



**Expert evaluation network
delivering policy analysis on the
performance of Cohesion policy 2007-2013
Year 3 – 2013**

**Task 2: Country Report on Achievements of
Cohesion policy**

Slovenia

Version: Final

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**A report to the European Commission
Directorate-General Regional Policy**

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List of abbreviations

- AIR Annual Implementation Report
- CA Certifying Authority
- CBC Cross-Border Cooperation
- EC European Commission
- FEI Financial Engineering Instrument
- IB Intermediate Body
- IEEC Inter-Entrepreneurial Education Centres
- IMAD Institute of Macroeconomic Analysis and Development
- ISARR International information system for monitoring the implementation of development programmes
- JTS Joint Technical Secretariat
- MA Managing Authority
- MIS Management and Implementation System
- NFIs Non-Financial Institutions
- NSRF National Strategic Reference Framework
- OP Operational Programme
- OP ETID Operational Programme Environmental and Transport Infrastructure Development
- OP HRD Operational Programme Development of Human Resources
- OP SI-AT Operational Programme Slovenia-Austria 2007-2013
- OP SI-HU Operational Programme Slovenia-Hungary 2007-2013
- OP SRDP Operational Programme Strengthening Regional Development Potentials
- PA Payment Authority
- PFEI Programme on Financial Engineering Instruments
- PPP Public Private Partnerships
- SEF Slovene Enterprise Fund
- SORS Statistical Office of the Republic of Slovenia
- VC Venture capital

Executive summary

In the year 2011 Slovenian GDP per capita in PPS was 82% of the EU-27 average compared to 91% in 2008. Slovenia is currently in the second dip of a double-dip recession. After two years of modest growth, last year economic activity in Slovenia declined by 2.3%. Economic activity is set to shrink further in 2013 (by -2.4%). In 2012, the labour market continued to adjust to reduced economic activity, which still considerably lags behind the 2008 level. On average, the registered unemployment rate was maintained at a similar level as in 2011, while the unemployment rate according to the labour force survey increased to 8.9%. With respect to age, the number of registered unemployed persons grew most in the over-60 age group (by 9.5%) in relative terms. In terms of level of education, the highest growth in the number of registered unemployed persons was recorded with those with tertiary education.

With the Government coming in power in February 2012 the institutional set up of regional policy has changed. The Government Office of the Republic of Slovenia for Local Self-Government and Regional Policy was cancelled. The areas of work relating to EU Cohesion policy and regional development were taken over by the Ministry of the Economic Development and Technology, which became the Managing Authority (MA). Organisational changes also took place in other ministries (the number of ministries decreased from 18 to 12), and that has influenced the Management and Implementation System (MIS). The Payment Authority (PA) and the independent Financial Control Body remained the same.

The implementation of Operational Programmes (OPs) accelerated in the year 2012, especially after the Supplementary Budget was adopted in April 2012. There have been shifts in priorities and/or the allocation of EU funding in 2012. Additionally, in October 2012 the Slovene Government approved EUR 452 million of additional appropriations ("over-commitments"), which should ensure the approval of several projects on the waiting list. According to the data available at the end of 2012, financial absorption of the OP Strengthening Regional Development Potentials (SRDP) was successful. Implementation of OP Environmental and Transport Infrastructure Development (ETID) is still not satisfactory. Delays have been reported due to the same reasons as stated in the 2012 report. Large-scale environmental and transport projects have not been carried out on schedule (delays can be up to two years) due to: the bankruptcy of providers in the construction industry taking place during the economic crisis; problems in acquiring land and building permits; problems with the co-financing ability of municipalities and lengthy auditing procedures for public procurement (reviews of public procurement award procedures usually led to projects being postponed for months or even years). Projects proposed for co-financing are usually not of high maturity causing delays in implementation. Due to problems in the implementation of large-scale environmental and transport projects it is very likely that all the expenditure planned will not be carried out by end-2015. Moreover, due to problems in the implementation of transport infrastructure (ERDF projects) and environmental projects (Cohesion Fund) there will be a loss of funds through the n+3/2 rule in the year 2013 already. In other policy areas, including financial engineering instruments (FEIs), prospects are much better.

Despite positive trends, Cohesion policy MIS in the Republic of Slovenia should be more efficient. There was considerable staff turnover due to the changing institutional set up.

Moreover, the MA is limited in terms of staff. Beyond this, the high turnover among higher management staff had a negative effect on leadership. The MA has been losing its power, because of changes in the institutional set-up. With the abolishment of the Government Office of the Republic of Slovenia for Local Self-Government and Regional Policy, Cohesion policy has lost its importance and political power. Because of the delays in the implementation of OPs, the Slovene Government decided to re-establish the office that will be responsible for the management and implementation of Cohesion policy from the 1st of January 2014.

The outcomes of the OP SRDP are in line with the policy objectives set, but the negative economic situation influences the values of some indicators as the number of new jobs, and investments induced. At the end of 2012, the most important achievements of the OP SRDP and OP ETID were the following:

- Enterprise support and RTDI including ICT: 585 RTD projects were supported, 2,430 new jobs were created, 980 innovations reported/patent applications filed in, EUR 1,126 million of investment was induced as result of Cohesion funded RTD projects, 2,278 projects for SMEs and 14 start-ups were supported. 64,941 additional population covered by broadband access.
- Transport: Few transport projects had been completed by the end of 2012, including 52.4 km of highways built and 65.1 km of railways reconstructed.
- Environment and energy: 6 regional waste disposal centres were completed, 79,398 inhabitants having access to improved and safer water supply, and more than 38,000 inhabitants connected to sewage systems in agglomerations of less than 2,000 PU. At the moment many projects are still implemented.
- Territorial development: The number of overnight stays increased from 7.6 million in the year 2007 to 9.5 million in 2012, 146 tourism projects were supported, EUR 271.5 million investments induced, 839.5 gross jobs in tourism were created, 20 cultural heritage/public cultural heritage infrastructure facilities were renovated and more than 457,000 visitors visited the renovated facilities.

Information available shows that interventions co-financed from ERDF and Cohesion Fund strengthen the capacity of Slovenia to sustain economic development (innovation-related measures, tourism, economic infrastructure, efficient use of energy) and improve the quality of life (environment, transport, natural and cultural heritage), but their long-term impact on enhancing national and regional competitiveness is questionable.

In 2012, two new evaluations were carried out. The first one, Evaluation of measures for promoting entrepreneurship and competitiveness in Slovenia in the period 2004-2009 was completed in May 2012 and an evaluation of measures for promoting research and development in the business sector and in institutions of knowledge was completed in October 2012.

Recommendations proposed in the 2012 country report still remain relevant for the year 2013. Monitoring (indicators, steering committees) and evaluation of on-going projects should be strengthened in order to enable effective and efficient programming for the period 2014-2020. Leadership, flexibility and cooperation between MA, IBs, PA and Audit Authority (AA) are necessary to successfully implement OPs and to avoid the loss of funds through the n+2 rule. In order to prepare comprehensive programming documents for the period 2014-2020, additional

human resources are needed (internal, external). That requires political commitment and political support that are missing at the moment.

1. The socio-economic context

Main points from the previous country report:

- Slovenia has had a high rate of GDP growth since 2000 until 2009 when the GDP growth was negative (-8.1%). In the following years there was a recovery (+1.2% in 2010 and 0.6% in 2011), but GDP per capita in PPS had dropped to 84% of the EU-27 in 2011 compared to 91% in 2008.
- The pace of the economic recovery is severely hampered by the difficulties of the banking sector.
- The collapse of the Slovene construction sector as a consequence of economic crisis, liquidity problems, bad management and insolvency problems had negative effects on investment activities in the public sector.
- The labour market remained constrained at the end of 2011 and at the beginning of 2012.
- Unlike in most EU countries, the general government deficit in Slovenia grew somewhat in 2011 and reached the highest level since 1995 and totalled 6.4% of GDP.
- The differences among Slovene regions regarding GDP in absolute terms are high and increasing, but are rather low compared with those in other EU Member States.
- The recent economic recession affected regions differently. Lagging regions characterised by low GDP per capita, high unemployment rates, low employment rates, low educational level, low R&D activity and often by poor transport connections (Koroška, Zasavska, Spodnjeposavska, Savinjska, Zasavska and Pomurska region) have been affected more than others, nevertheless in the last two years companies from the Gorenjska region reported the worst business results.

Developments since the 2012 report

Changes in the macro-economic context

Slovenia is currently in the second dip of a double-dip recession. After two years of modest growth, last year economic activity in Slovenia declined further by 2.3%. As exports stagnated, last year's drop in GDP was the result of a pronounced decline in domestic consumption. The recovery in exports came to a halt largely due to the deterioration of the economic situation in the euro area. Given the tensions on the labour market, a real decline in average gross wages and social transfers, and the fall in consumer confidence, private consumption shrank for the first time in twenty years. Moreover, the drop in government consumption deepened as a result of measures aimed at the streamlining of the public sector. Investment activity recorded a similar decline to that in 2011. Amid the contraction in all domestic consumption components, imports also declined substantially.¹ Economic activity is set to shrink further in 2013 (by -2.4%).²

In 2012, the labour market continued to adjust to reduced economic activity, which still considerably lags behind the 2008 level. In the overall period from 2009 to 2012, the labour

¹ Spring forecast of economic trends 2013, 2013, p. 3.

