parking at P + R', this is more of an output indicator. It also needs to apply to all P + R facilities, not just beneficiaries. The Czech authorities should consider as well whether it is the best indicator to properly express the attractiveness of urban public transport.

The indicator 'estimated yearly reduction of greenhouse gas emissions' is a common output indicator and it is very far from the policy. 'CO₂ emissions per passenger' could be an alternative result indicator but note that two result indicators per specific objective are sufficient.

Priority axis 3 — Promoting social inclusion and combatting poverty

52. The Commission is of the opinion that this chapter lacks consistency of intervention logic; the change to be achieved is not evident in many cases. The sub-chapters describing the specific objectives need to contain clearly defined results, which is so far not the case: the results are mixed with supported actions. Actions are described generally and mixed with outcomes to be aimed at. The specific objectives need to be complemented with the precise and clear results introduced directly under the objective identification (please refer to the OP template).
53. The indicators very often do not clearly reflect results to be attained or they are not ambitious. See below for some concrete examples. For ERDF indicators, the baseline values are not provided. The indicators also seem to be related just to beneficiaries, not to the whole population.
54. As already stated in the strategic part, the investment priority set out in Article 3(1)(b)(v) (social entrepreneurship) of the ESF regulation is not consistent with either the position paper or the CSRs. The OP does not provide sufficient information to justify the selection of this investment priority. A sound justification is needed to support the choice of this investment priority, for example with reference to Prague's particularities in comparison with the rest of the country.

55. The specific objectives are not formulated according to the principle that they should clearly show what the desired change is and who will benefit from the change. As an example, see the present wording of specific objective 3.1: 'Strengthening of activities for integration, community based services and prevention'. Additionally, it is not fully clear to what 'prevention' refers.
56. In addition, the ERDF budget allocated to this priority axis seems to be insufficient given the planned activities, especially if Prague has to build new infrastructures. The Czech authorities have to explain further how the budget allocation was calculated to show that it matches the needs.
57. The text under specific objective 3.1 seems to concentrate too much on the issues related to homeless people whereas other socially excluded or vulnerable groups (people with mental health issues, people with disabilities, senior citizens) are mentioned marginally. This is particularly evident in relation to planned activities on increasing the capacities of

social services as well as in relation to the social housing.

The Commission recommends not limiting the foreseen activities so much on one target group as seems to be the case when reading the current description of the actions foreseen and their contribution to the fulfilment of the specific objective.

58. As for the activity on low-threshold and community culture centres under specific objective 3.1, it is not clear what exactly is planned to be supported and achieved. Information needs to be provided about these low-threshold and community culture centres as regards their activities, status, Prague's coverage, target groups they work with, etc. The 'sport centres' are a newly introduced element and there is no clear justification for that in the analytic part.

The following sentence is unclear or even misleading: 'Together with interventions under investment priority 3.3, actions in this area will help create demand and improve the territorial availability of social services, their connection with activities targeting social cohesion, prevention and the strengthening of local and supra-local communities, and, as a result, they will help improve the effectiveness of the system of social services in Prague.' The Commission understands this to mean that the OP does not intend to support social services in general and intervention in the centres indicated cannot improve territorial availability substantially.

59. With regard to the activity on social housing under specific objective 3.1, it is still not clear whether this involves construction of new housing stock or whether it will entail renovation and adaptation of existing housing stock. The Czech authorities have to confirm whether the interventions will only take place in the housing stock exclusively owned by the city or the city districts.

In addition, the description of the activity should be further elaborated; a clear division has to be made between the people with disabilities and other groups in need as their needs and the corresponding financial demands for housing are different.

60. The definition of the specific objective has to be reworded. The wording has to make clear what the desired change is and who will benefit from the change.

The selected result indicator is not a result indicator since it will not reflect whether the capacity and quality of the social infrastructure has been sufficiently improved. The baseline shall not be a zero.

As regards output indicators, given that the specific objective is financed by the ERDF, i.e. the activities are of an investment nature, it is not clear what the difference is between the first and the third indicator ('number of supported community and integration services' × 'number of supported facilities in scope of the community and integration activities').

61. Regarding specific objective 3.2 on infrastructure for social enterprises, the text does not specify what actually will be supported (rent, equipment, adaptation of premises, etc.). It is not clear what the economic fields identified are in which these enterprises can be successful and how the business plan and financial sustainability of the projects will be assessed.

