

*Deputy Prime
Minister's Office for
Investments and
Informatization of
the Slovak Republic*

**Evaluation of the progress made in the implementation of the
Partnership Agreement as of 31 December 2018**

Final Report

final version

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List of Abbreviations

AGIS	Automated Geographic Information System
ALMM	Active Labour Market Measures
AP	Action Plan
BBSK	Banská Bystrica Self-Governing Region
BSK	Bratislava Self-Governing Region
CEG	Competitiveness and Economic Growth
CHS	Central Heat Supply
CIS	Community Innovation Survey
CLLD	Community-Led Local Development
CLSAF	Centre of Labour, Social Affairs and Family
COFOG	Classification of the Functions of Government
CPHG	Combined power and heat generation
CR/ CZ	Czech Republic
DE	Digital Economics
DPMOII	Deputy Prime Minister's Office for Investments and Informatization of the Slovak Republic
DR	Developed region
EAC	Ex-ante conditionality
EAFRD	European Agricultural Fund for Rural Development
EC	European Commission
EIGE	European Institute for Gender Equality
EIS	European Innovation Scoreboard
EMFF	European Maritime and Fisheries Fund
EPA	Effective Public Administration
ERDF	European Regional Development Fund
ESDP	Economic and Social Development Programme
ESF	European Social Fund
ESFRI	European Strategy Forum on Research Infrastructures
ESIF	European Structural and Investment Funds
EU	European Union
EU FRA	EU Fundamental Rights Agency
EU SILC	EU Statistics on Income and Living Conditions
F	Fisheries
GCR	Global Competitiveness Report
GDP	Gross Domestic Product
HTU	Higher Territorial Unit
HU	Hungary
IACS	Integrated Administration and Control System
IB	Intermediary Body
ICT	Information and Communication Technologies
II	Integrated Infrastructure
IP	Investment priority
IROP	Integrated Regional Operational Programme
ITMS2014+	Information Monitoring System
KSK	Košice Self-Governing Region

LAG	Local Action Group
LL	Lifelong learning
LULUCF	Land Use, Land-Use Change and Forestry included in greenhouse gases inventory
M&E NRIS	Monitoring and evaluation of the National Roma Integration Strategy
MA	Managing Authority
MARD SR	Ministry of Agriculture and Rural Development
MESRS SRŠ	Ministry of Education, Science, Research and Sports of the Slovak Republic
MF	Ministry of Finance
MI	Ministry of Interior
MRC	Marginalized Roma Communities
Mtoe	Million of tonnes of oil equivalent
NES	National Employment Strategy
NKB	National Focal Point
NP	National project
NRP	National Reform Programme
NSK	Nitra Self-Governing Region
OECD	Organization for Economic Cooperation and Development
OP	Operational Programme
PA	Partnership Agreement of the Slovak Republic for 2014-2020
PAX	Priority axis
PJ	Petajoule
PL	Poland
PPP	Purchasing Power Parity
PSK	Prešov Self-Governing Region
QE	Quality of Environment
R&D	Research and Development
R&I	Research and Innovations
RD&I	Research, Development and Innovations
RDP	Rural Development Programme
RES	Renewable Energy Sources
RIA	Impact assessment
RIS3	Strategy for Research and Innovation for Smart Specialization
RITS	Regional Integrated Territorial Strategy
SAO	Supreme Audit Office
SC	Scientific Centre
SHMI	Slovak Hydrometeorological Institute
SLFS	Selective Labour Force Survey
SMEs	Small and Medium-size Enterprises
SO	Specific objective
SR	Slovak Republic
STN	Slovak Technical Standard
SUD	Sustainable Urban Development
TA	Technical Assistance
TNSK	Trenčín Self-Governing Region
TO	Thematic objective
TTSK	Trnava Self-Governing Region
UDR	Under-developed region

UNDP	United Nations Development Programme
UoZ	Jobseeker
USD	US dollar
USP	University science park
ZoZ	Person interested in employment
ZSK	Žilina Self-Governing Region
ZUoZ	Disadvantaged jobseeker

Summary

This work evaluated progress in the Implementation of the Partnership Agreement of the Slovak Republic as of December 31, 2018'.

