



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

**Task 1: Job creation as an indicator of  
outcomes in ERDF programmes**

**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
- CBC           Cross-Border Cooperation
- FEI           Financial Engineering Instrument
- FTE           Full-time Equivalent
- ISARR        Central information system
- IB            Implementation Bodies
- MA           Managing Authority
- MIS           Management and Implementation System
- OP           Operational Programme
- OP ETID     Operational Programme Environmental and Transport Infrastructure Development
- OP SI-AT    Operational Programme Slovenia-Austria
- OP SI-HU    Operational Programme Slovenia-Hungary
- OP SRDP    Operational Programme Strengthening Regional Development Potentials

## Executive summary

Jobs created as an indicator of outcomes in the ERDF programmes is used in the Operational Programme (OP) “Strengthening Regional Development Potentials” (SRDP) only. It is expected that 5,210 jobs will be created in total. Until the end of 2011, 2,154 jobs had been created. Enterprise support including ICT is the most important broad policy area in terms of jobs planned and in terms of jobs created, followed by the Territorial development and the RTDI support. These broad policy areas represent 90% of total planned ERDF expenditure in the period 2007-2013 and 96% of total paid ERDF expenditure until the end of 2011, excluding Cross-Border Cooperation (CBC) programmes.

The definition of the indicator and the methodology to be used are clearly documented and it is in line with the national legislation (Employment Relationships Act). Worker should enter into an employment relationship on the basis of a concluded employment contract. Working hours for full-time employees shall not exceed 40 hours a week and not be shorter than 36 hours a week. The data reported relate to actual outcomes in the case of all OPs and solely to jobs created directly. Jobs created are gross and defined in Full-time Equivalent (FTE) terms in the case of innovation-related measures or in the form of full working hours for other interventions. No distinction is made in the data reported between temporary and “permanent” jobs, and only jobs created are reported. Having in mind the reliability of the Monitoring and Implementation System, it is possible to state that the information on the number of jobs created included in the Annual Implementation Reports (AIRs) for the year 2011 are reliable. Typical interventions where jobs created are used as an indicator are the following:

- Innovation-oriented measures: the costs per job differ between EUR 188,000 to EUR 425,000. An average cost per job calculated for different years is EUR 294,337.
- Grant scheme supporting investment in SMEs (grants for investment in new technical equipment for SMEs): the costs per job range between EUR 142,000 to EUR 361,000. An average cost per job calculated for different years is EUR 241,338.
- Financial Engineering Instruments (FEIs) (loan guarantees): jobs created 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 2011 (2012).
- Support to projects in tourism: the costs per job range between EUR 457,000 to EUR 1.1 million, but in the latter case all projects had not been completed until the end of 2011, therefore the cost per job calculated is very (too) high. Therefore an average cost per job for different years has not been calculated, but only for the years 2007-2008, when it amounted to EUR 503,609.

Any benchmark for the cost per job should be treated with caution, due to differences in circumstances (changes in economic conditions: at the beginning of the economic crisis in 2008 or at the top of economic crisis in years 2009-2011), differences between selected types of measures, and due to the fact that new investments need time to reach targets set (3-5 years).

The use of job creation as an indicator of outcome is meaningful in relation to the types of measure for which it is used. The Managing Authorities (MAs) and the Implementation Bodies (IBs) consider job creation as one of the most important indicators for monitoring programme performance.

## 1. The use of the indicator to assess outcomes in policy areas

There are two ERDF national programmes in Slovenia: OP “Strengthening Regional Development Potentials” (SRDP) and OP “Environmental and Transport Infrastructure Development” (OP ETID). Jobs created as indicator of outcomes in the ERDF programmes is used in the OP SRDP only. CBC programmes OP Slovenia - Austria (SI-AT) and OP Slovenia - Hungary (SI-HU) do not include the indicator jobs created.

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 the delays in implementing the OP ETID, the reprogramming of the OP ETID and the OP SRDP had been proposed. The European Commission (EC) approved the changes of the OP ETID and the OP SRDP in April 2011<sup>1</sup>. The changes of OPs include changes in the indicator system and changes in the values of indicators, including the indicator Jobs created whose target has been reduced from 11,600 to 5,210.

Jobs created as an indicator of outcome is used in the following broad policy areas:

- RTDI support,
- Enterprise support including ICT,
- Territorial development.

Broad policy areas listed above represent 90% of total planned ERDF expenditure in the period 2007-2013 and 96% of total paid ERDF expenditure until the end of 2011, excluding CBC programmes. Nevertheless, not in all priority axes the indicator Jobs created has been used. Priority axes where Jobs created is defined as an indicator of outcome (priority axis 1.1; 1.2; 2.1; 3.1; 3.2; 3.3) represent almost 46% of planned ERDF expenditure in the period 2007-2013 and 56% of paid ERDF expenditure until the end of 2011 (Annex Table A).