² Summer forecast of economic trends 2013, 2013, p. 9.

market adjusted to lower economic activity through reducing employment and, in the past year, through lowering real wages. Unemployment trends for 2012 show deterioration only towards the end of the year. On average, the registered unemployment rate was maintained at a similar level as in 2011, while the unemployment rate according to the labour force survey increased to 8.9%. With respect to age, the number of registered unemployed persons grew most in the over-60 age group (by 9.5%) in relative terms. In terms of level of education, the highest growth in the number of registered unemployed persons was recorded with those with tertiary education, as a result of low demand for this kind of labour force and increasing numbers of persons with tertiary education due to the entry onto the labour market of the first generation(s) of Bologna study degree holders.³ The participation of the 20–24 age group in tertiary education in Slovenia is the highest in the EU. The average duration of undergraduate studies in higher education is also becoming shorter, largely due to the introduction of Bologna study programmes. The extremely rapid increase in the number of Bologna study programme graduates among the registered unemployed also points to their poor employability and/or over-participation in tertiary education.⁴ The continued contraction of economic activity and the implementation of measures to stabilise economic conditions will be reflected in further deterioration of labour market conditions.⁵

In 2012, the share of general government expenditure dropped by 1.8% to 49% of GDP; the majority of expenditure decreased while interest payments grew. The general government deficit in 2012 was significantly smaller than a year before: in 2012 it was estimated equal to EUR 1,315 million or 3.7% of GDP while in 2011 it was equal to EUR 2,298 million or 6.4% of GDP.⁶

The situation in the Slovenian banking system deteriorated further in 2012. The volume of domestic bank loans to domestic non-banking sectors declined more notably towards the end of 2012, while net repayment of domestic banks' foreign liabilities accelerated in that period.⁷

Changes in regional disparities

In 2011, regional GDP per capita ranged from 67.0% of the Slovenian average in Zasavska to 140.1% in the Osrednjeslovenska region. The difference was 73.2% and decreased in comparison to the previous year, 2010, when it was 75.6%. Unlike 2010, when only one region had a negative real growth rate, in 2011 5 regions had negative growth, Notranjsko-kraška experiencing the lowest (-0.3%) and Obalno-kraška region the highest decline (-1.8%). Pomurska region recorded the largest positive growth, 3.4%.⁸

In 2012, the registered unemployment rate increased in all regions except Pomurska, Podravska and Koroška region, although the Pomurska region still has the highest registered unemployment rate.⁹ Regional disparities in the registered unemployment rate decreased because the registered unemployment rate increased more in regions with a below average rate

³ Development Report 2013, 2013, p. 55.

⁴ Development Report 2013, 2013, p. 34-35.

⁵ Summer forecast of economic trends 2013, 2013, p. 12.

⁶ http://www.stat.si/eng/novica_prikazi.aspx?id=5408.

⁷ Economic Mirror, January 2013, p. 3.

⁸ http://www.stat.si/eng/novica_prikazi.aspx?id=5563.

⁹ Development Report 2013, 2013, p. 220.

(Jugovzhodna Slovenija, Obalno-kraška). The numbers of long-term unemployed persons, unemployed older workers and unemployed persons with higher education also increased in 2012.

The recent economic recession affected regions differently. Lagging regions characterised by low GDP per capita, high unemployment rates, low employment rates, low educational level, low R&D activity and often by poor transport connections (Koroška, Zasavska, Spodnjeposavska, Savinjska, Zasavska and Pomurska region) have been affected more than others, nevertheless in the last two years companies from the Obalno-kraška region reported the worst business results.¹⁰ Much the same happened at the level of sub-regions, where some parts, for example Pokolpje (NUTS 4 level), were dramatically hit by the economic crisis.

Although regional disparities in the levels of GDP per capita and employment rates have widened in Slovenia since 1999, this has not been accompanied by an increase in regional household income inequalities. Because of higher social transfers to the poorest regions and the growing incidence of interregional work commuting, regional gaps in per capita household disposable income have declined.¹¹

In general, regions are not being affected differentially by the current macro-economic policy. Policies of fiscal consolidation are not reducing the funds available for supporting regional development significantly, because regional development support is predominantly financed from the Structural Funds available under EU Cohesion policy. Therefore, the crisis leads to a shift away from policy concern with regional disparities to a more general concern with low growth and high unemployment at the national level.

2. The regional development policy pursued, the EU contribution to this and policy achievements over the period

The regional development policy pursued

Main points from the previous country report:

- The priorities of the National Strategic Reference Framework (NSRF) were adequately set and objectives were not modified until the end of 2009.
- Limited number of development priorities chosen at the beginning of the period 2007-2013 has allowed easier implementation and considerable results and impacts by strengthening competitiveness and creating conditions for sustainable economic growth. The most important priority of OP ETID and OP SRDP in Slovenia in the 2007-2013 period was focused on the “enterprise environment” (including grants for innovative projects, support for R&D infrastructure, support of networks, FEI, etc.), which accounts for 30.4% of total ERDF and Cohesion Fund financing. Besides enterprise support, support for “transport” and “environment and energy” accounts for 28% of total ERDF and Cohesion Fund each, “territorial development” support accounts for 11.7% and “technical assistance” 1.8%.

¹⁰ Informacija o poslovanju gospodarskih družb v Republiki Slovenije v letu 2012, 2013, p. 22.

¹¹ Banerjee, B, Jesenko, M and Grm, K: Regional Disparities in Slovenia, 2012, p. 18.

- The negative economic developments in 2009 and 2010 and delays in implementing OP ETID required a modification of the existing OPs. The Government decided in July 2010 to amend its Cohesion policy OPs under the Convergence Objective and the European Commission (EC) approved the proposed amendments in April 2011. After the redistribution the overall value of the OP ETID amounts to EUR 1,577 million and the overall value of the OP SRDP amounts to EUR 1,768 million. More than EUR 300 million has been reprogrammed. In the framework of both mentioned OPs almost EUR 196 million is intended for redistribution for the promotion of innovations and development-research projects.
- Slovenia was not able to implement comprehensive regional policy on the basis of existing legislation. In order to stop the increase in regional disparities and to use endogenous potentials, the government approved the draft law on “more balanced regional development” in October 2010, and the Parliament adopted the law in March 2011.

The OP ETID funds are primarily allocated to the modernisation of construction of the infrastructure in the field of environment (35%) and transport (53%) and to a lesser extent for projects in the field of sustainable energy (10%) and for technical assistance (1.6%). The mentioned programme is the basis for drawing on the Cohesion Fund (EUR 1,142 million) and the ERDF (EUR 165 million).

In the framework of the OP SRDP, EUR 598.1 million is allocated for the competitiveness and research excellence (34%), for economic development infrastructure (15%), for connecting natural and cultural potentials (14%) and for the development of regions (35%). The rest is allocated for technical assistance (2.1%).

Slovenia is involved in 13 programmes under the European Territorial Cooperation Objective, with a dedicated budget of EUR 104 million:

- four cross-border cooperation (CBC) programmes with Italy, Hungary, Austria, as well as with Croatia (under the Instrument for Pre-Accession Assistance – IPA);
- five transnational programmes: ‘Alpine Space’, ‘Central Europe’, ‘Mediterranean’, ‘South-East Europe’ as well as the ‘Adriatic’ (under the Instrument for Pre-Accession Assistance – IPA);
- four interregional cooperation programmes: INTERACT II, URBACT II, ESPON/ORATE and INTERREG IV C.

Managing Authorities of the CBC programmes OP Slovenia-Austria 2007-2013 (OP SI-AT) and of the CBC OP Slovenia-Hungary 2007-2013 (OP SI-HU) are located in Slovenia.

Developments since the 2012 report

There have been shifts in priorities and/or the allocation of EU funding in 2012. In October 2012 the Slovene Government approved EUR 452 million of additional appropriations (“over-commitments”), which should ensure the approval of several projects on the waiting list. Of these funds, EUR 307 million have been earmarked for projects related to the development of environmental and transport infrastructure (OP ETID), EUR 102 million for regional development (OP SRDP), while EUR 43 million will be spent on human resources (OP HRD). The main reason for this decision is to prevent the danger of losing European Cohesion Policy funds

and the economic damage caused by abandoning approved projects or resulting non-eligible costs. With additional appropriations, funds from areas marked by weaker absorption will be redirected to areas where better economic and financial effects are foreseeable. Priorities of the OP SI-AT and OP SI-HU did not change in 2012. EU co-financing rate remained unchanged in 2011 and 2012.

Support provided by the ERDF and Cohesion Fund helped to offset budget constraints by maintaining public investment levels, especially in some policies such as entrepreneurship promotion, research and development, regional development, transport policy, environmental policy, tourism and others.