The evaluation was performed via combination of quantitative and qualitative analyses. The qualitative and quantitative methods were complementary. Application of diverse methods enabled for 'triangulation-type analysis'. The triangulation increased reliability and validity of obtained data and information. The three evaluation questions were answered via six evaluation tasks:

1. The absorption capacity of operational programmes and their priority axes

The total rate of certified spending (drawdown) by operational programmes (OP) and the Rural Development Programme (RDP) was 21.85 %, as of 31 December 2018. The ITMS data indicate diverse levels of spending rates for specific OP. The highest spending rates were reported by the Operational Programme Integrated Infrastructure (30.5 %), The Operational Programme Technical Assistance (34.4 %) and the Rural Development Programme (37.6 %). Medium-high spending rate was reported for the Operational Programme Human Resources (23.3 %). Low spending rates were reported for the Operational Programme Fisheries (4.2 %), the Operational Programme Research & Innovation (9.6 %), the Integrated Regional Operational Programme (12.1 %), the Operational Programme Efficient Public Administration (14.5 %) and the Operational Programme Quality of Environment (16.1 %).

Some projects / activities in low-performing programmes may be reconsidered. The recommendation concerns projects / activities with extremely levels of performance indicators and/or performance framework. The recommendation specifically concerns following OP and their priority axes (PA): the Operational programme Research & Innovation (PA1 and PA2), the Operational Programme Human Resources (PA1), the Integrated Regional Operational Programme (PA1, PA2 and PA5) and the Operational Programme Quality of Environment (PA2).

2. Status of Implementation of the Partnership Agreement

Evaluation of the Europe 2020 Strategy indicates that Slovakia has good chances to meet most targets of the Strategy:

The Slovak Republic has already achieved its targets in reducing greenhouse gas emissions, increasing energy efficiency and reducing proportion of population at risk of poverty and social exclusion.

- Significant progress was one in increasing employment and decreasing unemployment rates. The ESIF resources were most relevant in the Thematic Objective (TO) no. 8 (Promoting sustainability and quality of employment and labour mobility). The ESIF provided 55.4 % of the total certified spending in active labour market policies in Slovakia. The TO8 accounts for high level of contracting and spending.

- The TO5 (Promoting Climate Change Adaptation, Prevention and Risk Management) and TO6 (Preserving and protecting the environment and promoting resource efficiency) account for relatively high level of contracting and spending. The ESIF resources (less spending by the Rural Development Programme) were highly relevant for the TO6. The ESIF assistance provided about 17.4% of the total spending by the Slovak public sector in 2014-2018 in area of TO8. The private investment is of the highest importance for the TO4 – transition towards the low-carbon economy. The ESIF resources were of limited importance for the TO4 (Supporting the transition to a low-carbon economy in all sectors). The Slovak Republic nevertheless is making progress toward achieving its targets in renewable resources.
- The ESIF resources were highly relevant for the targets in transport (TO7 Promoting sustainable transport and removing bottlenecks in key network infrastructures). The ESIF resources provided 18.0 % of the total expenditure on transport expenditure.
- There is a positive development in TO9 (Promoting Social Inclusion, Tackling Poverty and Any Discrimination). Several factors contributed to this positive development: long-term economic boom, positive trends at the labour market, and also implementation of the ESIF projects on marginalised communities.
- Significant progress was done in increasing shares of population (aged 30-34) with tertiary education (TO10 Investing in education, training and vocational training as well as skills and lifelong learning). Rapid progress towards the Europe 2020 targets indicates that the abovementioned goal will be achieved by 2020.

Less progress was done in increasing combined public and private investment in R&D TO1 (Strengthening Research, Technological Development and Innovation) and TO2 (Improving access to information and ICT and improving its use and quality).

- The national target in share of R&D spending in GDP (1.2 %) is unlikely to be met. Slovakia ranks to the countries with very high rates of dependency on the EU resources. Ratio of R&D spending to GDP strongly depends on the spending cycle by the European Investment and Structural Funds (ESIF) in current year. The ESIF assistance had very positive impacts on better thematic focus of the Slovak research. There also was progress in achieving accord between the industrial structures of the Slovak exports on the one hand and the industry structure of the Slovak R&D investment. This trend is in accordance with the targets of the Smart Specialisation Strategy.
- There was some progress in providing better ICT services for the citizens, firms and public sector. The 2018 European Digital Scoreboard ranked Slovakia no. 20 out of 28 EU Member States. There was no change in rank, but the absolute value of the Slovakia's score increased in 2018 compared to 2017.
- Limited progress was done in strengthening institutional capacities of the public administration (TO11 Strengthening the institutional capacities of public authorities and stakeholders and the effectiveness of public administration). It should be noted that share of the ESIF resources in total Slovak expenditure on public administration (and specifically the judicial system) was quite low. The ESIF resources were of marginal importance for achieving TO11 targets.

