



Audit Report

19/23

Promoting employment for people over 50 and positive ageing policies from the operational programme *Employment*

The audit was included in the audit plan of the Supreme Audit Office (hereinafter also the "SAO") for 2019 under number 19/23. The audit was managed and the Audit Report drawn up by SAO member Mr. Jan Vedral.

The objective of the audit was to examine the management of funds spent in connection with the promotion of employment of people over 50 years of age and in connection with the promotion of the positive ageing policy from the Operational Programme *Employment*.

The audit was performed at the audited entities between September 2019 and May 2020.

The audited period was 2016-2018; both the previous and subsequent periods were also considered for contextual reasons.

Audited entities:

Ministry of Labour and Social Affairs (hereinafter also "MoLSA"); Labour Office of the Czech Republic (hereinafter also "LO CR"); Confederation of Employers and Business Associations of the Czech Republic; ANNA KK, z. s. (Association of Non-Governmental Non-Profit Activities of the Karlovy Vary Region); Age Management z.s.; Počítačová služba s.r.o.; OMNI TEMPORE o.p.s.; MAS Vladař o.p.s.

The Board of the SAO at its XIV meeting held on 14 September 2020,
approved by Resolution No 7/XIV/2020

the ***Audit Report*** as follows:

Promoting employment for people over 50

CZK 6.5 billion

MoLSA quantified the amount of funds spent on support for people over 50 from the Operational Programme *Employment* until 29 February 2020

CZK 326 million

funds spent on 12 audited projects supporting people over 50 from the Operational Programme *Employment*

CZK 70–135 thousand

the range of the average amount of support for subsidised employment per participant in the 8 audited projects over a period of 6 to 12 months

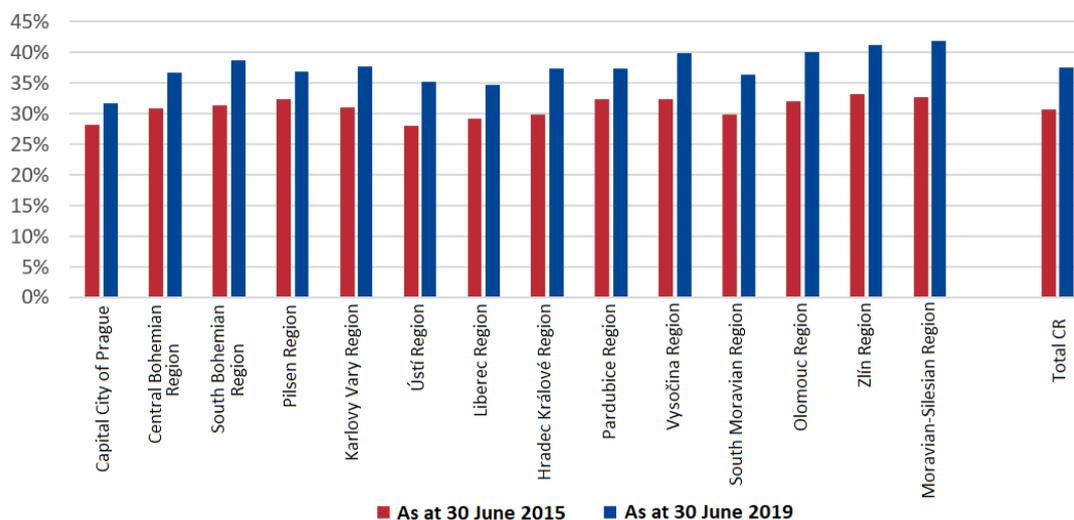
2,226 projects

projects to support people over 50 funded by the Operational Programme *Employment* until 29 February 2020

2,236 persons

persons included in the 12 audited projects aimed at direct support¹ of individuals over 50 years of age

Share of jobseekers over 50 in total unemployment



In all regions of the Czech Republic, the share of jobseekers aged over 50 in the total number of jobseekers increased between 2015 and 2019. While in 2015, according to the records of the LO CR, jobseekers over 50 years of age accounted for 30.7% of all jobseekers; in 2019, it was already 37.5%.

¹ Direct support means the reimbursement of expenditure related to the involvement of the target group in the project. These expenses are mainly related to the employment and training of the project target group.

I. Summary and Evaluation

The SAO carried out an audit on the provision and use of funds spent in connection with the promotion of employment of people over 50 from the *European Social Fund* and the state budget and in connection with the promotion of a positive ageing policy. The main audit question was whether the OPEm support system² contributes to the increase of employment of supported persons over 50 years of age and to the fulfilment of the objectives in the field of the policy of preparation for ageing.

During the implementation of the audited projects, the OPEm funds spent on direct support for people over 50 years of age contributed to an increase in employment of the supported persons³. The purpose of the projects aimed at directly supporting people over 50 was to improve their labour market position and increase their employment.

In its legal acts on the provision of support, the MoLSA did not set out the method of monitoring and evaluating the impact of projects or the criteria for verifying the achievement of the planned objectives. The MoLSA did not take steps to increase the level of efficiency monitoring in projects supported by the OPEm. The audit also found partial violations of applicable laws and regulations.

Share of persons over 50 years of age registered as unemployed by the LO CR has been steadily increasing. In 2015, according to the records of the LO CR, jobseekers over 50 accounted for 30.7% of all jobseekers registered by the LO CR; in 2019, it was already 37.5% (see Annex No 1). The MoLSA has estimated the amount of support for projects aimed at people over 50 from the OPE at almost CZK 6.5 billion.

Until 2017, the NAPPPA was the strategic document responding to demographic developments⁴. In four of the eight priority areas identified in the NAPPPA, not all measures were implemented. The system of support from the OPEm in the area of the policy of preparation for ageing was linked to the NAPPPA only within PA⁵ 2 and 3, although PA 1 contains a financially significant share of projects aimed at increasing employment of people over 50. As of 2018, the Czech Republic does not have an approved strategic document in the area of policy for preparing for population ageing.