Slovene SMEs still face problems when accessing financing for development investments in the earlier stages of setting up an enterprise as well as in the stages of development and growth. This is due to an underdeveloped capital market, lack of venture capital (VC), scarce direct foreign investments, unsuitable banking instruments for the early development stages and expansion of enterprises, and lack of state subsidies. The situation is worse than in the majority of EU countries. An above-average share of banks in the financial system (too many banks), characteristic of the financial structure of the Slovenian economy, is one of the major obstacles to the recovery of the economy, given the current problems of the banking system. In 2012 banks still did not have access to fresh sources of financing on international financial markets. This was a consequence of adverse conditions both in the Slovenian banking system and on international financial markets. This prompted a further decline in investments by the banking system, which was most painfully felt by Slovenian enterprises.¹² Therefore specific measures tackling the problems of inability of SMEs to obtain finance were introduced and co-financed by the ERDF: loan guarantees with interest rate subsidies in the first years (2008, 2009) and the Programme on FEIs (PFEI – PIFI in Slovenian) for micro, small and medium-sized companies for the period 2009-2013. This programme includes equity financing VC and debt financing instruments (guarantees, guarantees with subsidized interest rates, loans and mezzanine capital).¹³

Policy implementation

Main points from the previous country report:

- Only few public calls and projects were approved in 2011. The majority of activities was focused on implementation of approved operations. The political crisis is one of the main reasons for this situation. On 4th December 2011 the first early general elections took place in Slovenia and the new Government came in power in February 2012.
- Compared to the situation at the end of 2010 the amount of the EU claimed back from the EC has increased.
- According to the data available at the end of 2011, implementation of the OP SRDP and CBC programmes is well under way. Implementation of OP ETID is still not satisfactory, but is improving slowly.

¹² Development Report 2013, 2013, p. 21.

¹³ For more information see the 2012 EEN policy paper on FEIs.

Developments since the 2012 report

The management and implementation system

With the new Government coming in power in February 2012 the institutional set up of regional policy has changed. In accordance with the Government of the Republic of Slovenia Act, the Office for Local Self-Government and Regional Policy was cancelled. The areas of work relating to EU Cohesion policy and regional development were taken over by the Ministry of the Economic Development and Technology, which became the MA. Organisational changes also took place in other ministries (the number of ministries decreased from 18 to 12), and that has influenced the MIS. The PA (Ministry of Finance) and the independent Financial Control Body (Ministry of Finance, Budget Supervisory Office) remained the same.

Implementation of OPs accelerated in the year 2012, especially after the Supplementary Budget was adopted in April 2012. The number of public calls announced and projects approved had increased substantially. Besides new projects, the implementation of operations approved in the previous years has continued.

Similar to trend in the year 2011 the drawing on the EU funds from the EU Budget accelerated in 2012. That was the consequence of strategy implemented by the MA and IBs to speed up the preparation of certified claims for reimbursement to the EC. In order to accelerate the implementation several initiatives have been undertaken as follows: introduction of operational and ministerial meetings; monthly reporting to the Government; simplification of rules and procedures; work on reprogramming; speeding up the first level controls; speeding up the preparation of certified claims for reimbursement to the EC; available co-financing from the state budget; the establishment of an expert group for public procurement, which will also deal with projects financed by the additionally allocated funds; establishment of inter-ministerial project groups for selected projects; implementation of projects according to different phases; intensified monitoring of approved projects; and others.

Nevertheless, due to the complexity of the system and excessive regulations the MIS is very rigid. Due to numerous and over-restrictive regulations, despite simplifications introduced, the flexibility of operational work strongly decreased. Also the Court of Audit reckons that the Cohesion policy implementation system should be more efficient.¹⁴ There was considerable staff turnover due to the changing institutional set up. Moreover, the MA is limited in terms of staff. Beyond this, the high turnover among higher management staff had a negative effect on leadership.

The MA has been losing its power (competence), because of changes in the institutional set-up (abolishment of the Office for Local Self-Government and Regional Policy). This Office was responsible for policy design, coordination and implementation relating to the EU Cohesion policy and regional development in the period 2003-2012 and it was led by the Minister without Portfolio Responsible for Local Self-Government and Regional Policy that was a member of the Government. Office's tasks have now been taken over by the EU Cohesion Policy Directorate of the Ministry of the Economic Development and Technology that became

¹⁴ European Cohesion policy implementation system in the Republic of Slovenia for the programming period 2007-2013: audit summary, 2012, p. 2.

responsible for managing and implementing cohesion policy in Slovenia. With this institutional change cohesion policy has lost its importance and political power. Because of the delays in the implementation of cohesion policy, the Slovene Government decided in November 2013 to re-establish the office that will be responsible for the management and implementation of cohesion policy from the 1st of January 2014.

The Court of Audit warned about certain challenges related to the implementation of the European Cohesion Policy. These are, for example, inconsistent regulations, inefficient and unreliable information system as well as unstable environment which make it impossible to ensure a high level of expertise and continuity of the institutions in charge.¹⁵ The quality of selected projects is often rather poor. Very often projects without long-term objectives or projects without synergies were selected.

Despite a control-oriented administrative culture, laws, detailed procedures and high costs of financial controls MIS is not functioning. AA (Budget Supervisory Office) reported a misuse of EU money in his report for the period 01/07/2011 – 30/06/2012. Therefore the main problem is not the process of financial controls itself, but the quality of financial controls, project selection, and lack of monitoring and absence of evaluations.

There are permanent problems with the information system ISARR. The Court of Audit assessed the information system introduced by the MA as one of the key problems in the implementation of the Cohesion policy¹⁶ and an obstacle for the application of simplifications introduced with the amendments of European regulations¹⁷.

Implementation of the OP SRDP

According to the data available at the end of 2012, financial absorption of the OP SRDP was successful due to the expenditure related to tenders launched in the previous years (2009-2011) and partly due to the projects approved in 2012. The following tenders/projects have been approved until the end of 2012: projects related to the Infrastructure of Metrology System, Construction and/or reconstruction of buildings as Vila Vipolže, Information Centre of the Landscape Park Strunjan, Emergency Centre Brežice and Emergency Centre Maribor, Educational Hotel Astoria Bled – 2nd phase, National Gallery of Slovenia, Nordic Centre Planica – 2nd phase, research centre of the National Institute of Chemistry Slovenia and few others. Many calls were published: “Regional development programmes” for the period 2012–2014, Proposals to co-finance projects for the development of e-services and mobile applications for public and private non-profit organisations in 2012 and 2013, Proposals for the promotion of research-development projects for the development of e-services 2012–2014, “Intercompany Training Centre Pomurje”, Guarantees for bank loans with interest rate subsidies, Support of technological investments in companies related to their R&D activities, Establishment of new creative centres, “Research voucher”, Support to regional destination organisations and few others. There have been delays in the implementation of investments (tourism, culture, sport) due to the bankruptcy of providers in the construction industry taking place during the

¹⁵ Simplifications of the European Cohesion Policy Implementation System: audit summary, 2013, p. 2.

¹⁶ European Cohesion policy implementation system in the Republic of Slovenia for the programming period 2007-2013: audit summary, 2012, p. 2.

¹⁷ Simplifications of the European Cohesion Policy Implementation System: audit summary, 2013, p. 2.

economic crisis, and problems in acquiring land and building permits. Construction of ten Emergency Centres planned is very unlikely¹⁸. Until the end of 2012 the OP SRDP implementation progress was as follows:

1. Tendered funds: EUR 1,786.8 million or 101.0% of available EU funds as determined in the OP SRDP for the period 2007-2013.
2. Allocated funds: EUR 1,546.8 million or 87.5% of available EU funds as determined in the OP SRDP for the period 2007-2013.
3. Signed contracts accounted for EUR 1,532.2 million or 86.6% of available funds as determined in the OP SRDP for the period 2007-2013.
4. In total, EUR 1,210.9 million were paid out from the budget representing 68.5% of available funds as determined in the OP SRDP for the period 2007-2013.
5. Claims for reimbursement submitted to the PA amounted to EUR 1,111.9 million (EU part) or 62.9% of available funds as determined in the OP SRDP for the period 2007-2013.

Implementation of OP ETID

Implementation of OP ETID is still not satisfactory, but is improving slowly. Delays have been reported due to the same reasons as stated in the 2012 report. Large-scale environmental and transport projects have not been carried out on schedule (delays can be up to two years); problems in acquiring land and building permits; problems with the co-financing ability of municipalities and lengthy auditing procedures for public procurement (reviews of public procurement award procedures usually led to projects being postponed for months or even years). Projects proposed for co-financing are usually not of high maturity causing delays in implementation.

It is very positive that the preparation and approval of new railway projects was developing well in the year 2012, because this was the most critical part of OP ETID (very positive impact of JASPERS). There are still problems in the implementation of transport infrastructure (ERDF projects), where delays in the implementation of approved projects were identified, largely due to the public procurement process (tenders not well prepared, lengthy auditing procedures). Implementation of environmental projects approved in the previous years is delayed. In 2012 many environmental projects were approved (projects of collection and treatment of wastewater; projects of drinking water supply), but taking into account the experience of previous years it is very likely that some of them will not be completed in line with the time-schedule (until the middle of 2015), including those that will be approved in 2013. That could cause loss of funds through the n+3/2 rule. Implementation of projects for the sustainable use of energy is satisfactory. At the end of 2012 the situation was as follows:

1. Allocated funds: EUR 1,162.3 million or 73.7% of available EU funds as determined in the OP ETID for the period 2007-2013.
2. Signed contracts accounted for EUR 753.3 million or 47.8% of available funds as determined in the OP ETID for the period 2007-2013.