There was no progress in reducing school drop-out rates (as % of population aged 18-24 years, TO10) and increasing shares of innovative firms in total firms (TO3 Enhancing the competitiveness of SMEs, the agricultural sector and the fisheries and aquaculture sector):

- There were negative trends in the shares of the early school leavers. These shares have actually increased since 2014. The problem of early school leavers is not a problem of education policy but a problem of poverty and social exclusion. The national target in early school leavers was neither appropriate nor realistic. The ESIF assistance was too low to generate change in the drop-out rates. The Slovak Republic is unable to achieve its national target in drop-out rates by 2020. The Slovak Republic also is making no progress in increasing shares of population participating in the life-long learning (LLL).
- There was no progress in increasing competitiveness of the small and medium-sized enterprises (SMEs, TO3). Shares of innovative enterprises in total enterprise population stagnated / decreased over time. Problem of decreasing shares of innovative enterprises is not typical for the Slovak Republic only, but also for the Visegrád Four (V4) countries and the whole European Union. The total numbers of the Slovak SMEs were too large and the ESIF assistance too low (compared to the total SMEs' outlays on innovation) to achieve the national target in the SMEs competitiveness. The national target in TO3 was neither appropriate nor realistic.

3. Implementation of the European territorial co-operation programmes

There was little progress in implementing the European territorial co-operation (ETC) programmes. The overall rate of certified spending was 2.5 % as of December 2018. The INTERACT III programme reported the highest spending rate (30.41 %).

4. Implementing co-operation mechanisms set in the Partnership Agreement

The objective of the implemented co-ordination mechanisms is to ensure complementarity and synergy between individual operational programs themselves, as well as with ESIF and other instruments of EU and SR support. In February 2015, CCB issued a methodological instruction to ensure the co-ordination of synergistic effects between ESIF and other instruments of EU and SR support (Methodological Instruction No.11). It specifies the tasks implemented for the managing authorities with the goal of ensuring the co-ordination of synergistic effects.

The main instrument for ensuring the mechanism of co-ordination of synergistic effects among the individual OPs themselves and with other national and European instruments is the so-called "Task group for co-ordination and ensuring synergistic effects between ESIF and other instruments of EU and SR support".

Individual operational programs are implementing other measures, in the form of interdepartmental task groups or commissions established in addition to the monitoring committee of the OP. It is worth noting the co-ordination mechanism created between OP II and the OP EPA implemented in order to ensure co-ordination of activities aimed at reform of the public administration.

Implementation of the aid using financial instruments is, to a significant extent, supported by the EIB; other institutions such as the World Bank and OECD provide assistance in ensuring implementation of above-departmental approaches. At the level of several operational programs, further activities aimed at international networking are implemented.

5. Progress in decreasing administrative burden of the project recipients.

The Slovak Government adopted the 'Action Plan for Strengthening Transparency and Simplifying Implementation of the ESIF' on 27 September 2017. The Central Coordination Body (CCB) of the Deputy Prime Minister's Office for Investments and Informatization of the Slovak Republic drafted the Action Plan. The Action Plan set 37 policy measures for strengthening transparency and simplifying implementation of the ESIF projects. Some 18 policy measures targeted decreasing administrative burden. The policy measures accounted for diverse levels of complexity and potential impact. The measures have been implemented since 2017.

Electronic submission of the ESIF project applications is an important measure for decreasing administrative burden. Other important measures include cancellation of various administrative certificates, simplification of cost reporting, simplification of public procurement and simplification of procedures related to contract conclusion.

Creating network of the Information and Advisory Centres was an important cross-cutting measure. The centres help applicants / recipients to solve many practical issues related to the ESIF project application and implementation.

6. Progress in implementing horizontal principles

Under the PA, the horizontal principles (HP) are applied across all operational programmes (OPs). For the effective application of HP "Promotion of equality between men and women and non-discrimination" the disqualification criterion is determined. A large proportion of the projects supported via the Partnership agreement applied some of the HP. In regards of HP "Promotion of equality between men and women and non-discrimination" 3 792 projects in the total cost of €5,726.68m which meet the mandatory condition of the HP, were implemented. HP "Sustainable development" was applied in the case of 580 projects in the total cost of €409.16m. The lower number of the projects applying HP „Sustainable development“ is a result of the lower number of the science and research focused project in comparison to higher number of mainly infrastructure transport projects in road transport which declared an impact on HP „Promotion of equality between men and women and non-discrimination”

1 Introduction and Report Structure

The submitted document represents the Final Report for the work titled 'Evaluation of Progress in the Implementation of the Partnership Agreement of the Slovak Republic as of December 31, 2018' (hereinafter referred to as the "Assignment"). The work refers to the Contract for Work no. 58/2019 concluded between the Deputy Prime Minister's Office for Investments and Informatization of the Slovak Republic on one hand and the Institute for Forecasting of the Centre for Social and Psychological Research of the Slovak Academy of Science (hereafter 'contractor') on the others hand

