



**Expert evaluation network  
delivering policy analysis on the  
performance of Cohesion policy 2007-2013  
Year 2 – 2012**

**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 and Urban 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
- 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

Slovenia is currently in the second dip of a double-dip recession. Following the modest economic growth in the previous two years (according to the first annual estimate, real GDP growth for 2011 was revised upwards by 0.8 p.p.), a new contraction of economic activity is expected in 2012 (-2.0%) and in 2013, when GDP will decline further (-1.4%). 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. Problems in Slovene banking sector and the corporate sector's reliance on bank finance limit the economy's adjustment capacity.

Implementation of OPs was very limited in terms of new contracts signed in 2011. Only few public calls and projects were approved. The majority of activities were focused on the implementation of approved operations. The political crisis is one of the main reasons for this situation. Nevertheless, compared to the situation at the end of year 2010, the drawing of EU funds from EU Budget has accelerated. That is the consequence of the strategy implemented by the Managing Authority (MA) and Intermediate Bodies (IBs) in order to speed up the preparation of certified claims for reimbursement to the European Commission (EC).

The EC approved the changes of the Operational Programme 'Environmental and Transport Infrastructure Development (OP ETID) and Operational Programme Strengthening Regional Development Potentials (OP SRDP) in April 2011. After the mentioned redistribution the overall value of the OP ETID amounts to EUR 1,577 million and the overall value of the OP SRDP to EUR 1,768 million. More than EUR 300 million has been reprogrammed. In the framework of both mentioned Operational Programmes (OPs) almost EUR 196 million is intended for redistribution for the promotion of innovations and development-research projects.

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

According to the data available at the end of 2011, financial absorption of the OP SRDP was good due to the expenditure related to projects launched in the previous years (2007-2010). Therefore, the implementation of projects in the following policy fields Enterprise support and RTDI and Territorial development is in line with what was planned.

Implementation of OP ETID is still not satisfactory and had not changed considerably compared to 2010. Delays have been reported due to the same reasons as stated in the 2011 report. Additional reasons for delays are the following: first, bankruptcies of Slovenia's three largest construction companies have caused delays in the construction of approved projects, required new public tenders in order to select other construction companies, and increased the value of construction works; next, investments were not planned adequately. The situation is worst in the implementation of transport projects. Railway projects are the most critical, because no new projects were approved in the year 2011.

Implementation of Cross-Border Cooperation (CBC) programmes is well under way, especially in the case of Operational Programme Slovenia-Hungary 2007-2013(OP SI-HU) where by end-2011 the majority of ERDF funding was committed (90%). In the case of Operational

Programme Slovenia-Austria 2007-2013 (OP SI-AT) the implementation was slower, but at end-2011 84.3% of the ERDF funding available for the programme was committed. Due to the financial crisis, some project partners had significant liquidity problems and some operations were also subject to project partnership change. Therefore, also the reporting on the operations did not follow the indicative reporting plan prepared by the beneficiaries at the beginning of the operations.

At the end of 2011 the results from ERDF co-financed programmes became visible, because the majority of ERDF supported projects started in the period 2008-2010. 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 due to delays in implementation intended objectives or targets have not been achieved in particular policy areas, especially in transport.

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).

In the years 2011-2012 only one evaluation was completed concerning the entrepreneurship and competitiveness policy carried out in 2004-2009 and proposals for new measures and indicators ("Evalvacija izvajanja politike podjetništva in konkurenčnosti v obdobju 2004-2009 s predlogi novih ukrepov in kazalnikov ter sprememb obstoječih ukrepov in kazalnikov"). In the coming years the MA is planning to continue with the implementation of the Evaluation Plan.

Recommendations proposed in the 2011 country report still remain relevant for the years 2012 and 2013. MA and the IBs should focus more on the content of development priorities and less on the formal control of projects (costs of financial controls are at the moment high). Leadership, flexibility and cooperation between MA, IBs, Payment Authority (PA) and Audit Authority are needed in order 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. EU-funded projects should remain a high priority. Additional national funds should be devoted to the preparation of adequate project documentation for transport and environmental projects in order to accelerate their implementation.

In the next two years the implementation of OPs should take into account the infrastructure of Cohesion policy in the period 2014-2020. Pilot approaches (integration of different activities, specialization, regional projects), new business models (Public Private Partnerships (PPP)) and new forms of support (Financial Engineering Instruments (FEIs)) implemented in the next years could increase the effects of Cohesion policy measures in the next period.

## 1. THE SOCIO-ECONOMIC CONTEXT

Main points from previous country report:

- Slovenia has had a high rate of GDP growth since 2000.
- The Slovenian economy has been hit hard by the international financial crisis, leading to a severe fall in external demand and the deterioration of financing conditions for the real sector. The recession 2009 led to a negative GDP growth of 8.1% in 2009.
- In 2010, Slovenia's GDP rose by 1.2%, thus recording a slower recovery than the euro area as a whole (1.7%).
- The pace of the economic recovery is also held back 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 is reacting to the economic cycle with a considerable time-lag and employment continued its downward trend in 2010. The employment rate fell from 73% in 2008 to 70.3% in 2010. In 2010, the unemployment rate continued to increase as a result of the economic crisis, but it remained below the EU average.
- The general government deficit narrowed only marginally in 2010, remaining at a high level (5.6% of GDP).
- The differences among Slovene regions regarding GDP in the 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 (Koroška, Zasavska, Spodnjeposavska, Savinjska, Zasavska and Pomurska region) are affected more than others.

### Changes in the macro-economic context

In the year 2011 Slovenia achieved 84% of the EU-27 average GDP per capita in purchasing power standards comparing to 91% in 2008. Slovenia is currently in the second dip of a double-dip recession. Following the modest economic growth in the previous two years (according to the first annual estimate, real GDP growth for 2011 was revised upwards by 0.8 p.p.), the Institute of Macroeconomic Analysis and Development (IMAD) expects a new shrinkage of economic activity in 2012 (-2.0%). In 2013 economic activity will continue to shrink. GDP will decline further (-1.4%)<sup>1</sup>.