It has to be indicated as well whether the enterprises will be established in the buildings owned by the city or city districts or whether other options are considered as well.

62. The selected result indicator is not clear. It needs to be specified what the 6-month period relates to. The indicator should relate to the whole target population so the word 'supported' should be deleted. The baseline cannot be a zero. As already mentioned in our comments during informal consultations, the target value of 15 seems to be low. The Czech authorities have to indicate how it was established and on what it is based.

The output indicator 'increasing employment in supported enterprises' is not clear. The Commission recommends introducing here the same indicator as the one for investment priority 4 to follow a defined common ESF output/result indicator (see the comment on the investment priority 4 below).

63. The description of specific objective 3.3 is underdeveloped. The specific objective should be complementary with specific objective 3.1. However, it contains only one activity on the development of community culture and sports centres and centres of social, cultural and sports integration (it is not clear what the difference is). As no results are identified, a proper evaluation of planned interventions is not possible. The description of actions is unclear, and so are their objectives. The Czech authorities have to clarify what is exactly meant under 'Supported actions will include projects helping connections between individual services, producing greater flexibility and more visible local social effects. This can include, for example, connecting the existing public cultural, sports and

educational institutions and service centres with new innovative services, which will expand the scope of activity of these organisations to include other target groups'. The following points shall be made clear: which social services are being referred to, what will be the target population of these services and in what sense the current links between services are insufficiently developed.

The result to be achieved ('increase in local cohesion, connection and prevention in the

68. The result indicator does not follow the common ESF indicator definition (which states employed or self-employed 6 months 'after' leaving and not 'within'). Otherwise it should be made into a programme specific indicator. Moreover, it should be made more ambitious and so the target value should be increased.
69. The indicator 'number of conducted trainings, seminars, workshops, conferences and other similar activities' has to be more precise as regards 'other similar activities' or this part should be deleted. It is also unclear how it is linked to planned actions. Its high target value does not seem proportional to other indicator on the number of supported microenterprises and SMEs. The target value of the indicator on participants should be revised to be more ambitious — see the comment on the target value of the result indicator in this respect. Also note that the total number of participants is not listed as a common ESF indicator. If used, it should be set as a programme-specific indicator.
70. In addition, for specific objectives 3.3 and 3.4, provide an explanation of why the baseline values are zero and of how the target values of all indicators have been set.
71. As regards Section 2.3.9, it is not clear what is being aimed at and necessary details to justify the contribution to/of the planned actions are not presented. Even if we expect this component to be planned as a minor one (as it is presented to be of a horizontal nature), it should be reflected in the indicators in order to trace the results. In any case, 'international knowledge, experience and best practice sharing' should constitute only a minor part of the interventions and be organised only in case of a precise need.
72. Concerning the performance framework, the target value for the output indicator on total number of participants is 48 000. However the total of this indicator under the individual priority axes makes up 40 075.

It is premature to assess the performance framework on the basis of the current OP version. Before any serious assessment of the performance framework is undertaken, the Commission's comments on the indicator 'total number of participants' issued under both ESF-financed investment priorities need to be addressed and the intervention logic needs to be improved.

73. Concerning thematic objectives 8, 9 and 10, 'third-country nationals, including beneficiaries of international protection' should be explicitly listed as a target group for the envisaged actions. This group is considered as vulnerable by the basic acts establishing the ESF.

Priority axis 4 — Education and learning

74. This chapter lacks consistency in intervention logic; the change to be achieved is not evident in many cases. The sub-chapters describing the specific objectives should contain clearly defined results, which is so far not the case: the results are mixed with supported actions. Actions are described generally and mixed with outcomes to be aimed at. The specific objectives need to be complemented with the precise and clear results. In

addition, the specific objectives should be clearly linked to the needs identified in the strategy.

75. The Commission appreciates an effort to match thematic objective 8 for both the ESF and ERDF. However, the investment priority under thematic objective 8(b), which was

1.4.1.1. Specific infrastructure for nurseries (children aged 0-3 years) from the ERDF

unfortunately cannot be used. Due to limitations of the legal framework in this respect, it seems that the best solution is to put a corresponding investment priority to cover infrastructural needs for nurseries from the ERDF under thematic objective 9(a) or 10.