¹⁸ Emergency centres ensure the inhabitants emergency medical assistance available at all times, including emergency transport and provision of emergency medicinal products. Investments supported include the expansion and partial reorganisation or adaptation of the existing hospital emergency service.

3. In total, EUR 426.4 million were paid out from the budget representing 27.0% of available funds as determined in the OP ETID for the period 2007-2013.
4. Claims for reimbursement submitted to the PA amounted to EUR 380.5 million (EU part) or 24.1% of available funds as determined in the OP ETID for the period 2007-2013.

Even though the implementation of CBC programmes is satisfactory in terms of commitments, the implementation of projects is not in line with time-schedules; the setback is mainly the result of slow first level control checks and the financial crisis that has slowed down the payment of national co-financing parts, especially on the Slovenian side. In a number of projects significant discrepancies exist between the planned use of ERDF funds and funds actually spent in each reporting period, mainly due to liquidity problems and problems relating to lack of pre-financing. In the case of the OP SI-AT, implementation was slightly slower: by the end of 2012 84.3% of funds had been committed (the same value as at the end of 2011). Although in November 2012 additional projects were approved, the signing of the subsidy contracts and the implementation of project activities will follow in 2013. Due to the financial crisis, some project partners have significant liquidity problems and due to exceeding the threshold of the permitted 2% of detected irregularities (the AA detected 9.87% of irregularities in the frame of the audits) the interruption of payment on the programme level was decided by in the year 2013.

Due to the implementation delays of large-scale environmental and transport projects it is very likely that all the expenditure planned will not be carried out by end-2015. Moreover, due to problems in the implementation of transport infrastructure (ERDF projects) and environmental projects (Cohesion Fund) there will be a loss of funds through the n+3/2 rule in the year 2013 already. In other policy areas, including FEIs, prospects are much better.

Achievements of the programmes so far

Main points from the previous country report:

- At the end of 2011 the results from ERDF co-financed programmes have become visible, because the majority of ERDF supported projects started in the period 2008-2010.
- After reprogramming the list of indicators and their values have been changed (new indicators, new values, and removal of some indicators).
- The outcomes of OP SRDP are in line with the policy objectives set, but the negative economic situation influences the values of some indicators as the number of new jobs, and investments induced.
- The situation is more critical with the OP ETID, where delays in implementation caused that intended objectives or targets have not been achieved in particular policy areas, especially in transport.

Developments since the 2012 report

Cohesion policy is extremely important for Slovenia. Cohesion policy expenditures represented 1.3% of GDP for the period 2009-2012. That was 40% of total public investments of the public sector and 70% of total public investment transfers and subsidies to private firms.¹⁹

¹⁹ Wostner, P: Cohesion Policy in Slovenia Over the Last 20 Years, 2013, p. 14-15.

The outcomes of the OP SRDP are in line with the policy objectives set, but the negative economic situation influences the values of some indicators as the number of new jobs, and investments induced. The situation is more critical with the OP ETID, where delays in implementation could cause that intended objectives or targets will not be achieved in particular policy areas, especially in transport and environment. Data on indicators will be available after selected projects will be completed. At the end of 2012 the achievements of the OP SRDP and OP ETID were the following:

- **Enterprise support and RTDI including ICT:** The number of high-technology firms is relatively small and high-technology and service exports are low as share of total exports. Slovenia lags behind the EU average in patent applications per million population by a large margin, but performs better than almost any other new EU member.²⁰ Therefore Slovenia earmarked a substantial share of Structural Funds for research and innovation (especially after changes in OPs). After financing “traditional” innovation-oriented and financial measures in the years 2008 and 2009, new innovative measures were introduced in 2009 and 2010 (Centres of Excellence, Competence Centres, Development centres of Slovene Economy). In the year 2012 “traditional” innovation-oriented measures were financed as support of technological investments in companies related to their R&D activities, establishment of new creative centres and “Research voucher”. In the period 2007-2012, 585 RTD projects were supported and 2,430 new jobs were created (4,100 planned). The number of innovations reported/patent applications filed in was 980 (180 planned) and EUR 1,126 million of investment was induced as result of Cohesion funded RTD projects. Special focus of ERDF support are SMEs. 2,278 projects for SMEs (800 planned) and 14 start-ups (21 planned) were supported, but significant effects of equity financing in the short term should not be expected. Having in mind the difficult economic situation in Slovenia, investment in Enterprise support and RTDI, including ICT, is probably the most important outcome of ERDF funds in Slovenia (funds invested, policy mix, and continuous support). In addition to the investments in higher education and research infrastructure (the Faculty of Chemistry and ICT Ljubljana, the Faculty of Medicine of Maribor) approved in 2011, “Construction of the research centre of the National Institute of Chemistry Slovenia” was approved in 2012. New innovative measures such as Centres of Excellence and Competence Centres will be completed in 2013. Indicators achieved are in general above the values planned, only the value for jobs created is below the value planned. Jobs created as a result of FEIs have to be measured within 3 years after a project is finished; therefore no data on jobs created were available at the end of year 2012. MA expects that the final value will be in line with the value planned. In the years 2011 and 2012 a construction of education-research infrastructure started, therefore achievements could be expected in a few years’ time. In telecommunications, co-financing of 76 R&D projects in e-services and e-content have been implemented (30 planned). 12 projects supporting construction and maintenance of broadband networks in local communities were finished during 2010 and 64,941 of additional population covered by broadband access (30,000 planned) as outcome of the co-financed activities.

²⁰ OECD Reviews of Innovation Policy: Slovenia, 2012, p. 15.

In the year 2011, five new projects supporting construction and maintenance of broadband networks were selected, two were finished in 2012 and three are to be finished in 2013. As regards “Additional Population covered by Broadband Access” the highest achievements of targets were reported by Sweden (167%) and Slovenia (132%) compared to the average 9% achievement. It should be noted that there may be some low target setting in some of these countries, since the allocation to selected projects although higher than average is not above 90% in any case.²¹

- **Human Resources:** In 2012 ERDF support for a few investment measures (information infrastructure) for the OP HRD was provided. In the year 2010 the first Inter-Entrepreneurial Education Centre (IEEC) co-financed with ERDF was finished (facilities) and a new one was approved in 2012 (“Intercompany Training Centre Pomurje”). No visible effects have been achieved until now.
- **Transport:** Few road projects had been completed by the end of 2012, including highways, national roads and a network of cycling routes. The completed highways (52.4 km) have already decreased congestion on main routes and enabled time saving. Values for time saving in Euro/year stemming from investments in highways and national roads (EUR 40.7 million) are below the planned value of EUR 50.5 million. 65.1 km of railways and 3.8 km of roads had been build or reconstructed.
- **Environment and energy:** The key focus as regards the environment is still on the EU environmental legislation listed in chapter “Compliance with European and Slovenian development documents”. Due to the delays in implementation no visible effects have been achieved until now. The only indicator achieved in line with the target level is the number of co-financed regional waste disposal centres (6). At the moment many projects are still implemented, therefore data on indicators achieved will be available after selected projects will be completed. The results of a few hundred of operations, which are primarily focused on the construction of local infrastructure, are 79,398 inhabitants (70,000 planned) having access to improved and safer water supply, and more than 38,000 inhabitants (60,000 planned) connected to sewage systems in agglomerations of less than 2,000 units.
- **Territorial development** (urban areas, tourism, rural development, cultural heritage, health, public security, local development): The comprehensive approach to tourism, including investment in facilities, infrastructure, organisation and promotion, proved effective. The number of overnight stays increased from 7.6 million in the year 2007 to 9.5 million in 2012, partially as a result of ERDF support. 146 tourism projects supported in the period 2007-2012 have achieved the target set, but investments induced (EUR 271.5 million) are below the target value of EUR 373 million and will remain below the target value by end-2015. 839.5 gross jobs were created until the end of 2012 out of 1,000 planned. 20 cultural heritage/public cultural heritage infrastructure facilities were renovated and more than 457,000 visitors visited the renovated facilities. More than 116,000 sq. m. of new and renovated sporting and recreational areas were built/renovated. The priority “Regional development

²¹ Cohesion policy: Strategic report 2013: Factsheet: Information and communication technologies, 2013, p. 4.

programmes” includes and links the measures which are in the Development Programmes related to self-governing local communities.

- **CBC:** OP SI-AT was one of the first CBC OPs approved by the EC. In the frame of the indicators reflecting CBC it is evident that most of the targets have been achieved as planned, nevertheless the majority of the projects in both CBC programmes (SI-AT, OP SI-HU) are still in the implementation phase, therefore the actual success of the programme will be seen at the end of the financial period (after 2015). In general, the implementation of the programmes is successful, the projects’ results are visible and the recognition and visibility of the programme itself is growing. The programmes have produced a great number of bilateral projects, with impact on both sides of the border.