The evaluation is based on the following findings:

- 1) Starting in 2018 and until the end date of the SAO audit in 2020, the MoLSA did not carry out an assessment of priorities, strategic objectives, measures and timetables, as it did not have a government-approved strategic document declaring priorities, strategic objectives and measures to prepare the society for ageing. On 9 August 2019, the MoLSA submitted a draft STRAPPA⁶ to the Government of the Czech Republic, but it had not been approved by the Government of the Czech Republic as at the end date of the SAO audit. In connection with the development of the new STRAPPA strategy, the MoLSA is implementing a project from the OPEm with a total allocation of approximately

² Operational Programme *Employment 2014–2020*.

³ Beneficiaries = project participants = persons who directly benefit from the ESF intervention and for whom specific expenditure is earmarked. According to the OPE rules, a participant in the projects could only be a person who received support in a given project of at least 40 hours, on the condition that at least 20 hours of the support provided were not in the form of e-learning.

⁴ *National Action Plan of Promoting Positive Ageing for the Period 2013 to 2017*.

⁵ Priority axis.

⁶ *Strategic framework for preparing for an ageing society 2019–2025 and 2020–2025*.

CZK 101 million. The NAPPPA strategy envisaged the development of a strategy to promote the economic activity of older workers and to set up a pension scheme.

- 2) In the NAPPPA, the MoLSA defined verifiable and comparable indicators for individual measures only after three years of the strategy's effectiveness, i.e., for the last two years 2016 and 2017. Individual measures according to the indicators were evaluated by the relevant entities involved in the implementation of the NAPPPA. Some measures were stated in general terms without the possibility to quantify the level of implementation.
- 3) In the OPEm programme document, people aged 50 and over are included in the group of people most at risk on the labour market. However, there was no separate specific objective within the OPEm, which would be focused on supporting employment of older people. The target group of people aged 50 and over could be supported under at least six specific objectives of the OPEm. Thus, the MoLSA is not obliged to monitor the amount of funds spent on the target group of people aged 50 and over within OPEm.
- 4) The purpose of the audited projects aimed at directly supporting people aged 50 and over was to improve the supported persons' labour market position and increase their employment. During the implementation of the projects, the beneficiaries⁷ of⁸ support (or their partners) provided employment to some of the supported persons and, at least during the implementation period, these projects contributed to increasing the employment of the supported persons. The audit of projects outside the projects of the LO CR found that by terminating the participation of the supported person in the project or by terminating the project, the beneficiary of the support lost the possibility to monitor whether the support provided contributed to improving the position of the supported persons on the labour market. The SAO audit also found deficiencies in the administration of OPEm projects by the MoLSA as the managing authority of the OPEm and partial deficiencies at the beneficiaries.

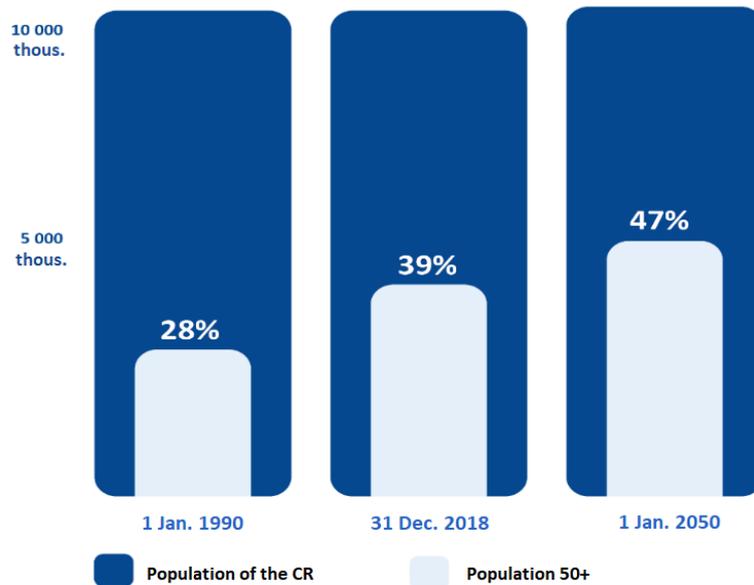
II. Information on the Audited Area

Population ageing is a current topic across Europe. Persistently low birth rates and higher life expectancy are changing the shape of the age pyramid – the number of economically active people is decreasing, while the number of older people is increasing. Population ageing brings, among other things, changes in the distribution of forces in the labour market and the need to keep older people in the labour market. The elderly are also among the most vulnerable groups in the labour market.

⁷ According to the OPEm rules, a beneficiary is a public or private entity responsible for the initiation, implementation or maintenance of an operation co-financed from the ESI Funds and which, on the basis of a legal deed on the provision of support and in compliance with the conditions set out therein, submits a payment application (or single application or subsidy application) to the managing authority or intermediate body or payment agency and receives the claimed funds from public budgets.

⁸ According to the OPEm rules, support is a contribution to the beneficiary from the EU (from ESI funds) and national sources.

Development of the share of people over 50 years in the total population of the Czech Republic



Source: CSO

While the population of the Czech Republic grew by only 3% from 1990 to 2018 (from 10.36 million to 10.69 million), and the Czech Statistical Office in its population projection⁹ foresees only a slight increase in the population of the CR by 2050 (to 10.74 million in the medium variant), the number of inhabitants over 50 years of age increased by 43% between 1990 and 2018 from 2.88 million to 4.12 million inhabitants, and the CSO assumes a further increase to 5.00 million inhabitants over 50 years of age by 2050 in the medium variant of the population projection of the CR. The share of people aged over 50 in the total population of the CR increased from 28% to 39% between 1990 and 2018, and the CSO¹⁰ projects a further increase to 47% in the medium variant of the population projection.