Please note that two ERDF investment priorities under different thematic objectives and with the same specific objective cannot be used. Each investment priority must be linked to at least one specific objective. A specific objective may not be broader than the investment priority it is linked to.

While there is a basic justification for using a multi-thematic objective priority axis, it needs to be completed as regards the increased impact of interventions from the two

excluded from the description (while apparently it was considered, since a relevant indicator is included).

80. The Czech authorities have to clarify further the alternative forms of childcare which are to be supported. It has to be explained how corporate nurseries/kindergartens can be mainly supported in the institutions established by the city.

As for the identification of beneficiaries, it is not clear who the beneficiaries will be if corporate nurseries and kindergartens are supported

81. As for the activities aimed at improving the quality of equipment in the classrooms, they are barely mentioned in the strategic part and it is not clear what exactly should be financed. This has to be based on a needs analysis, which is currently missing. Neither is there an explanation of why priority should be given to the development of kinaesthetic intelligence and physical activities. This part has to be further developed and a justification has to be provided. Here again, complementarities and synergies with actions at national level have to be explained.

Moreover, the output indicators refer to newly created establishments while the activities clearly refer to existing establishments for both intervention priorities.

It has to be clarified as well how the creation of seven establishments relates to 300 new classes to be created. It has to be specified whether the new classes will be created in the new establishments or in already existing ones. Another issue to clarify is the setting of the indicator 'number of establishments/institutions with newly equipped classrooms'. If 300 new classrooms are to be built, as the indicator 'number of new classrooms' indicates, it is not credible that 300 establishments will get support.

86. Specific objective 4.2 (investment priority 3) relates to equal access to good quality education under thematic objective 10. The activities as described later on confirm that the focus is put on educational aspects, pupils and school facilities, as well as some aspects of social inclusion. Instead, the Commission recommends focusing under a new separate ESF specific objective (4.3) on the inclusiveness or educational aspects according to the needs analysis and followed by improved description of foreseen actions.

The text with a description of the reference situation (problem) is erroneously included under the description of actions.

In addition, as regards the first activity of specific objective 4.2 (support of cooperation), it is unclear what is planned to be financed and what is to be achieved. It has to be specified what is meant by 'opening of the educational process' and how it could be financed by the ESF. Effective cooperation of stakeholders should constitute a prerequisite for financing the activities and not the output to be achieved.

As regards the development of social and civic competences, the concept is not sufficiently elaborated. In particular, it is not clear how these skills will be imparted, how they will be defined, how teachers will be trained, etc. Accordingly, output indicators do not include a way to measure improved competences.

87. Specific objective 4.1 contains primary and secondary education infrastructure (creation of new classes) which dilutes the necessary focus on childcare facilities/services, especially nurseries. The Commission recommends to create a new ERDF specific objective (4.4) focused on improving the quality (not capacity) of primary and secondary education or their inclusiveness; for reasons specified above, the allocation for this specific objective should be minor.
88. The selected result indicators ('number of people using new products', 'number of newly created/innovative products', 'number of teachers implementing new methods') are too general and do not enable measurement of the improvement in (equal) access/provision to quality childcare and education. As an example, the second result indicator ('number of teaching staff who implement newly acquired knowledge') does not have any corresponding output indicator. Moreover, it should relate to gaining a qualification rather than to a measurement of practical implementation of acquired knowledge, which

may be problematic. It is also not clear what is meant by new or innovative products, or who the target group is for the first indicator. Indicate whether when the indicator speaks about the number of persons using new products (childcare facilities or educational establishments) this refers to the number of children or number of parents. The Commission recommends using both types of indicators but the whole set-up will depend on changes introduced based on the above observations.

89. For both specific objectives, the Czech authorities have to provide an explanation of how the target values of all the indicators have been set, as well as why some of the baseline values are zero.

90. Concerning the performance framework, it does not include any output indicator, despite this being mandatory. It only includes result ERDF and ESF indicators.

Priority axis 5 — Technical assistance

91. The Commission recommends that the axis be split into two or more specific objectives (see Article 96(2)(c)(i) CPR), which would tackle the issue in a more structured and clear manner, including a set of corresponding indicators (see below).

92. An efficient coordination mechanism with the national ‘Technical Assistance’ OP has to be established to ensure maximum synergies while avoiding potential overlaps in the use of the technical assistance. There must be a clear identification of which activities will be supported by the national ‘Technical Assistance’ OP and which will be covered by the technical assistance of the ‘Prague – Growth pole’ OP.