Due to the lack of monitoring experience, lacking evaluations and inadequate planning, indicators proposed and values set were not adequate, especially in the version of OPs approved in the year 2007. The quality of indicator system has improved since 2010, but the absence of evaluation studies (evidence-based policy) is a limit for the preparation of the 2014-2020 programming documents. Having in mind the reliability of the Monitoring and Implementation System, it is possible to state that the information on indicators included in the Annual Implementation Reports (AIRs) for the year 2012 are reliable, as well as for the year 2011.

Table 1 – Main physical indicators by policy area in the period 2007-2012

Policy area	Main indicators	Core no./ Non-core	Planned	Outcomes and results achieved
Enterprise support and RTDI including ICT	No. of gross jobs created as result of enterprise support and RTDI (including FEIs) ²²	N (1)	4,100	2,430
	No. of RTD projects	Y (04)	230	585
	Number of direct investment aid projects to SMEs ²³	Y (07)	800	2,278
	No. of innovations/patents	N	180	908
	Investment induced as result of SMEs support – cumulative (EUR million)	Y (10)	615	1,125.6
	No. of start-ups supported (FEI)	Y (08)	21	14
	No. of additional population covered by broadband access as a consequence of co-financed activities	Y (12)	30,000	64,941
	Number of information society projects	Y (11)	30	76
Transport	No. of transport projects	Y (13)	38	31
	Value of time saving from investment in roads including motorways (EUR million/year)	Y (20)	50.0	40.7
	Km of new/reconstructed roads	Y (14, 16)	31	3.8
	Km of new TEN roads	Y (15)	52	52.4
	Km of reconstructed railroads	Y (19)	158	65.1
Environment and energy	No. of co-financed regional waste disposal centres	Y (27)	6	6
	Additional population served by waste water projects (agglomerations with less than 2,000 PU)	Y (26)	60,000	38,551
	Additional population served by water projects	Y (25)	70,000	79,398
	No. of risk prevention projects	Y (31)	3	2
	Reduction in greenhouse emissions (CO ₂ and equivalents, kt)	Y (30)	349	31
	Additional capacity of renewable energy production (MW)	Y (24)	355	120
Territorial development (urban areas, tourism, rural development, cultural heritage, health, public security, local development)	Gross jobs created in tourism	Y (35)	1,000	840
	No. of tourist overnight stays (million)	N	8.4	9.5
	No. of tourism projects	Y (34)	12	146
	No. of renovated cultural heritage and public cultural heritage infrastructure facilities	N	23	20
	Increase in no. of visitors in renovated cultural heritage and public cultural heritage infrastructure facilities (entire period)	N	110,000	457,504
	Investments induced in tourism (EUR million)	N	373	271.5
	New and renovated sporting and recreational areas (sq. m.)	N	250,000	116,328

²² Jobs created as a result of FEIs have to be measured within 3 years after a project is finished, therefore no data on jobs created were available at the end of year 2012.

²³ 1,325 projects supported with loan guarantees with interest rate subsidies.

Achievements are relevant, especially in the following policy fields: enterprise support and RTDI including ICT, environment and partially territorial development (tourism). Cohesion policy support to the renewable energy capacity is relatively minor, therefore achievements are very limited. According to the author's judgment, Cohesion policy measures implemented in Slovenia have not been efficient (questionable value for money), but due to the lack of analysis/evaluations it is difficult to make a sound statement.

3. Effects of intervention

Due to limited evaluation evidence our conclusions on the effects of programmes so far are mostly drawn from the opinion of interviewed stakeholders, information included in AIRs, and available public information (articles).

Main points from the previous country report:

- Enterprise oriented measures, co-financed by the Structural Funds, create new jobs and maintain existing ones, and provide support for the restructuring of the business sector. According to the OECD a major challenge for Slovenia is to boost productivity throughout the economy. Successful innovation is increasingly important in reducing the gap, as innovation is an important source of sustainable growth in productivity, income and increasing social welfare.²⁴ Innovative measures (8 Centres of Excellence, 7 Competence Centres and 17 Development Centres of Slovene Economy) promise significant results in the long run, due to the critical mass, combination of bottom-up and top-down approach and the stability of financing over the next few years. New internet connections enable access to broadband in areas where there is no private interest.
- In transport effects are positive. The construction of motorways has positive effects on regional development by reducing travel times, but it is also important from a European perspective since it will improve links with neighbouring countries.
- In the environment and energy, delays in implementation mean that there have been limited effects up until now.
- In Territorial development the effects of interventions are visible, especially in tourism and at the regional level. Projects co-financed at the regional level are improving the quality of life of the local population, but the effects on the competitiveness of the Slovenian regions are relatively minor, due to the lack of regional projects.

Developments since the 2012 report

Effects of interventions at the end of 2012 are the following:

- Enterprise oriented measures have showed positive effects in the previous years (new jobs, support to restructuring). During the recession, ERDF funds enabled the government to prevent a slowdown in the business sector investment in R&D²⁵ (not only in large companies) and to support SMEs with limited access to loans (guarantees,

²⁴ OECD Reviews of Innovation Policy: Slovenia, 2012, p. 19.

²⁵ Expert Evaluation Network delivering Policy Analysis on the Performance of Cohesion policy 2007-2013: Task 1: Policy Paper on Innovation. Ljubljana: Institute for Economic Research, 2010, p. 12.

favourable loans for enterprises) in order to overcome the liquidity crisis caused by the credit crunch. RTD projects supported the development of new products, technologies and competences, and acquiring new interdisciplinary knowledge.²⁶ Innovation policy is effective, because the indicators of effects and results are exhibiting successful mid-term achievement of results and, in some cases, even the realisation of goals for the entire period. Some crucial project results are correlated with external statistical data which confirm the overall positive impact of innovation policy at the level of effects, results and impacts.²⁷ Slovenia is catching up more developed EU member states in terms of innovation performance, because Slovenia and Estonia are growth leaders of Innovation followers. The annual average growth in innovation performance for Slovenia was 4.1% in the period 2008-2012 comparing to the 1.9% of other Innovation followers.²⁸ Nevertheless, the analysis of the impact of emergency state aid in years 2008-2010 on the performance of Slovenian firms during the economic recession shows the impact of anti-crisis state aid (many measures were co-financed by the Structural Funds as support to R&D, support to SMEs, regional state aid, support to employment) on employment and sales at the subsidised firms to be negative, or neutral at best.²⁹ It seems that measures were not well designed (content, target group, eligible costs, co-financing rate, average grant), therefore the quality of selected projects was poor. As a consequence projects without long-term objectives or projects without synergies were selected.

- As regards the implementation of the equity financing part of PFEI, the instrument already has very positive effects on the VC market in Slovenia. Debt financing instruments of PFEI (guarantees, guarantees with subsidized interest rates) enable SMEs access to sources of financing. Centres of Excellence successfully complement existing research capacities and have enhanced the concentration of knowledge and strengthened partnership between companies and academic sphere. Certain Centres developed innovative models of cooperative research.³⁰
- In transport effects are positive. The construction of motorways has positive effects on national regional development by reducing travel times, enabling time saving (estimated value of time saving is 40.7 EUR million/year) and by improving accessibility of Jugovzhodna statistical region.
- In the environment and energy policy area, delays in implementation mean that there have been limited effects up until now.

²⁶ Učinki rezultatov subvencij države in Evropske unije na področju tehnološkega razvoja in inovativnosti v letih 2006 do 2011 (Effects of innovation and technology-oriented grants in the period 2006-2011 managed by Slovenian Technology Agency), 2012, p. 30.

²⁷ Vrednotenje ukrepov za spodbujanje raziskovalno razvojnih aktivnosti v gospodarstvu in institucijah znanja (Evaluation of measures for promoting research and development in business sector and in institutions of knowledge), 2012, p. 8.

²⁸ Innovation Union Scoreboard 2013, 2013, p. 11.

²⁹ Burger, A, Murn, A, Rojec, M.: Impact of anti-crisis state aid on corporate performance during the economic crisis, 2013, p. 29.

³⁰ Vrednotenje ukrepov za spodbujanje raziskovalno razvojnih aktivnosti v gospodarstvu in institucijah znanja (Evaluation of measures for promoting research and development in business sector and in institutions of knowledge), 2012, p. 7.

- In Territorial development the effects of interventions are visible, especially in tourism, where the number of overnight stays has increased for 25% in the period 2007-2012. Tourism is performing well in times of economic crisis. Projects co-financed at the regional level are improving the quality of life of the local population, but the effects on the competitiveness of Slovenian regions are relatively minor.

Balanced regional development is no longer a horizontal priority of Cohesion policy interventions in Slovenia in the period 2007-13, as it was in the period 2004-2006, and therefore the fulfilment of regional development objectives (reducing regional disparities) is not the task of sectoral policies. Cohesion policy interventions contribute to the reduction of regional disparities in terms of quality of life, but the long-term impact on enhancing regional competitiveness is questionable due to the focus on infrastructure investment. Regional disparities in Slovenia have been increasing and projects selected only partially meet regions' needs in tackling the long-term challenges (such as the increased competition resulting from globalisation, demographic trends, climate change and energy security). The Republic of Slovenia is treated as one NUTS-2 region therefore the majority of funds devoted to Enterprise support and RTDI is spent in the most developed parts of the country.