The labour market remained constrained at the end of 2011 and at the beginning of 2012. Compared to the previous year (2010), the number of unemployed men grew by 11.5% and the number of unemployed women by 8.6%. As in the previous year, the reasons for such a situation have been the following: cutting jobs due to bankruptcies, dismisses from employment, persons who finished education and could not get a job, etc. On average, in 2011 there were 110,692 registered unemployed persons in Slovenia, which is just over a tenth more than in the previous year<sup>2</sup>. During the year, employment declined most notably in construction

<sup>1</sup> Autumn Forecast of Economic Trends 2012, 2012, p. 3.

<sup>2</sup> Rapid Reports No. 10/2012, p.4.

and market services, while the drop in manufacturing was smaller than in the preceding two years. The decline in employment has been moderated somewhat this year, but next year the labour market situation will worsen more notably again<sup>3</sup>.

Unlike in most EU countries, the general government deficit in Slovenia grew somewhat in 2011 and reached the highest level since 1995. After remaining at a relatively high level (around 6% of GDP) in 2009 and 2010, the deficit grew somewhat again in the year 2011 and totalled 6.4% of GDP<sup>4</sup>.

The volume of domestic bank loans to domestic non-banking sectors is shrinking; enterprises, Non-Financial Institutions (NFIs) and banks are deleveraging abroad; the quality of bank assets continues to deteriorate<sup>5</sup>.

### **Changes in regional disparities**

In 2011, the registered unemployment rate increased in all regions except Pomurska, even if this region still has the highest registered unemployment rate<sup>6</sup>. In all other statistical regions the registered unemployment rates in 2011 have been growing faster than in 2010<sup>7</sup>. Regional disparities in the registered unemployment rate decreased in 2011. The numbers of long-term unemployed persons, unemployed older workers and unemployed persons with higher education increased most sharply in 2011.

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<sup>8</sup>. They are dominated by low value added industries, including textiles, construction, agriculture, mining and others which have been increasingly exposed to competitive pressures. 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. According to the data available (unemployment rate), Slovene regions are not recovering at the moment, because modest GDP growth does not lead to new jobs. It is expected, that the labour market situation will worsen in 2012 and 2013, because labour market adjustment does not take place through employment to such an extent as it was expected at the beginning of the year 2012<sup>9</sup>.

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 national level.

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<sup>3</sup> Autumn Forecast of Economic Trends 2012, 2012, p. 5.

<sup>4</sup> Economic Mirror, April 2012, p. 8.

<sup>5</sup> Economic Mirror, July-August 2012, p. 3.

<sup>6</sup> Poročilo o razvoju 2012, 2012, p.231.

<sup>7</sup> <http://www.stat.si/doc/statinf/07-si-009-1201.pdf>

<sup>8</sup> Informacija o poslovanju gospodarskih družb v Republiki Slovenije v letu 2011, 2012, p. 20.

<sup>9</sup> Autumn Forecast of Economic Trends 2012, 2012, p. 5.

## 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 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.
- 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. The amendments were proposed under the motto: *From Walls to Innovation, Jobs and Sustainability* and sent to the EC into approval. The EC approved the proposed amendments in April 2011.
- 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.
- Limited number of development priorities chosen at the beginning of the period 2007-2013 allows 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 is focused on the “enterprise environment” (including grants for innovative projects, support for R&D infrastructure, support of networks, FEI, ...), 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%.

Due to the changed socioeconomic conditions (negative economic developments in 2009 and 2010, credit crunch, low competitiveness of the business sector, constraints on public finance, increasing regional disparities) and delays in implementing OP ETID, reprogramming of OP ETID and OP SRDP had been proposed.

The European Commission approved the changes of the OP ETID and OP SRDP in April 2011. After the mentioned 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.



**Table 1 – Reprogramming of OP ‘Strengthening Regional Development Potentials’ and OP ‘Environmental and Transport Infrastructure Development’: New Budget (EUR million)**

| OP SRDP   |                 |                       |                           |                |                     |
|---|-----------------|-----------------------|---------------------------|----------------|---------------------|
| Priority Axis   | EU Contribution | National co-financing | Total Public Contribution | New budget     | Difference to TOTAL |
| 1. Competitiveness and research excellence                    | 402.1           | 71.0                  | 473.1                     | 703.7          | 230.6               |
| 2. Economic-development infrastructure                        | 396.9           | 70.0                  | 467.0                     | 317.0          | -150.0              |
| 3. Integration of natural & cultural potentials               | 263.2           | 46.5                  | 309.7                     | 297.9          | -11.8               |
| 4. Development of regions                                     | 619.4           | 109.3                 | 728.8                     | 728.8          | 0.0                 |
| 5. Technical Assistance                                       | 28.0            | 4.9                   | 32.9                      | 32.9           | 0.0                 |
| <b>TOTAL</b>  |                 |                       | <b>2,011.5</b>            | <b>2,080.3</b> | <b>68.8</b>         |
| OP ETID   |                 |                       |                           |                |                     |
| Priority Axis   | EU Contribution | National co-financing | Total Public Contribution | New budget     | Difference to TOTAL |
| 1. Railway infrastructure (Cohesion Fund-public)              | 449.6           | 79.3                  | 528.9                     | 528.9          | 0.0                 |
| 2. Road and port infrastructure (Cohesion Fund-public)        | 241.4           | 42.6                  | 284.0                     | 259.9          | -24.0               |
| 3. Transport infrastructure (ERDF-public)                     | 224.0           | 39.5                  | 263.6                     | 194.7          | -68.8               |
| 4. Management of municipal waste (Cohesion Fund-public)       | 205.6           | 36.3                  | 241.8                     | 183.0          | -58.8               |
| 5. Environment protection-water sector (Cohesion Fund-public) | 325.5           | 57.4                  | 382.9                     | 462.3          | 79.3                |
| 6. Sustainable use of energy (Cohesion Fund-public)           | 159.9           | 28.2                  | 188.1                     | 188.1          | 0.0                 |
| 7. Technical assistance (Cohesion Fund-public)                | 29.7            | 5.2                   | 34.9                      | 38.5           | 3.5                 |
| <b>TOTAL</b>  | <b>1,635.6</b>  | <b>288.6</b>          | <b>1,924.2</b>            | <b>1,855.4</b> | <b>-68.8</b>        |