The *Europe 2020 Strategy*¹¹ (*Strategy for Smart, Sustainable and Inclusive Growth*) aims, among other objectives, at increasing the employment rate of people aged 20-64 to 75%, including, among other means, through a more active participation of women, older workers and greater integration of migrant workers. The follow-up, annually updated *National Reform Programme of the Czech Republic* also set national employment targets for 2020, including an increase in the employment rate of older persons (55-64 years) to 55% (compared to 46.5% in 2010).

The *Sustainable Development Agenda*, endorsed by the UN Summit on 25 September 2015, contains the *Sustainable Development Goals* (SDGs¹²), which represent the development agenda for 2015-2030. In 2017, the National Strategic Framework *Czech Republic 2030* was approved, which is intended to form the basic framework for other strategic documents at

⁹ Population Projections of the Czech Republic 2018-2100 (<https://www.czso.cz/csu/czso/projekce-obyvatelstva-ceske-republiky-2018-2100>).

¹⁰ Czech Statistical Office.

¹¹ Communication from the Commission: *EUROPE 2020 – A strategy for smart, sustainable and inclusive growth*, COM(2010) 2020 final of 3 March 2010.

¹² See: <https://www.un.org/sustainabledevelopment/>.

the national, regional and local level, while specific steps towards the fulfilment of the objectives are the responsibility of the relevant ministries and the Office of the Government of the Czech Republic. In six key areas, *Czech Republic 2030* summarises where the Czech Republic is in terms of development, what risks it faces and what opportunities lie ahead. It formulates strategic and specific objectives for each area.

Area 1 is one of the key areas. *People and society*, where the desired direction of development in the area of employment, including employment of older people, is presented in sub-area 1.2 *Work*, paragraphs 124 to 127. This is connected to strategic objective 2. *Technological and social developments are expanding access to decent jobs*, or Specific Objective 2.2 *Access to decent jobs is expanding for groups that are still disadvantaged in the labour market - parents on parental leave, people with disabilities or people over 50*.

Operational Programme Employment

The Operational Programme *Employment 2014-2020* defines priorities for supporting employment, social inclusion and efficient public administration from the *European Social Fund*. The Ministry of Labour and Social Affairs is the managing authority of the OPEm pursuant to a resolution of the Government of the Czech Republic. The OPEm is based on the strategy contained in the *Partnership Agreement for the 2014-2020 programme period*, considers relevant EU documents, including the *Europe 2020* strategy, and is also based on the basic strategic documents of the Czech Republic valid at the time of preparation of the programme document, including the *National Action Plan to Support Positive Ageing for the period 2013 to 2017*.

The OPEm consists of five priority axes, of which the key ones for the area of support for people over 50 are PA 1 *Promoting Employment and Workforce Adaptability* and PA 2 *Social Inclusion and Combating Poverty*.

Priority Axis 1 *Promoting Employment and Workforce Adaptability* focuses mainly on the activation of economically inactive persons, support for higher participation of young and older persons in the labour market, higher participation of parents with children in the labour market, inclusion of persons with low qualifications in the labour market and persons with disabilities.

Priority Axis 2 *Social Inclusion and Combating Poverty* is aimed, inter alia, at increasing the employability of persons at risk of social exclusion or socially excluded on the labour market, developing other services and activities aimed at persons socially excluded or at risk of social exclusion and supporting development strategies managed at local level aimed at preventing and solving problems in the field of local employment and social inclusion. One of the supported activities is, among others, the activity of *programmes to support active and healthy ageing* (e.g., measures to support increased employment and social inclusion of older people, increased social awareness of ageing, intergenerational dialogue, development of assistive technologies).

Of the total OPEm allocation, which amounts to¹³ EUR 2,145 mil., EUR 1,319 million is allocated for PA 1, i.e., 61% of the OPEm allocation¹⁴. A significant share of this priority axis was due to the fact that it includes activities for the benefit of jobseekers and employed persons, as well as supporting measures in the field of public employment services, childcare facilities, individualised services for unemployed young people and increasing the employability of older workers.

According to the OPEm programme document, in 2013 (i.e., at the time of preparation of the OPEm programme document) the total employment rate was 72.5%, which was 2.5% lower than the target for 2020. The employment rate of older people (55-64 years) in 2013 was 51.6%, which was by 3.6% lower than the target for 2020 set by the *Europe 2020* strategy. The population in the Czech Republic is ageing rapidly and demographic development, already at the time of preparation of the OPEm, showed that it is necessary to increase the participation of older people in the labour market and their employability. Economic inactivity contributes to an increase in the material and social deprivation and to an increase in the risk of social exclusion – persons over 55 years of age are among the most vulnerable from the labour market perspective.

Information on the implementation of the Operational Programme *Employment 2014-2020* submit regular annual reports approved by the OPEm Monitoring Committee. According to the *Annual Report on the Implementation of the Employment Programme for 2018*, a total of 99 calls for applications for support were published within the OPEm in the amount of EUR 2,629 million. This is more than 100% of the programme allocation. A total of 10,575 applications for support were registered and legal deeds granting support were issued for 5,137 projects (total eligible costs EUR 2,096 million, i.e. 81% of the allocation).

Strategic policy documents on preparing for ageing

In the audited period, the basic national strategic document for the area of preparation for population ageing was the ***National Action Plan to Support Positive Ageing for the Period 2013 to 2017*** approved by Resolution No. 108 of the Government of the Czech Republic of 13 February 2013 with the aim of responding to demographic development, implementing the necessary changes in connection with population ageing, supporting the development of society for people of all age groups, overcoming and changing the existing stereotypical views of ageing and old age, and improving the position of senior citizens in our society. The MoLSA updated this document as at 31 December 2014, and the Government of the Czech Republic approved it by Resolution No. 218 of 30 March 2015. In addition to the set of measures, the NAPPPA identified the responsible entities for each measure, the range of cooperating entities and the time limits for implementation.