Enterprise support including ICT is the most important broad policy area in terms of jobs planned (4,100 or 79%) followed by the Territorial development (1,000 or 19%) and the RTDI support (110 or 2%). The situation is not different in terms of jobs created, where the Enterprise support including ICT is the most important broad policy area with 1,504 jobs created (70%) followed by the Territorial development (611 or 28%) and the RTDI support (39 jobs created or 2%).

## 2. Definition, methodology, data reporting and wider use of the indicator

### Definition and methodology

The definition of the indicator and the methodology to be used are clearly documented. The MA has prepared instructions (guidelines) on monitoring and evaluation where indicators and their definition are briefly described. According to national legislation (Employment Relationships

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<sup>1</sup> 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.

Act), worker is any person who has entered into an employment relationship on the basis of a concluded employment contract. Working hours for full-time employees shall not exceed 40 hours a week. The statute and/or a collective agreement may stipulate a working time shorter than 40 hours a week; however, full working hours shall not be shorter than 36 hours a week. The data are collected in the central information system ISARR. The evidence on jobs created should be provided (employment contract, proof of payment of salary - i.e., payroll - and of all compulsory taxes).

### **Content of data**

The indicator is in general defined in terms of the number of jobs created, only in innovation-oriented measures it is defined in FTEs (1,700 research hours per year). Only jobs actually created are reported. Jobs created are gross and defined in FTE terms in the case of innovation-related measures or in the form of full working hours for other interventions. No distinction is made in the data reported between temporary and “permanent” jobs, and between jobs created and safeguarded. The data reported relate to actual outcomes in the case of all OPs and relate solely to jobs created directly. Jobs created indirectly as a result of the expenditure carried out are not measured and reported as well as jobs created during the construction stage of a project.

In the Republic of Slovenia, the State is responsible for compulsory health, pension, disability and other social insurance, therefore the status of each person employed could be easily checked. The employer is obligated to register a worker into the obligatory pension, invalidity, health and unemployment insurance within 8 days of the date of signing the employment contract.

In order to avoid double counting, the MA checks information in the ISARR (cross-checking data on ESF and ERDF projects: comparison of lists of beneficiaries), administrative controls strictly monitor documents supporting expenditures and all employment contracts are checked during on-the-spot checks. The MA has issued “Instructions on management checks” (on-the-spot and administrative controls) and “Instructions on eligible costs”.

The ISARR information system covers all beneficiaries and holds data on beneficiaries, value, content of operation, planned implementation of operation (finance, substance), realisation of operation supported by data on all documents that serve as a basis for the disbursement of funds (issuer of document, issuer's tax number, date of issue, payrolls, costs). Authorities at all levels (including the audit body and the certification authority) up to the beneficiary level have (full/limited) access to the ISARR.

No effort has been made to capture the quality of jobs.

There is no distinction made between the jobs created by the ERDF and those created by the ESF. In the case of ESF, jobs created are distinguished from jobs safeguarded and in the case of ERDF only jobs created are reported.

### **Wider use of indicator**

Slovene central government does not aggregate the data across programmes to calculate a national figure for jobs created. However, the indicator is included in some regional competitiveness promotion programmes such as “The 2010–2015 competitiveness promotion

programme in Pomurje region” or “The 2011–2016 competitiveness promotion programme in Pokolpje region”.

“The 2010–2015 competitiveness promotion programme in Pomurje region” is part of “The Law on development support to the Pomurje region in the 2010-2015 period”, where EUR 33 million is planned to be spent until the end of 2015. “The 2011–2016 competitiveness promotion programme in Pokolpje region” is part of “The Pokolpje programme for the 2011-2016”, where EUR 20 million is planned to be spent until the end of 2016. Both programmes are financed only by domestic funds and were prepared in the last years (2010, 2011). Both programmes are very important at the regional level, but have limited importance in national terms (total amount of funds represent less than 3% of all ERDF funds).

### 3. Cost per job created

Typical interventions where jobs created is used as an indicator are the following:

- Innovation-oriented measures: the costs per job differ between EUR 188,000 to EUR 425,000 and according to our opinion they had increased due to the changes in economic conditions (negative impacts of economic and financial crisis). An average cost per job calculated for different years is EUR 294,337.
- Grant scheme supporting investment in SMEs (grants for investment in new technical equipment for SMEs): the costs per job range between EUR 142,000 to EUR 361,000. An average cost per job calculated for different years is EUR 241,338. Jobs created are measured within 3 years after a project (investment) is completed. Intervention had been implemented by the Slovene Enterprise Fund (SEF). The beneficiaries are micro enterprises and SMEs. In line with the Council Regulation (EC) No 1083/2006, each Member State has the option of reducing the time limit to three years from the completion of the operation for the maintenance of an investment or jobs created by SMEs.
- FEIs (loan guarantees): FEIs have been implemented by the Slovene Enterprise Fund (SEF) and beneficiaries are micro, small and medium-sized enterprises. Jobs created have to be measured within 3 years after a project (investment) is finished, therefore no data on jobs created were available at the end of year 2011 (2012) for FEIs.
- Support to projects in tourism: the costs per job range between EUR 457,000 to EUR 1.1 million, but in the latter case all projects had not been completed until the end of 2011. Therefore an average cost per job for different years has not been calculated, but only for years 2007-2008, when it was EUR 503,609. It is expected that more reliable data will be available within 3 years after investments are finished.
- Any benchmark for the cost per job should be treated with caution, due to differences in circumstances (changes in economic conditions: at the beginning of the economic crisis in 2008 or at the top of economic crisis in years 2009-2011), differences between selected types of measures and due to the fact that new investments need time to reach targets set (3-5 years). In the case of the measure “Increasing of tourism competitiveness – tourism infrastructure (2009)”, all projects had not been completed until the end of 2011, therefore the cost per job calculated is very (too) high.

The use of job creation as an indicator of outcome is meaningful in relation to the types of measure for which it is used. The results are presented in Table 1.

**Table 1 - Cost per job in selected interventions**

Intervention	Tender	Total contracted (EU, national public, national private) (EUR)	No. of projects	Jobs planned (contracts)	Jobs created	Total costs per job (EUR)
Innovation-oriented measures (1.1)	Direct subsidies for joint development-investment projects (2008 )	71,835,543	42	202	381	188,545
	R&D projects in companies (2008)	14,056,258	32	40	111	126,633
	Direct subsidies for joint development-investment projects (2009)	191,814,797	124	100	452	424,839
Innovation-oriented measures (1.1)		277,706,599	298	342	944	294,337
Grant scheme supporting investment in SMEs (grants for investment in new technical equipment for SMEs) (1.2)	Subsidies for investment in new technical equipment for enterprises in the years 2007/2008 (2007)	81,296,929	188	155	225	361,320
	Subsidies for investment in new technical equipment for enterprises with 1-9 employees in the year 2008	35,520,057	126	40	250	142,080
	Subsidies for investment in new technical equipment for enterprises in the year 2009	56,946,181	158	174	245	232,433
Grant scheme supporting investment in SMEs (grants for investment in new technical equipment for SMEs) (1.2)		173,763,169	472	369	720	241,338
Support to projects in tourism (3.1)*	Increasing of tourism competitiveness - tourism infrastructure (2007)	232,625,237	17	300	480	484,636
	Increasing of tourism competitiveness - tourism infrastructure: SMEs (2007)	42,628,691	28	160	64	666,073
	Supporting infrastructure for youth tourism (2008)	12,810,647	10	26,5	28	457,523
	Support to projects in tourism (3.1) 2007-2008	288,064,576	55	487	572	503,609
	Increasing of tourism competitiveness - tourism infrastructure (2009)	40,564,153	5	300	38**	1,067,478

Notes:

\* For priorities 3.2 (networking of cultural potentials) and 3.3 (sports-recreational infrastructure) of OP SRDP calculating total costs per job is not appropriate, because other objectives prevail.

\*\* All projects had not been completed until the end of 2011.

#### 4. The indicator of job creation in evaluations and AIRs

There is no evaluation tradition in Slovenia and only few evaluations have been undertaken so far. There was no attempt made to estimate net (rather than gross) job creation in evaluations or other studies.

Having in mind the reliability of the Monitoring and Implementation System (centralized Management and Implementation System (MIS), centralized ISARR, activities conducted to prevent and reduce the risk of double financing, extensive control activities), it is possible to state that the information on the number of jobs created included in the AIRs for the year 2011 are reliable, especially after the changes of the OP ETID and the OP SRDP in April 2011 when targets had been reduced. Therefore there is no need to adjust the data provided. Nevertheless, during the analysis of the data, a typing error has been identified (the total number of jobs created should be 2,154 and not 2,136).

## 5. Looking forward to the 2014-2020 programming period

The MA is familiar with the new definition of the common indicator for 2014-2020, in particular indicators 8 “Employment increase in supported enterprises” and indicator 24 “Number of new researchers in supported entities” and do not foresee any problems applying the definition in practice and collecting data on the basis of it.

## 6. Further remarks

The use of job creation as an indicator of outcome is meaningful in relation to the types of measure for which it is used. After the change of the OP SRDP in April 2011, targets set are much more feasible as before. The indicator jobs created has been substituted with others in the priority axis “Development of regions”, because projects supported (primarily focused on construction of local infrastructure) could not create new jobs. Indicator reported in previous annual reports (913 gross jobs created until the end of 2010) seemed to be overestimated thus it was removed from the updated version of OP SRDP.