The OP ETID funds are primarily allocated to the modernisation of construction of the infrastructure in the field of environment and transport and to a lesser extent – in the amount of EUR 160 million – for projects in the field of sustainable energy. The mentioned programme is the basis for drawing on the Cohesion Fund and the ERDF (EUR 165 million). With the redistribution within the programme additional EUR 20 million are allocated to the environment so the overall value of the funds for the environmental projects amounts to EUR 548 million. Most of the funds of the OP ETID, i.e. EUR 836 million, are still allocated for projects in the field of transport. Specifically, the greatest share – about EUR 449 million – is meant for projects in the field of railway infrastructure, EUR 220 million for road and maritime infrastructure and about EUR 165 million for transport infrastructure (ERDF). Within the environmental projects the majority of the funds, i.e. EUR 392.9 million (before EUR 325.4 million) is allocated to waters (discharge and treatment, drinking water supply and flood safety). The funds for communal waste management were reduced by about a quarter; for these purposes EUR 155.5 million is ensured (before EUR 205.5 million).

In the framework of the OP SRDP, EUR 598.1 million is allocated for the competitiveness and research excellence (an increase by almost EUR 196 million or around 48%). The resources for economic development infrastructure were decreased by EUR 127.5 million (now amounting to EUR 269.5 million); the funds for connecting natural and cultural potentials decreased by EUR

10 million (now amounting to EUR 253.2 million). The OP SRDP funds are also allocated to the development of regions (EUR 619.4 million) and technical assistance (EUR 28 million).

Priorities of the OP SI-AT and OP SI-HU did not change in 2011.

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, environmental policy and others. Supplementary budget in 2011 has preserved EU-funded investments untouched.

There are no specific measures co-financed by the ERDF tackling the problems of youth unemployment, because they are supported by the ESF only.

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, 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. 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 (Venture Capital (VC)) and debt financing instruments (guarantees, guarantees with subsidized interest rates, loans and mezzanine capital)<sup>10</sup>.

## **POLICY IMPLEMENTATION<sup>11</sup>**

Main points from previous country report:

- According to the data available at the end of 2010, financial absorption of the OP 'Strengthening Regional Development Potentials' was even better than was originally planned. The majority of funds was committed in the years 2007-2010. The economic crisis influenced the behaviour of the business sector, but in general projects approved in the year 2009 have been implemented in line with what had been planned. There were delays in the implementation of some measures such as investments in higher education and research infrastructure (Faculty of Chemistry and ICT Ljubljana, Faculty of Medicine of Maribor).
- Implementation of OP ETID is still not satisfactory, but is improving at least in some Priority axes as Environment protection – water sector and Sustainable use of energy. Delays have been reported first of all due to: bureaucratic and administrative deferrals in preparing planning legislation, problems with public procurement (reviews of public procurement award procedures usually lead to projects being postponed for months or even years) in the case of transport and environmental projects, problems of inclusion of

<sup>10</sup> For more information see the 2012 EEN policy paper on FEIs.

<sup>11</sup> The indicators used in this section come from the AIR for 2011, which relate to the situation up to the end of 2011. A more up-to-date view of the aggregate position (though not of the situation in the different policy areas) is presented in the Synthesis Report for 2012 of the Expert evaluation network delivering policy analysis on the performance of Cohesion policy 2007-2013 which is based on data for payments from the ERDF and Cohesion Fund up to the end of 2012, i.e. after the present report was completed.

municipalities with respect to waste management in some cases (Gorenjska region, Goriška region, Coastal-Karst region, Notranjsko-kraška region), problems with the co-financing ability of municipalities and insolvency problems of Slovene construction companies (delay in construction of approved projects), and problems with land acquisition.

- Implementation of CBC programmes is well under way, especially in the case of OP SI-AT, where the majority of funds has already been committed (84%). Due to the financial crisis, some project partners had significant liquidity problems and some operations were also subject to project partnership change.

Implementation of OPs was very limited in terms of new contracts signed in the year 2011. Only few public calls and projects were approved. The majority of activities was focused on implementation of approved operations. Political crisis is one of the main reasons for this situation. On 4<sup>th</sup> December 2011 the first early general elections took place in Slovenia. 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 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 are 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 managing and implementation system. The PA (Ministry of Finance) and the independent Financial Control Body (Ministry of Finance, Budget Supervisory Office) remained the same.

Compared to the situation at the end of year 2010 the drawing of EU funds from EU Budget has accelerated. That is the consequence of strategy implemented by the MA and IBs to speed up the preparation of certified claims for reimbursement to the European Commission. With a view to shortening the time lag, the Minister of Finance in 2010 demanded that the IBs prepare relevant documentation and send it to the Certifying Authority (CA) within 30 days after the payment from the national budget. The Court of Audit calculated that on average it takes as long as one year and a half from the payment from the national budget to the refund. In some instances, the time lag was even several years. Nevertheless, two thirds of payments from the national budget are refunded within six months<sup>12</sup>.

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 policy. The data which the MA retrieved from the information system were not complete and sometimes also incorrect. Such data cannot represent an adequate basis for sound management and monitoring of the Cohesion policy implementation. Specific reports, predefined in the information system, do not enable the ministries to monitor the implementation of the Cohesion policy, so the majority of them keep additional records. Moreover, this information system is not in line with the information system of the CA, used for the preparation of the certified statements of expenditure and applications for payment, which have to be presented to the EC and are considered the basis for the transfer of funds from the

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<sup>12</sup> European Cohesion policy implementation system in the Republic of Slovenia for the programming period 2007-2013: audit summary, 2012, p. 2.