¹³ According to the 2nd revision of the Operational Programme *Employment 2014-2020* approved by the European Commission on 24 January 2019.

¹⁴ In 2019, based on the second revision of the OPE, funds amounting to EUR 34,176,084 were transferred from PA 1 *Promoting Employment and Workforce Adaptability* to PA 2 *Social inclusion and combating poverty*. The source of the transferred funds was mainly savings generated by unspent funds in already implemented projects within PA 1.

In the NAPPPA, the Government of the Czech Republic approved eight key priorities for the period 2013-2017:

- A. *Implementing a policy of preparation for ageing in the Czech Republic*
- B. *Ensuring and protecting the human rights of older persons*
- C. *Lifelong learning*
- D. *Employment of older workers and the retired*
- E. *Volunteering and intergenerational cooperation*
- F. *A quality environment for the living of the elderly*
- G. *Healthy aging*
- H. *Care for the elderly with limited self-sufficiency*

Each priority contained strategic objectives, a number of specific objectives and individual measures.

III. Scope of the Audit

The objective of the audit was to examine the management of funds spent in connection with the promotion of employment of people over 50 years of age and in connection with the promotion of the positive ageing policy from the OPEm. The audited period covered the years 2016-2018 and also, where relevant, the period immediately before that and the period up to the completion of the audit. The audit examined whether the audited activities were in compliance with applicable laws and regulations.

At the systemic level, the audit focused on examining the provision of funds for specific projects aimed at supporting people over 50 years of age, in particular the fulfilment of the managing authority's tasks in the administration, implementation and evaluation of OPE projects. It was examined whether the subsidies were provided in accordance with the OPE documentation and whether the MoLSA verified that the purpose of the subsidy was fulfilled. In respect of selected beneficiaries of support, the audit focused primarily on fulfilment of the conditions under which the subsidy was provided and on meeting the project goals and purpose. Beneficiaries were also audited to ensure that public procurement procedures were complied with.

The audit sample of projects was identical for the MoLSA as the managing authority of the OPEm and for the beneficiaries. The SAO selected 12 projects for audit that were implemented by eight beneficiaries and co-financed by the OPEm. As at 31 March 2020, the MoLSA approved total eligible expenditure of CZK 326,765,360.53 for the 12 audited projects and reimbursed CZK 325,920,378.88 (of which CZK 271,392,200.79 from the ESF and CZK 54,528,178.09 from the SB¹⁵). The audited volume of funds amounted to CZK 325,966,554.64 (expenditure reimbursed from ESF and SB funds, sanctions paid). (See Annex 2)

The audit also focused on the set-up of support from the OPEm in relation to the strategic documents of the policy of preparation for ageing and the evaluation of the fulfilment of the tasks imposed by the Government of the Czech Republic.

Note: The laws and regulations contained in this Audit Report were applied in the version effective for the audited period.

¹⁵ State budget.

IV. Detailed Facts Ascertained by the Audit

1. Non-approval of the strategy document for positive ageing

For the period 2018-2019 and until the end of the SAO's audit in 2020, the MoLSA had not set priorities, strategic goals and measures for the implementation of the objectives of the policy for positive ageing. On 9 August 2019, the MoLSA submitted a draft STRAPPA to the Government of the Czech Republic, but it had not been approved by the time the SAO audit was completed, referring to the need to discuss this proposal in the coalition council. In the draft STRAPPA, the MoLSA mainly presented an extensive socio-economic and demographic analysis and, at the end of the document, introduced a ten-point agenda for preparing for an ageing society with sub-tasks under each point of the agenda, including the identification of the lead entity and estimated financial costs. The MoLSA's draft STRAPPA does not mention pension reform, which is necessary for further elaboration of the ageing strategy, although the document states that Czech society is changing – fewer children are being born and life expectancy is increasing. In the draft STRAPPA, the MoLSA did not set measurable indicators or specific measurable targets, which poses a risk to the possibility of evaluating the economy, efficiency and effectiveness of funds spent in connection with the measures defined in the STRAPPA. In the draft STRAPPA, the MoLSA made no mention of the link to the *Sustainable Development Agenda* approved by the UN Summit on 25 September 2015 or to the follow-up strategic framework *Czech Republic 2030*, which is supposed to determine the basic direction of development of the Czech Republic until 2030 in accordance with the principles of sustainable development.

The MoLSA is implementing a project financed from the OPEm with total eligible expenditure of CZK 101.87 million. The purpose of the project is "*systemic and methodological support for the development of activities aimed at the institutional provision of the policy of preparation for ageing at national, regional and local levels*", and the expected date of completion of the project is 31 December 2020. By the time the SAO audit was completed, a total of CZK 32.15 million had been reimbursed under the project. The main output of the project in the form of the *Strategic Framework for Preparing for an Ageing Society 2019-2025*, where the original time limit for implementation was set for 2018, has not yet been published. The other three key activities (out of seven) were not implemented to the expected extent. In addition, one of the three binding indicators was only 33% fulfilled at the time of the SAO audit. Thus, there is a risk that the outputs of these key activities will not be implemented to the expected extent and the indicator will not be met.

2. Shortcomings in the NAPPPA evaluation

The SAO verified that the NAPPPA contained priorities and measures responding to the issue of population ageing and supporting the implementation of the objectives in the field of ageing policy and reflected the main principles of the *Europe 2020 Strategy*, the *National Reform Programme of the Czech Republic* of the previous year 2012 and in the updated version of 31 December 2014 it also reflected the *Employment Policy Strategy until 2020*.