Among all policy fields Enterprise support and RTDI including ICT is best performing in producing the intended effects (evaluation evidence), following by Territorial development (especially tourism) and Environment. The situation is much worse in transport, due to delays in the implementation of transport projects.

In conclusion, according to available information, interventions co-financed from the ERDF and the Cohesion Fund strengthen the capacity of Slovenia to sustain economic development in the short term (innovation-related measures, tourism, economic infrastructure, efficient use of energy) and improve the quality of life (environment, transport, natural and cultural heritage). Nevertheless, according to the judgment of the author of this paper, the sustainability of effects is questionable, because selected enterprise projects lack long-term objectives and infrastructure projects are dominating in other policy fields. While the majority of projects selected will improve the quality of life, their long-term impact on enhancing national and regional competitiveness is questionable.

There is limited evidence on the macroeconomic effects of Structural Funds interventions. In 2010, the study "Methodology and assessment of micro-economic and macro-economic effects of Cohesion Policy in Slovenia" was prepared by the Economic Institute at the School of Law, Ljubljana and the Faculty of Economics Ljubljana. The study analyses existing macro-economic models, with the emphasis on the HERMIN model, and the results obtained show that Cohesion Policy is going to increase the Slovenian GDP on average by 1.18% in the period 2004-2020 and GDP is/will be above the baseline scenario (situation without Cohesion Policy) by 1.78% in the period 2007-2015. Unemployment rate is/will be 0.87% lower in the period 2004-2020 and -1.36% below the baseline scenario in the period 2007-2015. Employment rate is/will be on average 0.87% above the scenario without Cohesion Policy in the period 2007-2015. Based on the results obtained, it is possible to ascertain the positive effects of Cohesion Policy on macro-economic results.

4. Evaluations and good practice in evaluation

Main points from the previous country report:

- There is no evaluation tradition in Slovenia. Evaluation processes have only been introduced as a result of Structural Funds requirements. In total, 9 evaluations for the period 2004-2006 and only two for the period 2007-2013 have been undertaken, leaving aside ex-ante evaluations: Evaluation of the “Regional development” priority axis of the OP ‘Strengthening the Regional Development Potential’ (ERDF) was completed in April 2009 and Mid-term evaluation of the OP ETID was completed in October 2010.
- Capacity for undertaking evaluations has been improving slowly, but on the demand side there is still a lack of awareness of the utility of evaluation studies. Politicians and many civil servants do not understand the value of evaluation, because it is usually understood as control. At the moment, in Slovenia there is no systematic demand for evaluation works. In general, evaluation is neither linked to the budget process nor to policy debates and choices. Nevertheless, evaluations conducted in the framework of Cohesion policy are very often an important input into the policy-making process.

Developments since the 2012 report

The strategy for evaluating the effects of interventions co-financed by the ERDF and the Cohesion Fund, the resources made available and the capacity for undertaking the evaluations concerned have not changed since the 2012 report. Nevertheless, due to the institutional changes in 2012 (new Government coming in power in February 2012), evaluations planned are implemented with delays.

In 2012, two new evaluations were carried out. The first one, Evaluation of measures for promoting entrepreneurship and competitiveness in Slovenia in the period 2004-2009 was completed in May 2012 and it was described in the 2012 report.

The second one, “Vrednotenje ukrepov za spodbujanje raziskovalno razvojnih aktivnosti v gospodarstvu in institucijah znanja” (Evaluation of measures for promoting research and development in the business sector and in institutions of knowledge), was completed in October 2012. This is a mid-term evaluation which focuses on innovation policy in Slovenia in the period 2007-2013, and takes into account the evaluation of the measures for promoting entrepreneurship and competitiveness in the period 2004-2009; only Cohesion policy interventions have been analysed. The evaluation covers priority orientation 1.1. of the OP SRDP (Strategic research development activities in companies, Centres of Excellence, Competence Centres) and selected priority orientations of the OP HRD (ESF). Evaluation is described in the Annex 1. The main conclusions are the following:

- Effectiveness of innovation policy: Indicators of effects and results (investment induced, resources, full time equivalents of research accomplished, number of supported projects, number of innovations and patents, number of new partnerships with private sector, amount of value added, number of new Doctors of science, number of young researchers employed in the business sector) are exhibiting successful mid-term achievement of results and, in some cases, even the realisation of goals for the entire period. Some crucial project results are correlated with external statistical data which

confirm the overall positive impact of innovation policy at the level of effects, results and impacts.

- Efficiency of innovation policy: according to the opinion of beneficiaries efficiency of innovation policy is good on average, but an overall evaluation suggests a less favourable conclusion. Institutional weaknesses of innovation policy are the main factor of lower efficiency. Administrative management is too often seen as more important than the substantive goals of innovation policy. Another problem is weak planning of specific (unit) costs of planned goals.
- Relevance: Beneficiaries generally assess all instruments as fairly relevant strategic responses to the challenge of innovation breakthrough. There is an evident gap between the assessment of input and output aspect of the innovation policy: integration between strategic policy goals is assessed as satisfactory (2 out of 5), while synergy of impacts is assessed as good (3/5). This suggests that innovation policy operates better in practice than in principle. One of the strategic preconditions for a more synergetic innovation policy is a more creative policy-making in this field.
- Evaluation results also revealed (that) there are still considerable unused potentials for innovation which are not addressed with the innovation policy. For their activation, we suggest to intensify the inter-ministry coordination as well as the exchange of knowledge between responsible decision-makers and beneficiaries in the preparation of future instruments. Sustainable potential for financing operations is high for all instruments, but not fully activated. In particular on the side of private beneficiaries, these unused potentials are evident, but their activation will require more efforts focused on the side of policy-makers: promotion, education, interaction, simplification. There are also several aspects of innovation which remain out of sight of present innovation policy: social innovation, innovation of structures and organisations, institutional innovation.
- Systematic efforts are needed to provide for a broad basis for innovation in Slovenia. This would demand enhancement of creativity as a precondition for innovation. Instruments would be needed with very low entry thresholds and simplified conditions for participation on small scale to be attractive for a broad circle of beneficiaries.

Table 2 – Evaluations carried out in Slovenia in the period 2009-2012

Title and date of completion	Policy area and scope (*)	Main objectives and focus (*)	Main findings	Method used (*)	Full reference or link to publication
Evaluation of the "Regional development" priority axis of the OP SRDP (priority orientations 4.1, 4.2); 23.4.2009	7	2	The analysis of 458 operations. Achievements of operations are in line with the objectives of OP SRDP and the Balanced Regional Development Act. The major weakness in the implementation of the development priority is the lack of regional projects.	Mix of methods: 3 + 4	http://www.eu-skladi.si/skladi/crpanje-evropskih-sredstev/studije-in-vrednotenja/studije-in-vrednotenja-za-programsko-obdobje-2007-2013/vrednotenja-2007-2013/operativni-program-krepitev-regionalnih-razvojnih-potencialov
Mid-term evaluation of the OP ETID; 19.10.2010	4	2	66 projects out of 111 could be implemented until 30.6.2015. Transport projects for strengthening gravitational influence of major urban centres, but opening of Slovenia internationally, the establishment of connections between major urban centres and the enhancement of traffic flow efficiency and mobility inside these conurbations. Environmental projects are in line with the needs. Despite delays, sustainable use of energy projects should be implemented as planned.	Mix of methods: 3 + 4	http://www.eu-skladi.si/skladi/crpanje-evropskih-sredstev/studije-in-vrednotenja/studije-in-vrednotenja-za-programsko-obdobje-2007-2013/vrednotenja-2007-2013/operativni-program-razvoja-okoljske-in-prometne-infrastrukture
Evaluation of measures for promoting entrepreneurship and competitiveness in Slovenia in the period 2004-2009 (partly priority orientations 1.1, 1.2); May 2012	2	3	Impacts of subsidies on business results vary from group to group, yet for most measures, the impacts are relatively short-lived, not very significant and appear primarily during the year of subsidy or soon after.	Mix of methods: 1 + 4	http://www.mgrt.gov.si/fileadmin/mgrt.gov.si/pageuploads/DPK/CRPi_2010/Koncno_porocilo_CRP_konkurencnost.pdf
Evaluation of measures for promoting research and development in business sector and in institutions of knowledge (only partly covering ERDF: partly priority orientation 1.1); October 2012	1	3	Effects and results of activities evaluated are positive, but there are still considerable unused potentials for innovation which are not addressed with the innovation policy.	Mix of methods: 3 + 4	http://www.eu-skladi.si/skladi/crpanje-evropskih-sredstev/studije-in-vrednotenja/studije-in-vrednotenja-za-programsko-obdobje-2007-2013/vrednotenja-2007-2013/operativni-program-krepitev-regionalnih-razvojnih-potencialov

Note: (*) Legend:

Policy area and scope: 1. RTDI; 2. Enterprise support and ICT; 3. Human Resources (ERDF only); 4. Transport; 5. Environment; 6. Energy; 7. Territorial development (urban areas, tourism, rural development, cultural heritage, health, public security, local development); 8. Capacity and institution building; 9. Multi-area (e.g. evaluations of programmes, mid-term evaluations); 10. Transversal aspects (e.g. gender or equal opportunities, sustainable development, employment)

Main objective and focus: 1. assess the arrangements and procedures for managing or administering programmes; 2. support monitoring, or check the progress made in implementing programmes, such as many mid-term evaluations; 3. assess the outcome or effects of programmes in terms of the results achieved and their contribution to attaining socio-economic policy objectives

Method used: 1. Counterfactual; 2. Cost-benefit analysis; 3. Other quantitative; 4. Qualitative.