European budget. Reconciliation of data from both information systems leads to additional work and delays in the certification of expenditure<sup>13</sup>.

In order to accelerate the implementation several initiatives have been undertaken as follows: introduction of operational and ministerial meetings; 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 European Commission; available co-financing from the state budget; and others. Nevertheless, due to the complexity of the system and excessive regulations the Management and Implementation System (MIS) is very rigid. Due to the system's complexity, changes in the upper segment of the MIS structure implied also changes in the lower segments, and the latter were hard to achieve and/or to implement. Moreover, due to numerous and over-restrictive regulations, the flexibility of operational work strongly decreased. Also the Court of Audit of the Republic of Slovenia is of the opinion that the Cohesion policy implementation system in the Republic of Slovenia should be more efficient.<sup>14</sup>

According to the data available at the end of 2011, financial absorption of the OP SRDP was successful due to the expenditure related to projects launched in the previous years (2007-2010). After reprogramming, additional EUR 68 million (EU and national) has been allocated to the OP SRDP, therefore the data are not completely comparable with the data from 2011 national report. Additionally to the investments in higher education and research infrastructure (Faculty of Chemistry and ICT Ljubljana, Faculty of Medicine of Maribor) only few tenders were announced in 2011 (support to construction and maintenance of broadband networks in local communities, guarantees for bank loans with interest rate subsidies) and few projects approved directly (project Nordic Centre Planica – 1st phase, project "Infrastructure of Metrology System"). Until the end of 2011 the OP SRDP implementation progress was as follows:

1. Tendered funds: EUR 1,754.5 million or 84.3% of available EU funds as determined in the OP SRDP for the period 2007-2013 and 118.6% for the period 2007-2011.
2. Allocated funds: EUR 1,752.9 million or 84.3% of available EU funds as determined in the OP SRDP for the period 2007-2013 and 118.5% for the period 2007-2011.
3. Signed contracts accounted for EUR 1,655.8 million or 79.6% of available funds as determined in the OP SRDP for the period 2007-2013 and 111.9% for the period 2007-2011.
4. In total, EUR 1,142 million were paid out from the budget representing 54.9% of available funds as determined in the OP SRDP for the period 2007-2013 and 77.2% for the period 2007-2011.
5. Claims for reimbursement submitted to the Paying authority amounted to EUR 805.8 million (EU part) or 45.8% of available funds as determined in the OP SRDP for the period 2007-2013 and 64.4% for the period 2007-2011.

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 2011 report. Additional reasons for delays are as follows: first, the bankruptcy of Slovenia's three largest construction companies has caused delays in the construction of approved projects, required new public tenders in order to select

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<sup>13</sup> European Cohesion policy implementation system in the Republic of Slovenia for the programming period 2007-2013: audit summary, 2012, p. 2.

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

other construction companies, and increased the value of construction works; next, investments have not been planned adequately. The worst situation is in the implementation of transport projects. Railway projects are the most critical, because no new projects were approved in 2011. Projects are still in the phase of preparation, therefore the implementation of projects proposed is still uncertain. Investments in the railway infrastructure were not planned adequately. In the case of preparation phase and the construction of the new, Divača-Koper line, documentation prepared was not in line with regulations and thus did not ensure a preliminary content assessment of the adequacy of the project<sup>15</sup>. Despite these problems, implementation accelerated in the end of 2010 and in the first part of 2011. At the end of 2011 the situation was as follow:

1. Allocated funds: EUR 1,065.3 million or 57.4% of available EU funds as determined in the OP ETID for the period 2007-2013 and 102.5% for the period 2007-2011.
2. Signed contracts accounted for EUR 595.5 million or 32.4% of available funds as determined in the OP ETID for the period 2007-2013 and 57.9% for the period 2007-2011.
3. In total, EUR 377.4 million were paid out from the budget representing 20.3% of available funds as determined in the OP ETID for the period 2007-2013 and 36.3% for the period 2007-2011.
4. Claims for reimbursement submitted to the Paying authority amounted to EUR 279.8 million (EU part) or 17.7% of available funds as determined in the OP ETID for the period 2007-2013 and 31.7% for the period 2007-2011.

Implementation of CBC programmes is well under way, especially in the case of OP SI-HU, where the majority of funds has already been committed (90%). As for the OP SI-AT, the implementation was slightly slower: by the end of 2011 84.3% of the funds had been committed. Due to the financial crisis, some project partners had significant liquidity problems and some operations were also subject to project partnership change. Therefore, also the reporting on the operations did not follow the indicative reporting plan prepared by the beneficiaries at the beginning of the operations.

## ACHIEVEMENTS OF THE PROGRAMMES SO FAR

Main points from previous country report:

- At the end of 2010 the results from ERDF co-financed programmes were relatively scarce, because most of the supported projects were still in the implementation phase or were completed in 2010. Moreover there is little or no evidence on outcomes from evaluation since none of the evaluations conducted for the period 2007-2013 are related to the activities financed from ERDF, with the exception of Development priority "Transport infrastructure - ERDF".
- The outcomes of OP SRDP are more or less in line with established targets or policy objectives. Due to the effects of the economic crisis, the number of new gross jobs fell short of the planned number, therefore in the amended OP SRDP the number decreased at the OP level (from 11,600 to 8,800) and at the level of priorities. Targets related to the size of supported business areas are not achieved, because only one logistics centre is

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<sup>15</sup> Public Railway Infrastructure Development: Summary of the audit report, 2010, p. 1-2.

supported. The comprehensive approach to tourism proved effective. Number of overnight stays increased from 7.6 million in the year 2007 to 8.9 million in 2010, partially as a result of ERDF support. The induced investments (EUR 304.3 million) have achieved the established target and 541 gross jobs were created until the end of 2010. In 2010 the Ministry of Economy supported the creation of regional tourist destinations and supported the promotion of thematic tourist products. 9 cultural heritage/public cultural heritage infrastructure facilities were renovated and almost 60,000 people visited the renovated facilities. Almost 85,000 sq. m. of new and renovated sporting and recreational areas were built/renovated. The priority "Regional development programmes" includes and links the measures which are in the Development Programmes related to self-governing local communities. In 2010 additional 169 operations were approved (656 operations in total in the period 2007-2013) and roads and environmental infrastructure constructed (sewage systems, better and safer water supply).