In the NAPPPA, the MoLSA did not define verifiable and comparable indicators for individual measures so that it could verify the fulfilment of individual objectives. When updating the NAPPPA as of 31 December 2014, the MoLSA proposed specific objectives including measures with a significant number of responsible and cooperating entities. Only for 2016 and 2017 did the MoLSA define verifiable and comparable indicators for individual measures; however, some measures were stated in general terms without the possibility to quantify the level of

their implementation, such as *"improve information, expand the supply of, continue the work of the working group, raise awareness, engage in international projects, support older jobseekers, look for opportunities to involve older workers"*. The system of evaluation of NAPPPA was used by the MoLSA for the first time on a pilot basis in the evaluation of NAPPPA for 2016 and fully and for the last time in the evaluation of NAPPPA for 2017. Since then, the evaluation system has not been applied. At the same time, the MoLSA stated that the system would be used as an inspiration source for the evaluation of the new National Action Plan, which had not been approved by the time the SAO audit was completed. The MoLSA no longer uses the indicator method of the strategy supporting positive ageing, which was purchased from the SB funds within the framework of *Programme of Public Procurement in Research, Experimental Development and Innovation for the Needs of the State Administration "BETA"*.

The MoLSA did not monitor the spending in its chapter in relation to the priorities and strategic objectives approved by the Government in the NAPPPA, or directly on individual measures in the policy of preparation for ageing.

3. Fragmentation of the system of support for people over 50 from the OPEm

Although in the OPEm programme document, the employment of older persons was mentioned as one of the prerequisites for achieving the target value of employment in the age group 20-64 years of 75% for 2020¹⁶, and persons aged 55 and over were included among the groups most at risk from the labour market perspective, there was no separate specific objective of the OPEm which would be aimed at supporting the employment of older persons, but the target group of persons aged 50 and over could be supported at least within the framework of 6 specific objectives of the OPEm.

In the 2014-2020 programme period, the MoLSA published a total of 68 calls for applications for support in selected specific objectives of PA 1 and PA 2 with a total financial allocation of EUR 56,880 million by March 2020. In eight of them, a group of people for whom the age of over 50 years represents a handicap on the labour market was listed as one of the target groups, i.e., *"people who are disadvantaged due to age"*, *"people aged 50 and over"* or *"people aged 55-64 years"* (seven calls in PA 1 and one call in PA 2). For at least 35 other calls for applications for support, it was possible to support people aged 50 and over, although they were not explicitly listed as a target group, but could be supported under the target groups *"long-term or repeatedly unemployed"*, *"people living in socially excluded localities"*, *"people at multiple risks"*, *"employees"*, etc. Support for people aged over 50 was thus possible in at least 43 calls with a total financial allocation of CZK 44,976 million by the time the SAO audit was completed.

In the overview of OPEm projects as at 29 February 2020, where funds were provided to support employment of older persons, the MoLSA listed a total of 2,226 projects with total eligible expenditure according to legal deeds on the provision of support in the amount of CZK 6,438,258,373.26. These projects were aimed at supporting corporate training, social dialogue, implementation of ageing policy at the regional level, age management, direct support for people aged 50 and over or with a cumulative handicap on the labour market and support for active employment policy instruments. The SAO audit found that the list of OPEm projects submitted by the MoLSA as at 29 February 2020 for which funds were provided to support employment of older persons was incomplete, as the MoLSA did not list at least seven

¹⁶ A target set by the *Europe 2020* strategy.

other projects aimed at supporting persons over 50 supported under three calls for applications for support.

Within the framework of the *Strategic Evaluation of OPEm II* (using data as at 31 December 2018), the MoLSA evaluated the fulfilment of indicators according to individual investment priorities and specific objectives of the OPEm, i.e., support for people aged 50 and over was evaluated only within the framework of individual specific objectives under which this support is implemented. A summary evaluation of support for people aged over 50 was not carried out in this strategic evaluation, only within the *Socio-economic Context of the OPEm* chapter: *"The employment rate of older people aged 55-64 also showed an even higher increase, rising from 54% in 2014 to 62.1% in the Czech Republic, i.e., by a full 8.1 percentage points. It is thus currently 7.1 percentage points higher than the specific national target for 2020 (55%) and 5 percentage points higher than the EU-28 average"*, referring to the "employment growth" target set by the *Europe 2020* strategy. The same chapter of the *Strategic Evaluation of OPEm II* also states: *"... the main objective of the Europe 2020 Strategy for the employment area has already been achieved and exceeded and the same situation is in the implementation of the objective in the area of social inclusion. All the specific national employment targets for 2020 have also been met and exceeded."* However, the strategic evaluation of OPEm II does not analyse to what extent the funds provided from the OPEm have contributed to the fulfilment of the objectives and to what extent this is a consequence of the long-term economic growth of the CR.

4. Shortcomings in the administration of projects by the MoLSA and shortcomings at beneficiaries

For three audited projects, the MoLSA did not ensure a thorough preliminary check of the planned and prepared operations before issuing the subsidy decision in accordance with the provisions of Section 26 of Act No. 320/2001 Coll.¹⁷, as it did not find out that the definition of the target group of the project in the subsidy decision was not in line with the conditions set out in the relevant call for applications for support (the target group was defined more broadly than required by the relevant call for applications for support), and it also did not find that for one project, one of the key activities was not specified in the decision on granting the subsidy. However, despite the absence of one key activity in the subsidy decision, the project was implemented within the scope of all key activities listed in the application for support, and the implementation reports contained information on all key activities listed in the application for support.

For one project for which the individual evaluators' ratings differed by more than the established limit, the MoLSA did not provide an arbitration evaluation to determine the final rating.

One project aimed at implementing the measurement of selected jobs in the sector and at identifying appropriate measures for the measured jobs formally fulfilled the purpose of the subsidy, as it replicated the individual key activities of the project; however, the survey among employers to verify the benefits ended with an average rating of 3.3 points, i.e., neutral/no impact/benefit. The purpose of the project in a broader sense, based on the application for support and the analysis contained therein, could not be assessed by the SAO audit, as the beneficiary of the support was not obliged to monitor the use of the published outputs, and

¹⁷ Act No. 320/2001 Coll., on Financial Control in Public Administration and on Amendment to Certain Acts (Act on Financial Control).

the documents provided by the beneficiary of the support stated only the possibility of their use.