Evaluations conducted are primarily focused on selected policies (entrepreneurship and competitiveness promotion, innovation policy) and only partly on the priority axes of OP SRDP. In the case of OP ETID the mid-term evaluation conducted in 2010 covered all priority axes.

In the first years (2009, 2010) evaluations were primarily focused on the arrangements and procedures for managing or administering programmes and to check the progress made in implementing programmes. Evaluations conducted in 2012 and planned for 2013 are focused more on assessing the outcomes or effects of programmes in terms of the results achieved, including providing recommendations for the period 2014-2020. Evaluations conducted are not primarily focused on the macroeconomic impacts of cohesion policy in Slovenia.

In general, the combination of qualitative methods and the use of statistical data prevail. Only in the case of Evaluation of measures for promoting entrepreneurship and competitiveness in Slovenia in the period 2004-2009 more advanced quantitative methods have been used (counterfactual). The focus of the analysis was on the impact of subsidies on business results and the dynamics of growth (both national and international), concentrating particularly on the following indicators: growth of sales, employment growth, value added, productivity, increase in average wages, capital intensity, and export growth and intensity. A statistically robust methodology was developed to evaluate the impacts, allowing for increased precision and robustness of the results (panel data analysis, propensity score matching, and coarsened exact matching). Econometric techniques, developed in this manner are further combined for the measures with smaller samples with questionnaire method and in-depth interviews of the recipients.

Evaluations conducted in the present programming period recognised considerable effects and some results of Cohesion policy interventions in the fields of RTDI and Enterprise support, but due to the limited number of evaluations conducted only limited information is available on the achievements and effects of other Cohesion policy interventions. There is still lack of evidence on: Territorial development (urban areas, tourism, rural development, cultural heritage, health, local development); ICT; Transversal aspects (e.g. gender or equal opportunities, sustainable development, employment) and on the macroeconomic effects of Cohesion policy interventions in the period 2007-2013.

Results of evaluations and their recommendations are fed into policy implementation (changes to the MIS), into design of new measures in the present programming period (Enterprise support) and into policy design for the period 2014-2020. The most influential evaluation was the Mid-term evaluation of the OP ETID, which has led to shifts in expenditures between priority axes and between projects. Changes of the OP ETID and OP SRDP were approved by the

EC in April 2011. Other evaluations have effects on the design of measures in the present programming period and policy design for the period 2014-2020.

Table 3 – Main characteristics of evaluations carried out in Slovenia in the period 2009-2012

Title	Influence on policy design	Independence and relevance (expert's assessment)	Priority axis
Evaluation of the "Regional development" priority axis of the OP SRDP (priority orientations 4.1, 4.2); 23.4.2009	Yes, effects on the eligibility of activities supported (roads were excluded in the following calls)	Yes	"Regional development" priority axis of the OP SRDP
Mid-term evaluation of the OP ETID; 19.10.2010	Yes, it has led to shifts in expenditures, because the list of projects had changed	Yes	OP ETID
Evaluation of measures for promoting entrepreneurship and competitiveness in Slovenia in the period 2004-2009 (partly priority orientations 1.1, 1.2); May 2012	Yes, influencing the design of measures in the present programming period and policy design for the period 2014-2020	Yes	Priority orientation 1.1. of the OP SRDP
Evaluation of measures for promoting research and development in business sector and in institutions of knowledge (only partly covering ERDF: partly priority orientation 1.1); October 2012	Yes, influencing the design of measures in the present programming period and policy design for the period 2014-2020	Yes	Priority orientation 1.1. of the OP SRDP

At the moment, only one evaluation is underway covering "Regional development" priority axis of the OP SRDP, with a focus on effectiveness, efficiency and sustainability of the priority axis. The evaluation should also analyse synergies between activities supported with the ERDF and other activities supported with national funds or the Rural Development Programme.

In the years to come, the MA is planning to continue with the implementation of the Evaluation Plan. For the remainder of the programming period, the following evaluations are planned:

1. Evaluation of the Priority Axis Integration of natural and cultural potentials.
2. Evaluation of the macroeconomic effects of Cohesion policy and synergy between OPs to deliver the Lisbon strategy.
3. Horizontal evaluations: sustainable development, equal opportunities.
4. Evaluation of equity capital measure.

An ex post evaluation of the present programming period is not planned. The evaluations conducted will serve as an input in the preparation of programming documents for the period 2014-2020.

After all evaluations will be conducted, more or less all important policy areas or issues will be covered, apart from ICT (priority orientation of the OP SRDP Information society 2.2.). In order to improve the quality of programming for the period 2014-2020, an update of the Mid-term evaluation of the OP ETID is proposed by the MA.

The evaluation of measures for promoting research and development in the business sector and in institutions of knowledge is proposed as an example of good practice and is summarised in

the annexed fiche. It is characterised by a mix of top-down and bottom-up methods: statistical analysis, questionnaires, in-depth interviews of the recipients and policy makers, case studies, evaluation matrices.

In general, evaluation activity in Slovenia is very limited (poor), because there is no systematic demand for evaluation work. EU regulations are the driver for the development of evaluation, nevertheless evaluation plan is implemented with a delay and many evaluations planned will not be implemented at all. Capacity for undertaking evaluations has been improving, especially on the supply side (experts available), therefore the quality of evaluations and the reliability of results are fair.

There is a need to promote evaluation as a vehicle for learning and improving future performance. That requires investing in an evaluation capacity development process (trainings, events) at both sides (demand, supply), sharing programme/project evaluations and lessons learned, and encouraging the use of evaluation in public decision-making (legal acts, promotion, trainings).

5. Further Remarks - New challenges for policy

Main points from previous country report:

- **Enterprise oriented measures:** It is important to monitor and evaluate new innovative measures tendered in 2009 and 2010 where the support of external experts (domestic, foreign) should be used as it has been done for the mid-term assessment of Centres of Excellence in 2011.
- **Transport:** The focus should be on a detailed assessment of the proposed projects. If the implementation of transport projects is not possible (especially railways), the reprogramming to other priority axis should be realised, especially to the efficient use of energy.
- **Environment and energy:** The advice is to elaborate further measures for the sustainable use of energy (demonstration projects). Demonstration projects could have substantial leverage effects on industry (emerging industries) and inhabitants.
- **Territorial development:** In tourism, emphasis should be laid on the further development of organisational structures for the common planning, development and marketing of tourist destinations. Common branding could improve the visibility of Slovene touristic destinations. As regards the Priority "Development of the regions", a greater focus should be on regional projects where municipalities and the business sector have common objectives (pilot projects).
- **CBC programmes:** In the next programming period the focus should be on thematic concentration, the synergy between projects, as well as the coherence with national regional policies. The inclusion of the business sector should be strengthened.
- **MIS:** The MA and the IBs should focus more on the content of development priorities and less on the formal control of projects (the costs of financial controls are high at the moment). Leadership, flexibility and cooperation between MA, IBs, PA and AA are necessary to successfully implement OPs and to avoid the loss of funds through the n+2 rule. Monitoring (indicators, steering committees) and evaluation of on-going projects

should be strengthened in order to enable effective and efficient programming for the period 2014-2020.

- **Financing:** Despite the budgetary constraints, EU-funded projects should remain a high priority. Additional national funds should be devoted to the preparation of an adequate documentation on transport and environmental projects in order to accelerate their implementation. The potential use of Public Private Partnerships (PPP) models in implementing Cohesion policy measures should be carefully assessed.

These recommendations remain valid and relevant. Many of them are in line with measures implemented in the year 2012.

In the next year implementation of OPs should take into account the “architecture” (common provisions) of Cohesion policy in the period 2014-2020. Pilot approaches (integration of different activities, specialization, and regional projects), preparation of new business models (PPP) and new forms of support (FEIs). Additional recommendations are the following:

- **Enterprise oriented measures:** It is important to assess effectiveness, efficiency and sustainability of measures in order to continue with similar projects in the next financial period 2014-2020. It is important to ensure continuous support to companies in order to ensure stability in terms of measures and instruments (new calls in 2013). Expanding the network of public/private support centres to foster entrepreneurial dynamism is an important part of structural reform in the field of innovation.³¹ ERDF budget should concentrate on measures to support innovation and R&D, the digital agenda, and the competitiveness of SMEs.
- **Transport:** It is important to accelerate the implementation of approved projects (railways, roads) in order to avoid a loss of Cohesion policy funds. If the implementation of transport projects is not possible (new passenger terminal at the Aerodrom Ljubljana), a reprogramming should be proposed.
- **Environment and energy:** It is important to accelerate the implementation of approved projects. If this is not possible, new “ready-to go” projects that could be completed until the end of 2015 should be supported. For the next programming period it is worth addressing problems related to old contaminated sites resulting from past industrial activities or from inadequate waste disposal and treatment.³²
- **Territorial development:** In tourism, emphasis should be laid on the further development of organisational structures for the common planning, development and marketing of tourist destinations. Common branding could improve the visibility of Slovene touristic destinations. In the last call of the Priority “Development of the regions” few regional projects should be supported. In the next period the allocation of EU funds at the NUTS 3 level should be avoided, because it supports co-financing of local projects (NUTS 5 level). It is important to start designing integrated urban policy to enhance sustainable urban development in order to strengthen the role of cities, where various dimensions of urban life – environmental, economic, social and cultural will be combined.