- The situation is different in OP ETID, where implementation was not satisfactory. At the moment outcomes of projects completed are in line with expectations. Some outcomes have been modified in the amended OP ETID due to: underestimated value of investments in environmental projects; increased intensity of support in projects for the sustainable use of energy; and the better elaboration of transport projects (railway). Some new investments are proposed (new passenger terminal at the Airport of Ljubljana) and some cancelled (construction of an operational coastline in the Port of Koper). The final outcomes to a large extent depend on projects that will be implemented in the next years.

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), nevertheless information included in the Annual Implementation Report (AIR) 2011 enables assessment of achievements of the programmes until the end of 2011 that were the following:

- Enterprise support and RTDI: Slovenia earmarked a substantial share of Structural Funds for research and innovation (especially after changes in OPs). After financing of "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 period 2007-2011 476 RTD projects were supported and 1,504 new jobs were created (4,100 planned). Number of innovations reported/patent applications filed in was 549 (180 planned) and EUR 991.4 million induced. Special focuses of ERDF support are SMEs. 2,034 projects for SMEs (800 planned) and 8 start-ups (21 planned) were supported, but significant effects of equity financing in the short term should not be expected. New innovative measures, especially Centres of excellence already achieved significant outputs, but more will be achieved in the next years. Indicators achieved are more or less in line with the values planned. In the years 2011 and 2012 a construction of education-research infrastructure has started, therefore achievements could be expected in few years' time. In telecommunications, co-financing of 50 R&D projects in

e-services and e-content, selected in 2009, have been implemented (30 planned). 12 projects supporting construction and maintenance of broadband networks in local communities were finished during 2010, 6,534 new internet connections built and 39,573 of additional population covered by broadband access as a consequence of co-financed activities (30,000 planned). In the year 2011, five new projects supporting construction and maintenance of broadband networks were selected.

- Human Resources: In 2011 ERDF support for a few investment measures (information infrastructure) for the OP “Human Resources Development” 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.
- Transport: Few road projects had been completed by the end of 2011, including highways, national roads and a network of cycling routes. The completed highways have already decreased congestion on main routes and enabled time saving. Values for time saving in Euro/year stemming from investments in highways (EUR 39.8 million) exceed the planned value of EUR 39 million.
- 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.
- Territorial development (urban areas, tourism, rural development, cultural heritage, health, public security, local development): The comprehensive approach to tourism proved effective. Number of overnight stays increased from 7.6 million in the year 2007 to 9.4 million in 2011, partially as a result of ERDF support. 144 tourism projects supported in the period 2007-2011 have achieved the target set, 8,569 beds were created (5,000 planned), but investments induced (EUR 227.8 million) are below the target value of EUR 373 million. 611 gross jobs were created until the end of 2011 out of 1,000 planned. 15 cultural heritage/public cultural heritage infrastructure facilities were renovated and more than 220,000 visitors visited the renovated facilities. More than 91,000 sq. m. of new and renovated sporting and recreational areas were built/renovated. The priority “Regional development programmes” includes and links the measures which are in the Development Programmes related to self-governing local communities. Indicator reported in previous annual reports (913 gross jobs created until the end of 2010) seem to be overestimated and indicator was removed from the updated version of OP SRDP. The results of a few hundred of operations, which are primarily focused on construction of local infrastructure, are 70,000 inhabitants ( as planned) having access to improved and safer water supply, and more than 30,000 inhabitants (60,000 planned) connected to sewage systems in agglomerations of less than 2,000 people per sq. km.
- CBC: OP SI-AT2007-2013 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 are still in the implementation phase, therefore actual success of the programme will be seen at the end of the financial period (after 2015). Due to the financial crisis some project partners had significant

problems with liquidity and some operations were also subject to project partnership change. For both OPs it is valid, that for the majority of indicators on programme level a high target value was defined at the start of the programme, therefore the target values in the OP will be difficult to reach, the number of approved operations is not as high as it was planned at the time when the Programme was approved<sup>16</sup>. In the future the Joint Technical Secretariat (JTS) of the OP SI-HU 2007-2013 will take into consideration the change of table with indicators.<sup>17</sup>

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.

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) hinders programming and monitoring of OPs.

In relation to the measures taken to mitigate the credit crunch, 13 start-ups were supported and 910 applications for long-term loan guarantees were approved (EUR 159 million) by September 2012. It is expected that 340 new jobs will be created before the end of 2015.

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<sup>16</sup> 2011 AIR of OP SI-AT2007-2013, 2012, p. 15.

<sup>17</sup> 2011 AIR OP SI-HU2007-2013, 2011, p. 27.