For another audited project with an expected completion date at 31 December 2020, the SAO audit found that four out of seven key activities had not been carried out within the scope of the Conditions for the use of OPEm support, and there is therefore a risk of continuous non-fulfilment of the outputs of these activities.

In one project, the beneficiary reported the full amount of rent expenses as direct costs, even though the leased premises were not used exclusively for work with the target group, but also for other work within the scope of the beneficiary's activities. The beneficiary of the support committed a breach of budgetary discipline of up to CZK 230,000.

Nine of the audited projects aimed at directly supporting people aged over 50 was to improve the supported persons' labour market position and increase their employment. By the time the SAO audit was completed, their total eligible expenditure of CZK 204 million had been reimbursed, of which the EU contribution amounted to CZK 174 million. So far, 2,236 beneficiaries have participated in these projects. The most financially significant and core activity of projects aimed at direct support for people aged 50 and over is employment placement in the form of subsidised jobs. Wage contributions are billed monthly based on actual costs incurred by the employer for a period of 6 to 12 months. The average amount of support for subsidised employment for one participant in the eight selected projects ranged from CZK 70 thousand to CZK 135 thousand. The number of subsidised jobs in the audited projects as at 31 December 2019 totalled 1,237.

Six of the audited projects aimed at direct support for people aged 50 and over had been completed at the time of the SAO audit. Their total eligible expenditure was CZK 28 million, of which the EU contribution amounted to CZK 24 million. A total of 611 people participated in these projects, and:

- 339 received a certificate of retraining,
- 115 were provided with a subsidised job. (See Annex 3)

During the implementation of the projects, the employment of the supported persons increased. However, the beneficiaries of the support are not able to verify whether the increase in employment continues after the end of the project or after the expiry of the period for which the employment contract for the subsidised job was concluded. Upon termination of the supported person's participation in the project or upon termination of the project, the beneficiary of the support is no longer able to ascertain whether the support provided has improved the supported person's position on the labour market, i.e., whether the supported person has found employment because of the participation in the project. The LO CR as one of the beneficiaries can only verify whether the person has returned to the LO CR register. In one audited project of the LO CR, out of 110 agreements for subsidised employment concluded by 30 December 2018, 37 clients (i.e., approximately 33.6%) returned to the LO CR register within 12 months after the end of the provision of the employer's contribution, while in the other audited project of the LO CR, 134 clients (i.e. approximately 25.2%) out of 531 agreements for subsidised employment concluded by 30 November 2018 returned to the LO CR register within 12 months after the end of the provision of the employer's contribution.

The MoLSA stated that it monitors the situation of supported persons aged over 50 on the labour market mainly through the following outcome indicators:

- 62700 *Participants employed after the end of their participation, including self-employed* (i.e., initially unemployed or inactive participants in the ESF intervention who are employed or self-employed within four weeks of the date of termination of participation in the project);
- 62900 *Participants employed 6 months after the end of their participation, including self-employed* (i.e., initially unemployed or inactive participants in the ESF intervention who are employed or self-employed for 6 months after the date of termination of participation in the project);
- 63100 *Participants over 54 years of age employed 6 months after the end of their participation, including self-employed* (i.e., initially unemployed or inactive participants in the ESF intervention who were, on the start date of the activity, older than 54 and employed or self-employed for 6 months after the date of termination of participation in the project).

The SAO found that the above-mentioned indicators were monitored for five completed audited projects – their total reimbursed eligible expenditure amounted to CZK 24 million (of which the EU contribution amounted to CZK 20.5 million), and 546 people participated in them. Collectively, the values achieved for these five projects were:

- 93 persons for indicator *62700 Participants employed after the end of their participation, including self-employed persons*;
- 76 persons for indicator *62900 Participants employed 6 months after the end of their participation, including self-employed persons*.

However, the achieved values of the indicators tracking the supported persons 6 months after the end of their participation in the project were not reported at least 6 months after the end of the projects and therefore did not consider the supported persons who participated in the projects at the end of the project implementation (see also Annex 4). For the audited projects, it is therefore not possible to assess the efficiency of the funds spent.

Definition of terms

Allocation	The allocation of funds from the ESI Funds and national co-financing sources to a Member State, an objective, a programme or a component thereof, a year or a call, as appropriate.
Target group	The group of entities or persons targeted by the project and benefiting from it for the duration of its implementation, including any sustainability period (e.g., participants in retraining courses, tourists, ethnic minorities, entrepreneurs, people with disabilities, single-parent families, municipalities, etc.).
Support	A term that refers generally to the contribution to the beneficiary from EU (ESI funds) and national sources.
Legal deed of granting/transferring the support	The legal deed which confirms the granting/transfer of support by the body providing the support to the beneficiary. It specifies the conditions for granting/transferring the support. Depending on the relationship and the nature of the provider and the beneficiary, it may take different forms, e.g., it may be a decision to grant a subsidy, a determination of expenditure, a financing contract, or a financing agreement.
Beneficiary	A beneficiary is a public or private entity responsible for the initiation, implementation or maintenance of an operation co-financed from the ESI Funds and which, based on a legal deed on the provision of support and in compliance with the conditions set out therein, submits a payment application (or single application or subsidy application) to the managing authority or intermediate body or payment agency and receives the claimed funds from public budgets.
Supported persons = project participants	Persons who directly benefit from the ESF intervention and for whom specific expenditure is earmarked. According to the OPEm rules, a participant in the projects could only be a person who received support in a given project of at least 40 hours, on the condition that at least 20 hours of the support provided were not in the nature of e-learning.