The report consists of the following parts:

- Chapter 2 - describes the objective, tasks and evaluation questions as set out in the Terms of Reference.
- Chapter 3 - contains a brief description of methodological approach.
- Chapter 4 - contains all preliminary findings based on collected data and information and provides an analysis of the current status for each thematic objective; the state of implementation of the priorities for all the thematic objectives, it introduces the achievement of the Europe 2020 objectives, the objectives of the NRP and the EU Council recommendations related to the TOs. The final part of the findings is dedicated to the CLLD, SUD and RITS strategies, the European Territorial Cooperation programmes and an integrated approach to addressing the needs of the geographical areas most affected by poverty.
- Chapter 5 - presents conclusions based on the results of the analyses and proposes recommendations

The evaluation processed all available information, but it does not contain processed data from the beneficiaries' monitoring reports that will be included in the annual reports of the ESIF and at the time of preparation of the final report were not yet available.

2 Purpose of Evaluation, Subject, Evaluation Questions and Tasks

2.1 Purpose and Subject matter of the Work

The purpose of the assignment is to assess the progress made in implementing the PA as of 31st December 2018 and to prepare the foundation for generating Progress report of SR in 2019.

The subject of the work is the assessment of fulfilment of the PA and its progress, particularly in relation to the Europe 2020 strategy, as well as generally in relation to national and EU strategies and recommendations of the Council for SR.

2.2 Evaluation questions and tasks

The Contract for Work No 58/2019 established the following evaluation questions:

1. How have the new and existing recommendations of the Council for Slovakia and new needs arising from national strategies been taken into consideration in the content and implementation of the Operational Programs of the Partnership Agreement?
2. What were the gross effects of implemented interventions within the thematic objectives of the PA in relation to the objectives of the Europe 2020 strategy, fulfilling the National Reform Program and fulfilling the specific recommendations of the Council and the Commission for the Slovak Republic?
3. What progress has been made in the area of directing the PA SR?

The evaluation questions are answered through the evaluation tasks 4.1 to 4.6:

4.1. Describe the changes in the implementation of ESIF based on existing and specific new EU Council recommendations for the Slovak Republic.

4.1.1 Potential support options and absorption capacity of the priority axes of the programs with respect to their potentially increased financial allocation from the performance reserve of the areas where the fulfilling of the priorities is insufficient (based on the indicators of the performance framework) will be described separately.

4.2 To analyse the state of the implementation of the Partnership Agreement of SR 2014 - 2020 and the contribution of ESIF in fulfilling the Union strategy for smart, sustainable and inclusive growth.

4.3. To assess the implementation of ETC programs through output and outcome indicators of the respective programs, including their intersection with the Danube Region Strategy.

4.4 To evaluate the implementation of co-ordination mechanisms laid down in the PA and description of the issues that have arisen during their implementation in the given period.

4.5 To assess the progress made in reduction of administrative burden of beneficiaries.

4.6 To assess the progress made in applying horizontal principles (HP) and policy objectives:

4.6.1. To assess the actions aimed at enforcement and monitoring of a wider application of HP in operational programs and their projects. Within the meaning of the PA, the following principles will be subject to evaluation: 1. Equality between men and women; 2) non-discrimination; 3) access for people with disabilities and 4) sustainable development (protection of the environment, efficient use of resources, mitigation of climate change and adapting to it, biodiversity and risk prevention).

4.6.2. To assess the measures for implementing horizontal political objectives with regard to the content of the PA. Wider application of the HP objectives at the PA level requires, in particular, cross-sectional tools for the fight against poverty and social exclusion, the creation of jobs and removing obstacles to employment, regular monitoring, etc. These activities will be assessed in the light of the results obtained and problematic areas, which need to be addressed.

Answers to evaluation tasks are described in chapter 4.

3 Evaluation Methodology

3.1 Methodological approach

The Evaluation was drafted using a combination of quantitative and qualitative research methods:

- Quantitative methods were vital in the analysis of performance framework and target achievement in the economic, social and regional development of the SR in comparison with the starting position as of the adoption of the PA. Quantitative methods were also important in the analysis of the social and economic context of the planned and realised interventions in the framework of Thematic Objectives of the PA in relation to the targets of the Europe 2020 strategy and related documents. Quantitative methods were most important in the analysis of the state and situation of the implementation of ESIF on the level of the SR and NUTS 3¹, as well as in the Evaluation of broader effects of ESIF-derived support.
- Qualitative methods of research served primarily in the achievement of a deeper understanding of the quality of changes in development needs in the economic, social and regional development of the SR and deeper causalities of positive and/or negative trends. Considering the state and course of the realisation of interventions in the framework of the Programming Period 2014-2020, qualitative methods were also key to research in the framework of the thirds Evaluation question.