**Table 2 – Effects of interventions by policy area in the period 2007-2011**

| Policy area  | Main indicators   | Outcomes and results |
|--|---|----------------------|
| Enterprise support and RTDI including ICT<br>Increased access to finance by SMEs   | No. of gross jobs created   | 1,504                |
|  | No. of RTD projects   | 476                  |
|  | No. of supported companies  | 710                  |
|  | No. of innovations/patents  | 549                  |
|  | Investment induced – cumulative (EUR million)   | 991.4                |
|  | No. of supported projects for SMEs  | 2,034                |
|  | No. of start-ups supported  | 8                    |
| Human Resources (ERDF only)<br>Youth unemployment (ERDF only)  |   | No visible effects   |
| Transport and telecommunication  | No. of transport projects   | 19                   |
|  | Value of time saving from investment in roads including motorways (EUR million/year)                              | 40.0                 |
|  | Km of new highways  | 52.4                 |
|  | Km of new and reconstructed railways  | 23.7                 |
|  | No. of new internet connections   | 6,534                |
|  | No. of additional population covered by broadband access as a consequence of co-financed activities               | 39,573               |
| Environment and energy   | No. of co-financed regional waste disposal centres  | 6                    |
|  | Reduction in greenhouse emissions (CO <sub>2</sub> and equivalents, kt)   | 27                   |
| Territorial development (urban areas, tourism, rural development, cultural heritage, health, public security, local development) | Gross jobs created in tourism   | 610.5                |
|  | No. of tourist overnight stays (million)  | 9.4                  |
|  | No. of tourism projects   | 144                  |
|  | No. of beds created   | 8,569                |
|  | No. of renovated cultural heritage and public cultural heritage infrastructure facilities                         | 15                   |
|  | Increase in no. of visitors in renovated cultural heritage and public cultural heritage infrastructure facilities | 220,060              |
|  | Investments induced in tourism (EUR million)  | 227.8                |
|  | New and renovated sporting and recreational areas (sq. m.)  | 91,328               |
|  | Population connected to sewage systems in agglomerations of less than 2,000 people per sq. km.                    | +30,219              |
|  | Population with access to improved and safer water supply   | +70,282              |

### 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.

### Main points from previous country report:

- Enterprise oriented measures, co-financed by the Structural Funds, provided support for the restructuring of the business sector, supported SMEs with limited access to loans (guarantees, favourable loans for enterprises) and had also positive effects on the number of people employed<sup>18</sup>.
- In human resource development, the relatively small amount of funds provided has not had significant direct effects.
- In transport and telecommunications, as well as in the environment and energy, delays in implementation mean that there have been limited effects up until now. 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 Territorial development, due to the early start of implementation (first calls in 2007), effects of interventions are visible, especially in tourism and at the regional level. ERDF co-financed projects are strengthening the role of tourism in the Slovene economy. Tourism is becoming one of the leading sectors of Slovene economy and thus makes a major contribution to the achievement of the Slovene development objectives in terms of GDP growth, new jobs/employment growth, balanced regional development, strengthening the cultural identity and increasing the recognisability of the country. Projects co-financed at the regional level are improving the quality of life of the local population, but the effects on the competitiveness of Slovene regions are relatively minor, due to the lack of regional projects.

### Effects of interventions at the end of 2011 are as follows:

- 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. RTD projects supported require strategic thinking, development of closer cooperation between public R&D institutions, universities and the business sector<sup>19</sup>. During the recession, ERDF funds enabled the government to prevent a slowdown in business sector investment in R&D<sup>20</sup> (not only in large companies) and to support SMEs with limited access to loans (guarantees, favourable loans for enterprises) in order to overcome liquidity crisis caused by the credit crunch. As regards the implementation of the equity financing part of PFEI, due to the early phase of implementation, no effects have been identified until this evaluation, but the instrument already have very positive effects on the VC market in Slovenia and on the performance of supported SMEs (the creation and growth of new, high-potential firms, innovation spill-overs, economic growth, job creation). Use of FEIs enables the reduction of financial gap for SMEs (there is lack of equity financing and specialized debt financing for fast-growing SMEs),

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<sup>18</sup> Bučar Maja et al.: Učinkovitost ukrepov Ministrstva za visoko šolstvo, znanost in tehnologijo za spodbujanje inovacij in tehnološkega razvoja v slovenskih podjetjih v letih 2005–2007, 2009, p. 6.

<sup>19</sup> 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. 2.

<sup>20</sup> 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.

financial support through qualified financial intermediaries, multiplication of public funds, development of VC market and orientation towards innovative enterprises. 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. One of the recommendations of experts from the European Research Area Committee (ERAC) is that Slovenian R&D and innovation policy needs to better address funding priorities. There is a need for more focus and critical mass<sup>21</sup>. The evaluation of the impact of Centres of Excellence on the business sector in the period 2004 to 2006 showed that in many centres cooperation with the business sector has intensified, especially in the joint exploitation of the research equipment. Independent assessment of all Centres of Excellence shows that they provide excellent scientific results and improve collaboration of the partners. New model used (public-private partnership approach) enables transparency and represents good practice for the next financial period. All these positive changes are expected to have, if the support is maintained over a longer period of time, spill-overs in improved technological level of the business sector<sup>22</sup>. 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. Nevertheless measures of sustainable use of energy have increased energy saving in the public sector and have only partially promoted development of renewable energy sources. As a consequence reductions in greenhouse emissions (CO<sub>2</sub> and equivalents, kt) are expected.
- In Territorial development effects of interventions are visible, especially in tourism and at the regional level. Tourism is becoming one of the leading sectors of Slovene economy and 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 Slovene regions are relatively minor, due to the lack of regional projects<sup>23</sup>.

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).

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<sup>21</sup> Bučar Maja: Mini Country Report: Slovenia, 2011, p. 8.

<sup>22</sup> Mešl Mateja, Bučar Maja: Evalvacija gospodarske relevance rezultatov in programov centrov odličnosti. Ljubljana: Koncept, 2008, p. 2-3.

<sup>23</sup> Vrednotenje četrte razvojne prioritete 'Razvoj regij' Operativnega programa krepitve regionalnih razvojnih potencialov za obdobje 2007– 2013 (Evaluation of the "Regional development" priority axis of the OP SRDP Ljubljana: Pitija, 2009, p. vi.