Source: *General part of the rules for applicants and beneficiaries under the Operational Programme Employment.*

List of Abbreviations Used

CR	Czech Republic
CSO	Czech Statistical Office
ESI Funds	European Structural and Investment Funds
ESF	<i>European Social Fund</i>
EU	European Union
LO CR	Labour Office of the Czech Republic
MoLSA	Ministry of Labour and Social Affairs
MS2014+	monitoring system of the European Funds for the programme period of 2014-2020
NAPPPA	<i>National Action Plan to Support Positive Ageing for the Period 2013 to 2017</i>
OPEm	Operational Programme <i>Employment 2014-2020</i>
PA	Priority axis
SAO	Supreme Audit Office
SB	State budget
SDGs	Sustainable Development Goals
Self-employed	Self-employed person
STRAPPA	<i>Strategic framework for preparing for an ageing society 2019-2025</i>
TEC	Total eligible expenditure
UN	United Nations

Development of the number and share of jobseekers over 50 in individual regions of the Czech Republic

Region	Number of all jobseekers as at					Number of jobseekers aged 50 and more					Share of jobseekers over 50 in total number of the unemployed and jobseekers as at (%)				
	30.06.15	31.12.16	31.12.17	31.12.18	30.06.19	30.06.15	31.12.16	31.12.17	31.12.18	30.06.19	30.06.15	31.12.16	31.12.17	31.12.18	30.06.19
Prague	39,764	30,179	21,787	18,476	17,771	11,204	9,140	7,085	5,849	5,626	28.2	30.3	32.5	31.7	31.7
Central Bohemian Region	48,614	38,966	29,370	25,238	21,929	15,012	12,929	10,378	9,103	8,042	30.9	33.2	35.3	36.1	36.7
South Bohemian Region	20,689	19,385	14,112	11,060	8,234	6,499	6,808	5,231	4,056	3,187	31.4	35.1	37.1	36.7	38.7
Pilsen Region	18,244	14,655	10,517	9,009	8,247	5,905	5,220	4,056	3,330	3,043	32.4	35.6	38.6	37	36.9
Karlovy Vary Region	14,884	11,796	7,488	6,229	5,531	4,611	3,995	2,797	2,284	2,087	31	33.9	37.4	36.7	37.7
Ústí Region	53,678	44,528	31,522	26,335	22,398	15,015	13,837	10,766	8,905	7,876	28	31.1	34.2	33.8	35.2
Liberec Region	19,905	16,104	11,861	10,091	8,647	5,790	4,981	3,962	3,350	2,988	29.1	30.9	33.4	33.2	34.6
Hradec Králové Region	18,132	14,270	10,483	8,968	7,518	5,421	4,685	3,768	3,145	2,802	29.9	32.8	35.9	35.1	37.3
Pardubice Region	16,438	14,407	10,152	7,914	6,192	5,330	4,971	3,709	2,817	2,307	32.4	34.5	36.5	35.6	37.3
Vysočina Region	19,294	17,672	12,992	10,628	8,078	6,231	6,158	4,955	4,103	3,226	32.3	34.8	38.1	38.6	39.9
South Moravian Region	54,569	49,032	37,290	32,042	26,232	16,244	15,582	12,941	11,256	9,532	29.8	31.8	34.7	35.1	36.3
Olomouc Region	30,506	26,495	19,519	14,801	11,043	9,770	9,228	7,524	5,631	4,415	32	34.8	38.5	38	40
Zlín Region	23,413	19,848	14,040	10,954	8,540	7,773	7,087	5,464	4,305	3,515	33.2	35.7	38.9	39.3	41.2
Moravian-Silesian Region	73,265	64,036	49,487	39,789	35,363	23,895	22,726	19,619	16,240	14,814	32.6	35.5	39.6	40.8	41.9
Total CR	451,395	381,373	280,620	231,534	195,723	138,700	127,347	102,255	84,374	73,460	30.7	33.4	36.4	36.4	37.5

Source: LO CR

Audited projects - audited volume

Project registration number	Project name CZ	Beneficiary	Legal deed on granting of support		Approved and reimbursed as of 31 March 2020			Penalties paid
			TEC of the project	EU contribution	TEC of the project	EU contribution	SB contribution	
			in CZK	in CZK	in CZK	in CZK	in CZK	
CZ.03.1.52/0.0/0.0/15_002/0001783	A joint approach by social partners to prepare the sector for changes to the pension system - Phase II.	Confederation of Employers and Business Associations of the Czech Republic	65,501,713.23	52,780,953.01	62,413,173.20	50,292,222.85	12,120,950.35	
CZ.03.1.52/0.0/0.0/18_094/0010197	A joint approach by the social partners to address key issues in the sectors	Confederation of Employers and Business Associations of the Czech Republic	50,668,134.91	40,828,129.76	27,337,894.67	22,028,738.82	5,309,155.85	
CZ.03.1.48/0.0/0.0/15_040/0002535	Start again	ANNA KK	5,914,517.50	5,027,339.87	5,616,803.66	4,774,283.09	842,520.57	
CZ.03.1.48/0.0/0.0/16_053/0004059	Re-entering the labour market after 50 years of age - OUR CHANCE	OMNI TEMPORE o.p.s.	4,617,575.00	3,924,938.75	4,403,065.49	3,742,605.67	660,459.82	46,175.76
CZ.03.1.48/0.0/0.0/16_046/0011316	THE ROAD	OMNI TEMPORE o.p.s.	18,979,246.60	16,132,359.61	3,795,849.32	3,226,471.92	569,377.40	
CZ.03.1.48/0.0/0.0/16_053/0003990	WE CAN DO IT TOGETHER	MAS Vladař o.p.s.	5,964,250.00	5,069,612.50	5,924,557.50	5,035,873.86	888,683.64	
CZ.03.1.48/0.0/0.0/15_040/0002418	TO WORK AFTER 50	Počítačová služba s.r.o.	5,941,057.50	5,049,898.87	5,633,210.87	4,788,229.22	0.00	
CZ.03.1.51/0.0/0.0/16_061/0003204	Gender Equality in the South Moravian Region	Age Management z.s.	3,097,340.00	2,632,739.00	2,587,847.82	2,199,670.63	388,177.19	
CZ.03.1.48/0.0/0.0/15_040/0002408	Age Management in Practice - New Career after 50	Age Management z.s.	5,683,706.25	4,831,150.31	3,734,060.98	3,173,951.82	560,109.16	
CZ.03.1.48/0.0/0.0/15_010/0000013	Starting after 50 in the Central Bohemia Region II	Labour Office of the Czech Republic	71,205,262.00	60,524,472.70	30,798,672.60	26,178,871.72	4,619,800.88	
CZ.03.1.48/0.0/0.0/15_010/0000041	50 PLUS in the South Moravian Region	Labour Office of the Czech Republic	214,622,984.00	182,429,536.40	142,373,541.63	121,017,510.38	21,356,031.25	
CZ.03.2.63/0.0/0.0/15_017/0006207	Implementation of ageing policy at the regional level	Ministry of Labour and Social Affairs	101,875,432.95	79,017,132.68	32,146,682.79	24,933,770.81	7,212,911.98	
TOTAL			554,071,219.94	458,248,263.46	326,765,360.53	271,392,200.79	54,528,178.09	46,175.76