93. Part of the technical assistance allocation has to be reserved for targeted support to beneficiaries, i.e. measures have to be proposed to reduce the administrative burden (in compliance with Chapter 10), strengthen their administrative capacity and improve their project development and implementation capacity.

94. It is possible to co-finance staff costs during the 2014–20 period but only if the following conditions are fulfilled:

- a sound needs analysis in terms of staff is carried out and a kind of a HR action plan is elaborated specifying the allocation of posts by institution; evidence stemming from past experience shall be provided to establish that supporting salaries has a positive contribution towards staff capacity and HR stability;
- the level of salary support should take into account remuneration levels on the labour market in order to retain staff and build/keep know-how in the administration;
- if bonuses are to be financed, these shall be clearly performance based;
- there has to be an adequate regulatory framework in place guaranteeing the independence, stability and competence of the staff, addressing critical issues such as full transparency in the recruitment/appointment process (e.g. via open

competitions), appropriate appraisal and promotion provisions (based on performance indicators) and personal development provisions;

- review/monitoring measures shall be in place, for example to assess fluctuation of staff, transparency and correctness of recruitment process, consistent approach by all actors etc.

The Commission understands that the majority of these points are to be covered by the 'Methodology for the development of human resources' that has been elaborated. Refer to it and indicate the main elements of the strategy in the OP (including allocation of posts based on sound needs analysis, measures to stabilise the staff, reduce fluctuation and retain competent personnel, selection of staff, competence mapping, training, monitoring and review measures, remuneration, etc.) including a timeframe for the approval of the methodology and for the fulfilment of the underlying steps by the managing authority. Also, the relation of this methodology to the relevant national legislation shall be clarified.

In relation to the methodology, indicate in more detail what activities will be carried out 'in house' and where outsourcing to external contractors has been planned. In any case outsourced activities should be limited in order to develop and to concentrate expert knowledge within the managing authority.

95. The list of supported activities needs to be more explicit, especially in relation to technical and IT equipment.
96. In line with Article 125(4)(c) CPR, the commitment of the partnership agreement to put in place effective and proportionate anti-fraud and anti-corruption measures in relation to implementation of the ESI Funds has to be translated into specific actions in the OP for the use of the technical assistance. A reference to the national anti-corruption strategy related to the ESI Funds is not in itself sufficient and the managing authority has to propose OP-specific measures.

The Commission suggests adding in this context an explicit reference to the horizontal and national recommendations established within the framework of the EU anti-corruption reporting mechanisms for periodic assessment, set up by the Commission decision of 6 June 2011. The first 'EU anti-corruption report' was adopted by the European Commission on 3 February 2014.

97. Commitments taken in the partnership agreement regarding *ex ante* conditionalities must be properly addressed in each individual programme. Due to non-fulfilment of the *ex ante* conditionality related to public procurement and state aid, the OP needs to contain activities supported by the technical assistance budget dealing with the fulfilment of the EAC.
98. Some of the indicators are not very well selected and do not reflect the desired change in relation to the main weaknesses identified in the past. The Commission recommends including, for example, indicators which relate to improvement of the absorption capacity

of beneficiaries, level of error rate, number of irregularities in the public procurement procedures or average time for project approval or management of payment claim.

The Commission also recommends adding more qualitative indicators which would better reflect the level of service provided by the managing authority to the beneficiaries. Examples to be considered include 'share of identified training needs (skills needed) covered by training courses', 'share of staff involved in OP implementation trained in public procurement, state aid, environmental compliance, etc. issues', 'share of electronic applications in total project applications (%)' or 'share of information about funding opportunities on line in total information about funding opportunities (%)'.

The output indicator 'number of conducted trainings, seminars, workshops, conferences, and other similar activities' needs to be more precise as regards definition of other similar activities or this part should be deleted. The high target value does not seem to be proportional to other indicators on total number of participants.

As for the output indicator 'number of written and published analytic documents (including evaluation documents)', the number of evaluations should be extracted into a new separate output indicator in order to demonstrate an increased evaluation effort within the OP implementation. 'Number of evaluations, studies, surveys, expert report, etc.' could be a possible indicator to be used. Other examples could be 'number of evaluations discussed in the monitoring committee' or 'implemented evaluation recommendations (% of all recommendations)'.