³¹ OECD Economic Surveys: Slovenia, 2013, p. 40.

³² OECD Environmental Performance Reviews: Slovenia, 2012, p. 17.

- **MIS:** In order to prepare comprehensive programming documents for the period 2014-2020, additional human resources are needed (internal, external). That requires political commitment and political support that are missing at the moment.
- **Financing:** The use of financial instruments in supporting sustainable urban development (JESSICA type of actions) could increase the effects of Cohesion policy measures in the next period.

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Interviews

Nena DOKUZOV	MA (Ministry of the Economic Development and Technology): Head of the Sector for managing Cohesion policy programmes
Iba ZUPANČIČ	MA (Ministry of the Economic Development and Technology): Sector for managing Cohesion policy programmes: Evaluation
Gregor PIRŠ	Ma (Ministry of the Economic Development and Technology): Sector for managing Cohesion policy programmes: Evaluation

Annex 1 - Evaluation grid for examples of good practice in evaluation

Evaluation Grid A - Vrednotenje ukrepov za spodbujanje raziskovalno razvojnih aktivnosti v gospodarstvu in institucijah znanja (Evaluation of measures for promoting research and development in business sector and in institutions of knowledge)

BASIC INFORMATION	
Country: Slovenia	
Policy area: (Enterprise support, RTDI, Transport, etc.): RTDI, Enterprise support (including ERDF co-financed activities and activities financed from domestic funds only),	
Title of evaluation and full reference: Vrednotenje ukrepov za spodbujanje raziskovalno razvojnih aktivnosti v gospodarstvu in institucijah znanja http://www.eu-skladi.si/skladi/crpanje-evropskih-sredstev/studije-in-vrednotenja/studije-in-vrednotenja-za-programsko-obdobje-2007-2013/vrednotenja-2007-2013/operativni-program-krepitev-regionalnih-razvojnih-potencialov	
Intervention period covered (2000-2006; 2007-2013; specific years): 2007-2011	
Timing of the evaluation (when it was carried out): 2010-2012	
Budget (if known):	
Evaluator: (External evaluator, internal evaluator, EC): External	
Method: (counterfactual analysis, process analysis, case study, econometric model, etc. indicate if a mix of methods): Mix of methods: statistical analysis, questionnaires, in-depth interviews of the recipients and policy makers, case studies, evaluation matrices.	
Main objectives and main findings: (very short description - 3-4 lines): The main objective of the evaluation was assessment of innovation-oriented measures in order to prepare innovation-related measure for the period 2014-2020. Priority orientations supported are relevant and relatively effective (indicators of effects and results are exhibiting successful mid-term achievement of results). Efficiency is not satisfactory, especially due to the institutional weaknesses of innovation policy. Administrative management is too often seen as more important than substantive goals of innovation policy. There are still considerable unused potentials for innovation which are not addressed with the innovation policy. There are also several aspects of innovation which remain out of sight of present innovation policy: social innovation, innovation of structures and organisations, institutional innovation.	
Appraisal: (Why you consider the evaluation an example of good practice: - 3-4 lines): Comprehensive approach, mix of methods, focus on synergy, findings clearly set out.	
CHECK LIST	
Score each item listed below from 0 to 2 as follows: 0: No; 1: Yes, but not fully; 2: Yes	
Report	
Are the objectives, methods and findings of the evaluation clearly set out?	2
Are the findings and recommendations clearly supported by the analysis?	2
Are the methods used suitable given the objectives of the valuation and have they been well applied?	2
Are the quantitative and qualitative data used reliable and suitable for the purpose of the evaluation?	2
Are the potential effects of other factors (e.g. the economic situation) on the outcome fully taken into account?	1
Is a serious attempt made to distinguish the effects of the intervention from these other factors?	1

Annex 2 - Tables

See Excel Tables 1-4:

Excel Table 1 – Regional disparities and trends

Excel Table 2 – Macro-economic developments

Excel Table 3 - Financial allocation by main policy area

Excel Table 3cbc - Financial allocation by main policy area – cross border cooperation

Excel Table 4 - Commitments by main policy area (by end-2012)

Excel Table 4cbc - Commitments by main policy area (by end-2012) – cross border cooperation

Annex Table A - Broad policy areas and correspondence with fields of intervention (FOI)

Policy area		Code	Priority themes	
1. Enterprise environment	RTDI and linked activities	01	R&TD activities in research centres	
		02	R&TD infrastructure and centres of competence in a specific technology	
		05	Advanced support services for firms and groups of firms	
		07	Investment in firms directly linked to research and innovation (...)	
		74	Developing human potential in the field of research and innovation, in particular through post-graduate studies ...	
	Innovation support for SMEs	03	Technology transfer and improvement of cooperation networks ...	
		04	Assistance to R&TD, particularly in SMEs (including access to R&TD services in research centres)	
		06	Assistance to SMEs for the promotion of environmentally-friendly products and production processes (...)	
		09	Other measures to stimulate research and innovation and entrepreneurship in SMEs	
		14	Services and applications for SMEs (e-commerce, education and training, networking, etc.)	
		15	Other measures for improving access to and efficient use of ICT by SMEs	
	ICT and related services	11	Information and communication technologies (...)	
		12	Information and communication technologies (TEN-ICT)	
		13	Services and applications for citizens (e-health, e-government, e-learning, e-inclusion, etc.)	
	Other investment in firms	08	Other investment in firms	
	2. Human resources	Education and training	62	Development of life-long learning systems and strategies in firms; training and services for employees ...
			63	Design and dissemination of innovative and more productive ways of organising work
64			Development of special services for employment, training and support in connection with restructuring of sectors ...	
72			Design, introduction and implementing of reforms in education and training systems ...	
73			Measures to increase participation in education and training throughout the life-cycle ...	

Policy area		Code	Priority themes
	Labour market policies	65	Modernisation and strengthening labour market institutions
		66	Implementing active and preventive measures on the labour market
		67	Measures encouraging active ageing and prolonging working lives
		68	Support for self-employment and business start-up
		69	Measures to improve access to employment and increase sustainable participation and progress of women ...
		70	Specific action to increase migrants' participation in employment ...
		71	Pathways to integration and re-entry into employment for disadvantaged people ...
		80	Promoting the partnerships, pacts and initiatives through the networking of relevant stakeholders
3. Transport	Rail	16	Railways
		17	Railways (TEN-T)
		18	Mobile rail assets
		19	Mobile rail assets (TEN-T)
	Road	20	Motorways
		21	Motorways (TEN-T)
		22	National roads
		23	Regional/local roads
	Other transport	24	Cycle tracks
		25	Urban transport
		26	Multimodal transport
		27	Multimodal transport (TEN-T)
		28	Intelligent transport systems
		29	Airports
30		Ports	
31		Inland waterways (regional and local)	
32		Inland waterways (TEN-T)	
4. Environment and energy	Energy infrastructure	33	Electricity
		34	Electricity (TEN-E)
		35	Natural gas
		36	Natural gas (TEN-E)
		37	Petroleum products
		38	Petroleum products (TEN-E)
		39	Renewable energy: wind
		40	Renewable energy: solar
		41	Renewable energy: biomass
		42	Renewable energy: hydroelectric, geothermal and other
		43	Energy efficiency, co-generation, energy management
	Environment and risk prevention	44	Management of household and industrial waste
		45	Management and distribution of water (drink water)
		46	Water treatment (waste water)
		47	Air quality
		48	Integrated prevention and pollution control
		49	Mitigation and adaption to climate change
		50	Rehabilitation of industrial sites and contaminated land

Policy area		Code	Priority themes
		51	Promotion of biodiversity and nature protection (including Natura 2000)
		52	Promotion of clean urban transport
		53	Risk prevention (...)
		54	Other measures to preserve the environment and prevent risks
5. Territorial development	Social Infrastructure	10	Telephone infrastructure (including broadband networks)
		75	Education infrastructure
		76	Health infrastructure
		77	Childcare infrastructure
		78	Housing infrastructure
	Tourism and culture	55	Promotion of natural assets
		56	Protection and development of natural heritage
		57	Other assistance to improve tourist services
		58	Protection and preservation of the cultural heritage
		59	Development of cultural infrastructure
		60	Other assistance to improve cultural services
	Planning and rehabilitation	61	Integrated projects for urban and rural regeneration
	Other	82	Compensation of any additional costs due to accessibility deficit and territorial fragmentation
		83	Specific action addressed to compensate additional costs due to size market factors
6. Technical assistance		84	Support to compensate additional costs due to climate conditions and relief difficulties
		81	Mechanisms for improving good policy and programme design, monitoring and evaluation ...
		85	Preparation, implementation, monitoring and inspection
		86	Evaluation and studies; information and communication