Source: MS2014+

Annex 3

Selected key activities of completed projects aimed at direct support for people over 50

Project registration number	Project name	Beneficiary	Total approved project TEC (in CZK)	EU contribution reimbursed (in CZK)	Agreements on participation in the project (persons)	Total number of participants*	Motivational-activating activities (persons)	Retraining (courses)	Retraining (participants)	Work diagnostics (persons)	Balance diagnostics (persons)	Subsidised jobs	Unsubsidised jobs
CZ.03.1.48/0.0/0.0/15_040/0002535	Start again	ANNA KK	5,616,803.66	4,774,283.09	155	128	128	90	72	39	22	15	not specified in the text of ZoR
CZ.03.1.48/0.0/0.0/16_053/0004059	Re-entering the labour market after 50 years of age - OUR CHANCE	OMNI TEMPORE o.p.s.	4,403,065.49	3,742,605.67	91	91	91	48	36	30	26	16	17
CZ.03.1.48/0.0/0.0/16_053/0003990	WE CAN DO IT TOGETHER	MAS Vladař o.p.s.	5,924,557.50	5,035,873.86	82	80	0	52	44	74	76	18	16
CZ.03.1.48/0.0/0.0/15_040/0002418	TO WORK AFTER 50	Počítačová služba s.r.o.	5,633,210.87	4,788,229.22	144	133	136	94	87	0	0	32	not specified in the text of ZoR
CZ.03.1.51/0.0/0.0/16_061/0003204	Gender Equality in the South Moravian Region	Age Management z.s.	2,587,847.82	2,199,670.63	82	65	78	52	34	72	0	13	7
CZ.03.1.48/0.0/0.0/15_040/0002408	Age Management in Practice - New Career After Fifty	Age Management z.s.	3,734,060.98	3,173,951.82	121	114	97	76	66	0	0	21	6
Total			27,899,546.32	23,714,614.29	675	611	530	412	339	215	124	115	46

Source: MS2014+

Note: * A participant is considered to be a person who has received at least 40 hours of support.

Annex 4

Indicators after the end of participation in the project

Registration number of the project	Project name CZ	Reimbursed TEC of the project (in CZK)	EU contribution reimbursed (in CZK)	Implementation from	Implementation until	Indicator 62700	Date of indicator change 62700 in MS2014+	Date of attainment the 62700 value according to the communication of the MoLSA	Indicator 62900	Date of indicator change 62900 in MS2014+	Date of attainment the 62900 value according to the communication of the MoLSA	Indicator 63100	Date of indicator change 63100 in MS2014+	Date of attainment the 63100 value according to the communication of the MoLSA
CZ.03.1.48/0.0/0.0/15_040/0002535	Start again	5,616,803.66	4,774,283.09	01.09.16	31.08.18	40	08.03.19	31.08.18	20	08.03.19	31.08.18	7	08.03.19	31.08.18
CZ.03.1.48/0.0/0.0/16_053/0004059	Re-entering the labour market after 50 years of age - OUR CHANCE	4,403,065.49	3,742,605.67	01.04.17	31.03.19	13	22.01.19	30.09.18	12	22.01.19	30.09.18	5	22.01.19	30.09.18
CZ.03.1.48/0.0/0.0/16_053/0003990	WE CAN DO IT TOGETHER	5,924,557.50	5,035,873.86	01.06.17	31.05.19	7	11.03.19	30.11.18	0	11.03.19	indicator not specified	0	11.03.19	30.11.18
CZ.03.1.48/0.0/0.0/15_040/0002418	TO WORK AFTER 50	5,633,210.87	4,788,229.22	01.10.16	30.09.18	29*	06.02.19	not specified	27	06.02.19	not specified	16	06.02.19	not specified
CZ.03.1.48/0.0/0.0/15_040/0002408	Age Management in practice - new career after fifty	2,587,847.82	2,199,670.63	01.10.16	30.09.18	4**	20.06.18	30.09.17	17	20.06.18	31.03.18	11	20.06.18	31.03.18
TOTAL		24,165,485.34	20,540,662.47			93			76			39		

Source: MS2014+, communication from the MoLSA

Note: * In MS2014+ the value of 6 is given (the same value is given for indicator 62701: participants employed after completion of their participation, including self-employed men, for indicator 62702: participants employed after completion of their participation, including self-employed women the stated value is 23, i.e., 29 in total)

** In MS2014+ the stated value is 2 (for indicator 62701: participants employed after the end of their participation, including self-employed – men the value of 1 is stated; for indicator 62702: participants employed after the end of their participation, including self-employed women, the value is 3, i.e., a total of 4)