The output indicator related to the number of full-time equivalents (FTEs) financed by the OP does not need to have a target value.

99. As regards the selected code for category of intervention in the type of territory (01), the Commission would recommend using code 07 (not applicable) instead.

SECTION 3 FINANCING PLAN

(Reference: Article 96(2)(d) CPR)

100. See the comments on individual priority axes which should have an impact on the financing plan. Resources planned to be used for the existing specific objective 4.2 are not proportionate to the needs analysis and identified priorities and more funds should be dedicated to the reformulated specific objective 4.1.
101. The Commission cannot give its agreement on the performance reserve unless there is clear evidence that Articles 20 and 22 CPR are respected for all operational programmes and in line with the data provided in the partnership agreement.

Article 22 CPR stipulates that the total amount of the performance reserve allocated by

the ESI Funds and category of regions shall be 6 %, whereas the performance reserve shall constitute between 5 and 7 % of the allocation to each priority within a programme. As currently stated, the performance reserve for the ESF and the ERDF allocation

represents 6 % and 6,13 % respectively. The Commission also notes that both the ERDF and ESF have been assigned to the priority axes 3 and 4 and that the performance reserve under the ESF for these two priorities is above 7 %, while the total by priority axis remains within the limits set in the CPR.

SECTION 4 INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT

(Reference: Article 96(3) CPR)

102. The OP states that all interventions are considered as integrated actions for sustainable urban development. However, the integrated approach is missing from the OP. Of the five priority axes, only priority axis 2 addresses environmental and climate change issues and the other priority axes do not refer to these types of challenges at all. There are therefore several missed opportunities to integrate environmental and climate change issues into other priority axes and to develop an integrated approach to the issues faced by Prague. Some potential for further integration of environmental and climate change adaptation to other priority axes includes links of energy retrofit with employment, links between environment/climate and innovation, links between energy efficiency in buildings and investment in school buildings and social housing, urban regeneration and energy efficiency, education for a low-carbon climate resilient economy and green growth and green economy. The position paper requested that the shift to a low-carbon economy is treated as a cross-sectorial objective that must be considered in all economic sectors and integrated in all relevant policies.
103. As mentioned above, the justification for having both the OP and the Prague ITI is not sufficiently developed and it is questionable whether the Prague ITI, as currently described, could be considered to be an urban ITI in the context of Article 7 of the ERDF regulation as it seemingly covers Prague metropolitan area without the city itself. Prague city core and its metropolitan area represent a single functional area which should be addressed in its territorial entirety and made subject to a single integrated strategy.
104. Although the text is subject to further specification and precise interventions under the Prague ITI depend on the strategy yet to be designed, an amount of EUR 17 million is planned for the ITI from the OP, namely for construction of P + R facilities. From that it appears as if the scope of the ITI is already fully defined, even at the project level. Such an approach is not acceptable as the projects should emerge from the strategy and not the other way round, meaning that the ITI should be strategy driven and not project driven. The same comment relates to the planned activities to be financed under other OPs (flood prevention, education and transport measures).

SECTION 5 SPECIFIC NEEDS OF GEOGRAPHICAL AREAS MOST AFFECTED BY POVERTY OR TARGET GROUPS AT HIGHEST RISK OF DISCRIMINATION OR SOCIAL EXCLUSION

(Reference: Article 96(4)(a) CPR)

105. This part is not filled in as it is claimed not to be relevant for the OP. However, it is relevant as the OP plans to support social inclusion (see investment priorities 3.1 and 3.2). The chapter therefore shall be elaborated.

SECTION 7 AUTHORITIES AND BODIES RESPONSIBLE FOR MANAGEMENT, CONTROL AND AUDIT AND THE ROLE OF RELEVANT PARTNERS

(Reference: Article 96(5) CPR)

106. As regards Section 7.2, the information should be provided on how technical assistance will be used to ensure the active participation of partners, especially as regards monitoring and evaluation.
107. According to the list in Annex 3, no representatives of civil society in the area of environment and climate change have been involved during the preparation of the OP and it seems that they will not be involved during implementation, monitoring and evaluation of the OP either. Considering that the OP addresses issues with direct relevance for environment and climate change, there is a need to involve environmental NGOs. The lack of involvement of environmental NGOs was also highlighted in the informal observations of the Commission on the partnership agreement. Involvement of environmental NGOs in the implementation of the OP therefore has to be ensured.
108. More relevant institutions of education sector should be involved (such as relevant education institutes or schools associations) in the preparation/implementation of the OP in order to design more meaningful actions under priority axis 4.

