

# Opponent's Report on Dissertation Thesis

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| Author:              | <b>PhDr. Ing. Jiří Skuhrovec</b>        |
| Advisor:             | Prof. Ing. Karel Janda MA, Dr., Ph.D.   |
| Title of the Thesis: | Three essays on public procurement      |
| Type of Defense:     | <b>DEFENSE</b>                          |
| Date of Pre-Defense: | November 2, 2016                        |
| Opponent             | <b>Prof. Ing. Michal Mejstřík, CSc.</b> |

Address the following questions in your report, please:

- a) Can you recognize an original contribution of the author?
- b) Is the thesis based on relevant references?
- c) Do the results of the thesis allow their publication in a respected economic journal?
- d) Are there any additional major comments on what should be improved?
- e) Were the comments raised at the pre-defense, addressed in the dissertation submitted to the regular defense?
- f) What is your overall assessment of the thesis? (a) I recommend the thesis to be defended without major changes; (b) The thesis is not defensible.

## Content of the Report:

While the author presents three essays written by multiple researchers, it is beyond doubt that Jiri Skuhrovec himself has been driving force and main original contributor to the essays methodology and content.

Jiri has brought to the IES research unique approach based on the quantitative analysis of scarce microdata about public procurement and spending. It looks that there is now the better availability of those raw microdata. But only due to the patient and persistent author's effort continuing firmly in his opinion, despite opposition within some academics and many politicians, the raw data were made available and public. And then carefully cleaned (the corrections of misspelling, inconsistencies, supplemented by some missing identifications and classifications).

With the original data - point of departure - Jiri might have generated some superficial descriptive results that would be original by its nature. Instead Jiri formed number of original hypotheses and tested them with adequate original methodologies. In order to achieve his objectives, he was able to absorb relevant scarce references both about the quantitative analysis of public procurement data and the qualitative content formed mostly by the lawyers.

Three essays represent the different facets of the public procurement and spending problem and complement each other. Jiri has recently provided reasonable introduction specifying "different perspectives of those three essays on the general topic of efficiency in public spending, pinpointing various problematic areas such as supplier transparency (Essay 1), systemic violations of best practice recommendations (Essay 2) or principal -agent problems in spending of EU funds (Essay 3), proposing and applying three novel methodologies to identify such deficiencies".



The first essay examines the relationship between transparency of ownership structure and (i) profits of firms winning public procurement contracts and (ii) competition for the contracts and savings of the public authority. Database was further explored and explained. The authors could identify through pilot approach „a significant advantage of firms with opaque ownership structure (bearer shares in paper form serve as the less transparent firms) in terms of access to public money“. The essay results in a possible explanation of conflict of interest and corruption, which might channel such advantages. There is a quite illustrative comparison with the Berglof&Pajuste (2005) paper.

The misleading translation into Czech Abstract (in the introductory Abstract) had been corrected. The conclusion of this essay had practical impact – they had been thoroughly discussed at the National Economic Council of the Government (NERV) and reflected in the legislative changes.

The second essay suggests and tests a novel methodology for benchmarking of contracting authorities. „The proposed rating measures a deviation from best practice recommendations in the areas of openness, competition and transparency. Indirectly it measures efficiency and corruption potential in public procurement.“ The pilot results of the methodology are provided and extensively discussed for a group of Czech municipalities in this essay. Simultaneously they had been applied for benchmarking of ministries and government agencies that is not the subject of the essay.

In the third essay the authors investigate issue of crowding out effect potentially introduced by EU funds provision. „It studies direct budgetary impacts of subsidized public procurement and other connected costs for municipalities. By combining micro municipality budget and EU funding data, the methodology is used to pinpoint specific cases of spending the EU money in unintended fashion, in a broader sense possibly also violating additionality principle“. They, however, find no systemic crowding out of national public expenditures by EU funds at the level of operational programmes in the Czech municipalities' data, which is consistent with no evidence of violating the additionality principle.

Anyway, I can support the declaration that „it is the first evaluation of the additionality principle at the level of individual recipients of EU funds and in doing so (the authors) develop a methodological approach potentially applicable to other fund recipients“.

As illustrated above, the author presents the original approaches that have a chance to be widely internationally recognized and were or will be soon published. It is not a part of the main stream yet but might well be soon.

I believe that the thesis is defensible at the IES of Faculty of Social Sciences of Charles University

My overall assessment: I recommend the thesis for defense without substantial changes.

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|-------------------------|----------------------------|
| Date:                   | 15.1.2016                  |
| Opponent's Signature:   |                            |
| Opponent's Affiliation: | Prof. Ing. Michal Mejstřík |