#### 4. EVALUATIONS AND GOOD PRACTICE IN EVALUATION

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:

1. Evaluation of the "Regional development" priority axis of the OP SRDP (ERDF) was completed in April 2009, and
2. 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 work. Evaluation is not linked to the budget process nor to policy debates & choices. Nevertheless, evaluations conducted in the framework of Cohesion policy are very often an important input into the policy-making process.

In addition to the evaluation carried out in the years 2004-2010 one evaluation was completed in the year 2012: "Evalvacija izvajanja politike podjetništva in konkurenčnosti v obdobju 2004-2009 s predlogi novih ukrepov in kazalnikov ter sprememb obstoječih ukrepov in kazalnikov". The assessment grid is presented in the Annex 1.

**Table 3 – Evaluations carried out in Slovenia in the period 2011-2012**

| Title and date of completion  | Policy area and scope (*) | Main objective and focus (*) | Method used (*)         | Main findings   | Full reference or link to publication   |
|---|---------------------------|------------------------------|-------------------------|---|---|
| Evalvacija izvajanja politike podjetništva in konkurenčnosti v obdobju 2004-2009 s predlogi novih ukrepov in kazalnikov ter sprememb obstoječih ukrepov in kazalnikov | 1, 2                      | 3                            | Mix of methods<br>1 + 4 | 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. | <a href="http://www.mgrt.gov.si/fileadm/n/mgrt.gov.si/pageuploads/DPK/CRPi_2010/Koncno_porocilo_CRP_konkurencnost.pdf">http://www.mgrt.gov.si/fileadm/n/mgrt.gov.si/pageuploads/DPK/CRPi_2010/Koncno_porocilo_CRP_konkurencnost.pdf</a> |

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.

The Evaluation of measures for supporting entrepreneurship and competitiveness was published<sup>24</sup> in March 2012. The analysis presents a comprehensive evaluation of the policies in

<sup>24</sup> Jaklič Andreja et al.: Evalvacija izvajanja politike podjetništva in konkurenčnosti v obdobju 2004-2009 s predlogi novih ukrepov in kazalnikov ter sprememb obstoječih ukrepov in kazalnikov (Evaluation of measures for promoting entrepreneurship and competitiveness in Slovenia in the period 2004-2009). Ljubljana: Fakulteta za družbene vede. 2012, 249 p.

the field of entrepreneurship and competitiveness promotion during the period 2004 to 2009. It provides an overview of economic policy measures' development during this period and organises the measures into five groups: i) support through voucher schemes; (ii) grants for R&D and technology investments; (iii) grants for networking, innovation support and development of human resources; (iv) FEIs (interest rate subsidies and credit guarantees) as well as (v) promotion of internationalisation of enterprises. The business results within five years before and after receiving a subsidy were evaluated using different methods for all enterprises - recipients of subsidies - in the first four groups.

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. Mix of methods was used: counterfactual analysis combined with questionnaires and in-depth interviews of the recipients.

The 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. The promotion of competitiveness through the analysed measures is thus still in its infancy, since the impact on recipients' business results is relatively weak.

The analysis of FEIs (interest rate subsidies and credit guarantees) has shown that usually "good" companies were supported, namely those that according to financial indicators were above the Slovene average. We can assume, that due to the SMEs financing gap also "good" SMEs are interested to get public support. Effects were very positive one year after receiving the funds and recipients showed an above-average performance compared to non-recipients in terms of value added (additional EUR 40,000), higher sales (additional EUR 280,000), higher salaries and number of employees (on average additional 2 new employees in 4 years). Nevertheless, the effects were/are very short-lived. Evaluation results are very much in-line with the results of the analysis conducted by the Slovene Enterprise Fund (SEF) which is based on a very good monitoring system.

Competitiveness is always the result of the combination of enterprise-specific advantages with the location-specific advantages, where the support measures as well as the overall quality of the institutional framework are detrimental. Therefore the evaluation of the business results of the subsidies' recipients should be followed by the analyses of the institutional framework.

Evaluation conducted has no influence on policy design at the moment, but it is expected to be used during the preparation of strategic documents for the next financial period.

In the years to come the MA is planning to continue with the implementation of Evaluation Plan. For the year 2012 the following evaluations are planned:<sup>25</sup>

1. On-going evaluation of innovation-oriented measures of OP SRDP (priority orientations 1.1., 1.2, 2.1, 2.3), including the following main activities of OP Development of Human Resources

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<sup>25</sup> Predstavitev izvajanja Načrta vrednotenja OP RR in OP ROPI za obdobje 2007-2013 presented at the 5<sup>th</sup> regular session of the Monitoring Committee of OP SRDP and OP ETID on 5th June 2010 and interview with the MA.

(OP HRD): Experts and researchers for competitive enterprises (1.1), Scholarship schemes (1.3), Increased employability of vulnerable groups in the field of culture and support to their social inclusion (3.3).

2. On-going evaluation of the “Regional development” priority axis of the Operational Programme Strengthening the regional Development Potential” (ERDF), including main activity Information society (2.2.) and relation to activities of Rural Development Plan.
3. Evaluation of the Priority axis Integration of natural and cultural potentials.
4. Evaluation of macroeconomic effects of Cohesion policy, synergy between OP to deliver Lisbon strategy.
5. Horizontal evaluations: sustainable development, equal opportunities.
6. Evaluation of equity capital measure.

## 5. FURTHER REMARKS - NEW CHALLENGES FOR POLICY

Main points from previous country report:

1. **Enterprise oriented measures:** New innovative measures, tendered in 2009 and 2010, promise significant results in the long run, but due to their complexity an intensive monitoring of supported projects is necessary.
2. **Transport:** In case of weak capacity to prepare and implement projects, a proposed additional technical support has to be used (external experts, JASPERS).
3. **Environment and energy:** the MA and IBs should devote additional effort to speeding up the implementation of proposed projects (use of external support and intensive communication with municipalities). It is important to promote energy efficiency at the local level – we propose to include energy restoration of buildings owned by municipalities. If the de-commitment will create problems, additional funds could be shifted to the priority.
4. **Territorial development:** in tourism more emphasis should be given to further development of organisational structures for the common planning development and marketing of tourist destinations. In the future the cultural, nature and sporting activities should be well coordinated. As regards the Priority “Development of the regions”, a greater focus on regional projects where municipalities and the business sector have common objectives is needed (6<sup>th</sup> Call).
5. **CBC programmes:** Almost 100% of all available programme funds for operations will be committed till the end of 2011, therefore the proposed recommendations could not be used in the current programming period.
6. **Management and Implementation System:** MAs and the IBs should focus more on the content of development priorities and less on the formal control of projects.
7. **Financing:** Additional national funds should be directed to the preparation of adequate project documentation for transport and environmental projects.