SECTION 8 COORDINATION BETWEEN THE FUNDS, THE EAFRD, THE EMFF AND OTHER UNION AND NATIONAL FUNDING INSTRUMENTS, AND WITH THE EIB

(Reference: Article 96(6)(a) CPR)

109. Coordination with Horizon 2020 and COSME is mentioned. However, the text on Horizon 2020 should be strengthened with reference to the common strategic framework annexed to the CPR as well as complementarities with the Marie Skłodowska-Curie COFUND, public–public partnerships (joint programming initiatives, ERA-NET, initiatives under Article 185 TFEU) and public–private partnerships (initiatives under Article 187 TFEU).
110. Coordination with LIFE does not mention integrated projects. There is also no information on how coordination will be implemented institutionally and procedurally. This information should be provided.
111. Due mention should be made of the need for synergies with the Internal Security Fund (ISF). In addition, please refer to the Asylum, Migration and Integration Fund (AMIF) instead of the Asylum and Migration Fund.

SECTION 9 *EX ANTE* CONDITIONALITIES

(Reference: Article 96(6)(b) CPR)

112. The self-assessment grids are not complete; it should be ensured, in particular, that each sub-criterion is taken into account in the information provided. The latest self-assessments provided within the partnership agreement should be used in the grids.
113. Each OP should identify all EACs applicable to that OP and provide an assessment of their fulfilment. When an EAC is not fulfilled an action plan has to be introduced within the corresponding OP containing actions to fulfil the EAC, the bodies responsible for this and a timetable for such actions (Article 96 CPR). This is not the case in respect of the EACs applicable to the 'Prague — Growth pole' OP. In fact no detailed action plans have been provided for all applicable EACs, particularly for the general EACs 4, 5 and 6 and for thematic EAC 4.2.

114. On EAC 1.1:

Overall, EAC 1.1 is not fulfilled and this is correctly stated in the OP and the national action plan is attached. The Commission reminds the Czech authorities that a list of the selected priorities/a summary of the main outcomes of the S3 shall be integrated in the OP, once the strategy is completed.

The table includes the standard text on the state of play of implementation of EAC 1.1 which is also used in other OPs, adding links to other strategies without explanation of their connection to the S3. The Commission suggests their deletion or a better explanation.

The text in the tables still refers to the draft regulations. The Commission has also noted that different deadlines for submission of the S3 to the Commission are reported in the OP (31 December 2014) and on the official website of the Ministry of Education, Youth and Sports (September 2014 without SEA, unknown with SEA). As already communicated, no SEA is required at the level of the S3 as the SEA procedure is mandatory for the OPs.

The sentence in the table (p. 146; Czech version) stating that 'The S3 will be closely related to the relevant operational programmes for 2014+ which are currently under preparation (OP RDE, OP EIC and OP PGP)' is not relevant anymore.

115. As already mentioned above, the link between the Prague regional innovation strategy and the national S3, including regional annexes, has to be clarified. In addition, it is not clear whether the SMART Prague strategy, including also a part on SMART specialisation, is the regional annex to the national S3 or to the regional innovation strategy. The links between these strategic documents should be clarified.

116. On EAC 9.1:

The Commission provisionally agrees with the self-assessment of the Czech authorities of this EAC as being fulfilled. However, more information is needed on particular sub-criteria, namely on measures for enabling access to mainstream services in the community (education and training, employment, housing, health, transport, leisure activities) and how they are ensured.

117. On EAC 10.1:

The Commission provisionally agrees with the self-assessment of the Czech authorities of this EAC as being not fulfilled. More information is needed regarding to particular sub-

- regarding the internal database of most common errors, the assessment of this EAC in the PA notes that it will be modified; the action plan has to state when the database will be functional, whether it is intended to be public and when it is going to be modified;
- regarding any possible incompliance of the decisions of the OPC with the European Commission, the European Court of Auditors and the Court of Justice of the European Union, the Commission acknowledges that the OPC is an independent body, but a mechanism shall be in place to prevent, monitor and follow up any possible discrepancies (e.g. an analysis has to be conducted at a certain point of time by a responsible body about the compliance, such as on a sample basis).