The MA and the IBs consider job creation as one of the most important indicators for monitoring programme performance for different reasons. The most important reason concerns the effects of the economic and financial crisis causing shrinkage of economic activity and increasing unemployment rate. Therefore, changes of OPs were proposed under the motto: *From Walls to Innovation, Jobs and Sustainability*. The harsher financial situation requires the Government to focus on the implementation of those programmes that, in the long run, will have the highest added value and will create most jobs. Therefore, the focus of amended OPs is on financing development projects that directly contribute to innovation, strengthen the knowledge society and create jobs (innovation oriented measures).



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## Interviews

Iba ZUPANČIČ	MA (Ministry of the Economic Development and Technology): Sector for managing Cohesion policy programmes: Evaluation
Peter WOSTNER	MA (Ministry of the Economic Development and Technology)

## Annex

### Tables

**Annex Table A - Jobs planned/created according to the broad policy fields**

Priority axis	ERDF (EUR million)				Policy area**	Jobs created as indicator	No. of jobs created	No. of jobs created planned based on commitments	% planned	% created
	Planned	Allocated	Contracts signed	Paid						
<i>OP SRDP</i>						Y, N				
1.1	424.8	408.2	408.2	233.1	2	Y	1,020	1,800	47.4	34.6
1.2	173.4	172.5	172.5	169.6	2	Y	484	2,300	22.5	44.2
1	598.1	580.7	580.7	402.7			1,504	4,100	69.8	78.7
2.1	37.4	34.5	34.5	16.0	1	Y	39	110	1.8	2.1
2.2	90.0	79.6	79.6	54.2	2	N				
2.3	112.0	100.8	25.6	2.0	2	N				
2.4	30.0	0.0	0.0	0.0	7	N				
2	269.5	214.9	139.7	72.2			39	110	1.8	2.1
3.1	129.0	104.8	104.4	90.6	7	Y	582	900	27.03	17.3
3.2	57.2	31.2	31.2	18.6	7	Y	12	70	0,56	1.3
3.3	67.1	42.6	42.6	28.2	7	Y	16,5	30	0,77	0.6
3	253.2	178.5	178.1	137.3			611	1,000	28.4	19.2
4.1	585.8	454.3	448.3	327.2	7	N				
4.2	33.6	32.9	32.1	20.6	7	N				
4	619.4	487.2	480.4	347.9		N				
5*	28.0	28.6	28.6	10.6		N				
<i>OP ETID</i>										
3	165.5	90.4	90.4	29.1	4	N				
ERDF	1,933.8	1,580.4	1,497.9	999.8			2,154	5,210	100.0	100.0

Notes: \* Technical Assistance.

\*\* Policy area (code): 1: RTDI support; 2: Enterprise support including ICT; 3: Human resources; 4: Transport; 5: Environment; 6: Energy; 7: Territorial development.

**Annex Table B - Cost per job in selected interventions**

Activity	Tender	Code	Funds (EUR)			No. of projects	Jobs planned (contracts)	Jobs created achieved	Costs per job (EUR)
			EU	Total public	Total				
Innovation-oriented measures (1.1)	Direct subsidies for joint development-investment projects (2008 )	Code:04	32,124,621	37,793,672	71,835,544	42	202	381	188,545
	R&D projects in companies (2008)	Code:04	4,997,811	5,879,778	14,056,258	32	40	111	126,633
	Direct subsidies for joint development-investment projects (2009)	Code:04	83,209,486	97,893,517	191,814,797	124	100	452	424,839
Grant scheme supporting investment in SMEs (grants for investment in new technical equipment for SMEs) (1.2).	Subsidies for investment in new technical equipment for enterprises in the years 0207/2008 (2007)	Code:07	25,514,796	30,017,407	81,296,930	188	155	225	361,320
	Subsidies for investment in new technical equipment for enterprises with 1-9 employees in the year 2008	Code:08	12,780,646	15,036,054	35,520,057	126	40	250	142,080
	Subsidies for investment in new technical equipment for enterprises in the year 2009	Code:06	21,136,115	24,866,017	56,946,182	158	174	245	232,433
Support to projects in tourism (3.1)	Increasing of tourism competitiveness-tourism infrastructure (2007)	Code:55.57.08	53,231,988	62,625,868	232,625,237	17	300	480	484,636
	Increasing of tourism competitiveness-tourism infrastructure: SMEs (2007)	Code:55.57.08	12,575,581	14,794,801	42,628,691	28	160	64	666,073
	Supporting infrastructure for youth tourism (2008)	Code:57	5,605,532	6,594,744	12,810,647	10	27	28	457,523
	Increasing of tourism competitiveness-tourism infrastructure (2009)	Code:55.57.08	11,378,134	13,386,040	40,564,154	5	300	38*	1,067,478

Note: \*All projects had not been completed until the end of 2011.