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

In the next two years implementation of OPs should take into account the infrastructure of Cohesion policy in the period 2014-2020. Pilot approaches (integration of different activities, specialization, regional projects), new business models (PPP) and new forms of support (FEIs)

could increase the effects of Cohesion policy measures in the next period. Additional recommendations are the following:

- **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. Public officials do not have adequate knowledge and experience in monitoring the content and activities of complex projects. Funds allocated to innovation-related measures represent a historical shift in Slovene economic policy, therefore maximal possible synergy between projects and measures should be achieved. In the next financial period 2014-2020, the proposed measures should build on the infrastructure, organisational structures and results of Centres of Excellence, Competence Centres and Development Centres of Slovene Economy.
- **Transport:** The focus should be on a detailed assessment of the proposed projects. If the implementation of transport projects will be not possible (especially railways), the reprogramming to other priority axis should be realised, especially to the efficient use of energy. Needs of the business and public sector are almost unlimited.
- **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:** Almost 100% of all available funds for operations were committed till the end of year 2011, therefore the proposed recommendations could be used in the next programming period. Thematic concentration, the synergy between projects, as well as the coherence with national regional policies and the inclusion of the business sector should be strengthened. The application of the current State aid rules in CBC programmes represents a high administrative burden for JTS and companies, especially because of the (too) straight implementation at the Slovenian side.
- **Management and Implementation System:** 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 at the moment high). Leadership, flexibility and cooperation between MA, IBs, PA and Audit Authority 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. In case of fiscal constraints, the increase of co-financing rates as

response to the current economic crisis is a possible solution. The potential use of PPP models in implementing Cohesion policy measures should be carefully assessed, because they can be an effective instrument of delivering projects which ensures the achievement of public policy objectives by bringing together different forms of public and private resources.



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## INTERVIEWS

|              |  |
|--------------|--|
| Nena DOKUZOV | Managing Authority (Ministry of the Economic Development and Technology): Head of the Sector for managing Cohesion policy programmes |
| Iba ZUPANČIČ | Managing Authority (Ministry of the Economic Development and Technology): Sector for managing Cohesion policy programmes: Evaluation |
| Mateja MEŠL  | Agent: Slovenian Technology Agency (TIA): Director   |

## ANNEX 1 - EVALUATION GRID FOR EXAMPLES OF GOOD PRACTICE IN EVALUATION

### Evaluation Grid A - Evalvacija izvajanja politike podjetništva in konkurenčnosti v obdobju 2004-2009 s predlogi novih ukrepov in kazalnikov ter sprememb obstoječih ukrepov in kazalnikov

| BASIC INFORMATION  |   |
|--|---|
| Country: Slovenia  |   |
| Policy area: Enterprise support (including ERDF co-financed activities and activities financed from domestic funds only)   |   |
| Title of evaluation and full reference: Evalvacija izvajanja politike podjetništva in konkurenčnosti v obdobju 2004-2009 s predlogi novih ukrepov in kazalnikov ter sprememb obstoječih ukrepov in kazalnikov<br><a href="http://www.mgrt.gov.si/fileadmin/mgrt.gov.si/pageuploads/DPK/CRPi_2010/Koncno_porocilo_CRP_konkurencnost.pdf">http://www.mgrt.gov.si/fileadmin/mgrt.gov.si/pageuploads/DPK/CRPi_2010/Koncno_porocilo_CRP_konkurencnost.pdf</a>   |   |
| Intervention period covered : 2004-2009  |   |
| Timing of the evaluation: 2010-2012  |   |
| Budget: EUR80,000  |   |
| Evaluator: External  |   |
| Method:  |   |
| Mix of methods: counterfactual analysis combined with questionnaires and in-depth interviews of the recipients.  |   |
| Main objectives and main findings:<br>The analysis presents a comprehensive evaluation of the policies in the field of entrepreneurship and competitiveness promotion during the period 2004 to 2009, including voucher schemes; subsidies for R&D and technology investments; subsidies for networking, innovation support and development of human resources; re-financing subsidies and promotion of internationalisation of enterprises financed from ERDF and from domestic funds. The focus of the analysis was on the impact of subsidies on the business results and dynamics of growth (both national and international), with specific focus on the following different performance indicators. 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. The promotion of competitiveness through the analysed measures during the observed period is thus still in its infancy, since the impact on the business results of the recipients is relatively weak. |   |
| Appraisal: Comprehensive approach, combining quantitative and qualitative methods, findings clearly set out.   |   |
| CHECK LIST   |   |
| Score each item listed below from 0 to 2 as follows:<br>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?  | 2 |
| Is a serious attempt made to distinguish the effects of the intervention from these other factors?   | 2 |

## 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-2011)

Excel Table 4cbc - Commitments by main policy area (by end-2011) – 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 ... |  |

| Policy area               |                                 | Code                                  | Priority themes   |
|---------------------------|---------------------------------|---------------------------------------|---|
|                           | Labour market policies          | 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 ...                |
|                           |                                 | 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)  |

| Policy area                |                             | Code | Priority themes   |
|----------------------------|-----------------------------|------|---|
|                            |                             | 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  |
|                            |                             | 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  |
|                            |                             | 79   | Other social 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  |
| 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   |