As for the arrangements to ensure an administrative capacity for the implementation and application of EU public procurement rules, it is still not clear whether the competent bodies have already ensured the necessary capacity (see also our previous point regarding the necessity of an HR analysis) and, if not, by when it will be ensured. The same

comment is valid also for the OPC, where the administrative capacity to deal on time with public procurement cases linked to EU funds in the past was not sufficient.

121. On the general EAC 5 on state aid:

According to the action plan for the *ex ante* conditionality on the state aid included in the partnership agreement, the individual operational programmes will describe in the SA action plan OP-specific measures to fulfil this *ex ante* conditionality. As the current OP does not mention any additional OP-specific measures compared to the PA, it shall be amended correspondingly for the first and third EAC criteria.

For the first criterion, see the suggestions below.

- Only public funding not exceeding the *de minimis* threshold is put in the central registry of *de minimis* aid and only funding from the ESI Funds will be included in MS2014+. An action plan shall be submitted for registering and monitoring all public support not covered by the above two categories of public funding (e.g. public support exceeding the *de minimis* threshold financed exclusively from public budgets) to respect relevant aid ceilings.
- As the Czech authorities have considered the sub-criterion on the control of compliance with the general block exemption regulation and approved schemes and the sub-criterion on the knowledge about any aid granted not to be met, appropriate OP-specific measures shall be included in the action plan.

122. On the general EAC 6 on Environmental Impact Assessment (EIA)/SEA:

Fulfilment of the conditionality requires additional steps. The Commission notes that the relevant action plan (dated 16 June 2014) is limited to the adoption of modified EIA law

only, and that the action plan does not include any information on the fulfilment of the commitments given by the Czech Republic with regards to co-financed projects as well as transitional measures other than the reference to the 'methodological guidance'. This methodological guidance that has now been sent seems to be limited to explanations of the proposed changes to the EIA and construction law and the instructions to the Czech authorities on how to proceed within the margins of the existing law to ensure the maximum possible similarities with the future legal regime. No further requirements which would lead to any concrete steps to ensure the actual compliance of co-financed projects with the EIA directive (e.g. screening of the changes) are included.

In addition, as noted in the discussions on the adoption of the PA, the draft law is not finalised, and the Commission cannot be considered as having approved a draft that is not complete or finalised. Any inferences to this effect should be removed.

123. For all unfulfilled (elements of) EACs, it should be noted that there is a risk that the significant prejudice clause would be triggered.

SECTION 10 Reduction of administrative burden for beneficiaries

(Reference: Article 96(6)(c) CPR)

124. The text gives an idea of what actions will be implemented in relation to the concept of a unified methodological environment for the programming period 2014–20, which is being prepared on the national level. Nevertheless, the text shall also specify what OP-specific actions will be implemented, especially with regard to bottlenecks identified in the programming period 2007–13. The current timeframe is very vague and it is not clear whether the actions are still being prepared or whether they are already implemented.
125. The text shall also explain how e-cohesion is going to be implemented, especially with regard to Article 122(3) CPR concerning the electronic data exchange between beneficiaries and a managing authority, a certifying authority, an audit authority and intermediate bodies.

SECTION 11 Horizontal principles

(Reference: Article 96(7) CPR)

126. The section on sustainable development addresses selection criteria, environmental education and awareness, indicators for monitoring and EIA, and carrying out SEA. Further potential to improve the implementation of the horizontal principle of sustainable development exists.
- Details should be provided on if and how it will be ensured that the greenhouse gas emissions resulting from investments will be minimised. The use of the CO2MPARE tool was recommended by the Commission in informal observations to the partnership agreement, but it is not mentioned in the OP.
 - Description of the application of the polluter pays principle.

- Institutional arrangements to provide assistance to beneficiaries for the preparation, implementation, and monitoring of projects which are sustainable should be set out. The strengthening of the governance and capacity building of the relevant Czech authorities and other stakeholders was requested by the country position paper.

SECTION 12 Annexes

127. In Annex 4 on complementarities/synergies, some tables also include internal synergies for the 'Prague — Growth pole' OP itself, which seems not necessary since it makes the tables less understandable (internal synergies should be by definition driven by grouping of investment priorities within a priority axis). The Commission recommends stating only external synergies, i.e. synergies with other OPs. Moreover, the tables related to the same priority axes should be grouped together.