Methods of qualitative and quantitative research overlapped and complemented one another. The use of various methods also allowed for a triangulation of methods, which serves to increase the reliability, trustworthiness and validity of the acquired data and information.

Quantitative data was analysed in the context of a critical analysis of sector reports, Evaluation reports, scientific literature, secondary sources of information and further desk research. The Evaluation focused primarily on original data from ITMS2014+, as well as secondary data acquired first and foremost from a study of strategic and otherwise relevant materials (especially the PA and its ex-ante Evaluations, the National Reform Programme of the SR for the years 2014 to 2019, the Europe 2020 strategy, recommendations of the Council and the Commission to the SR with an emphasis on specific recommendations of the Council of the EU to the SR for the years 2014 to 2019 and existing relevant Evaluations) as well as publicly available context indicators and statistical data.

Wherever it was practical and possible (in consideration of the level of use of ESIF) in the analysis of select Thematic Objectives, mathematical and statistical modelling was used. Their goal was to create a deeper understanding of the effects of ESIF on the achievement of social and economic targets².

¹ On the NUTS 3 level it was possible to analyse demand-oriented projects. In certain Thematic Objectives, only national, i.e. large demand-oriented projects were implemented, which could not be assigned to a specific region.

² The analysis was primarily correlation, regression and factor oriented.

The essential instrument in quantitative data-collection was a series of partially structured and in-depth interviews. An optimal sample of respondents was determined on the basis of established data-collection targets, including all key actors.

The principal analytical tool in the processing of collected data and information was a comparative analysis which contrasted intended and achieved outputs and results (when available), i.e. measured the fulfilment of targets set in strategic, as well as planning documents. In accordance with Evaluation task 4.2, the subject matter of the analysis was the achievement and contribution of ESIF:

- To national goals of the Europe 2020 strategy,
- To the realization of priorities as stated in chapter 1.3 of the PA through Thematic Objectives and their expected results,
- To specific recommendations to the SR and achieved results,
- To the resolution of changes to developmental needs via the ESIF, if they were identified in task 4.1,
- The assessment of causes in cases where sub-targets were not achieved and the assessment of measure, which will be adopted to resolve them.

3.2 Limitations

The Evaluation faces several limitations. One of the important eventualities which severely limits the feasibility of submitting responses to some of the evaluation questions is the timing of the Evaluation, i.e. the current state of implementation of ESIF in Slovakia. According to the standard monitoring table, the use of ESIF on the national level was, on 31.12.2018, 21.85 % (EU sources). The majority of projects are not concluded and it will only be possible to analyse their impact and effect after a time. As such, an evaluation at the present stage cannot provide a sufficiently conclusive perspective on the effects or consequences of ESIF implementation. Any progress which might appear in statistical (contextual) indicators, can therefore probably be interpreted to a certain degree, to be a consequential effect of an OP from the previous Programming Period 2007-2013. Considering the current state of implementation, it was not possible to track the effects of present OPs, in the form of results and impacts, in full. Analysis in the framework of the second Evaluation question was therefore focused mainly on the course and structure of challenges, and was performed using available indicators.

4 Findings - Results of analyses based on evaluation tasks

4.1 Changes in the ESIF implementation, related to incumbent and new Council Specific Recommendation for the Slovak Republic

4.1.1 Absorption capacity of the operational programmes and their priority axes

The ITMS data indicate diverse levels of absorption capacity by specific operational programmes, as of 31.12.2018 (Table 1):

- The highest spending rates were reported by the Operational Programme Integrated Infrastructure (30.5 %), The Operational Programme Technical Assistance (34.4 %) and the Rural Development Programme (37.6 %).
- Medium-high spending rate was reported for the Operational Programme Human Resources (23.3 %).
- Low spending rates were reported for the Operational Programme Fisheries (4.2 %), the Operational Programme Research & Innovation (9.6 %), the Integrated Regional Operational Programme (12.1 %), the Operational Programme Efficient Public Administration (14.5 %) and the Operational Programme Quality of Environment (16.1 %).

The overall spending rate of all operational programmes and the Rural Development programme was 21.85 % as of 31.12.2018.

Table 1: Overview of allocations, contracting and certified spending by the Operational Programmes and the Rural Development Programme, as of 31.12.2018

OP	Priority Axis / Priority of the Union	Thematic Objective	Allocation 2014-2020 (€m)	Contracted amount, €m	ESIF spending (€m)	% contracted	Certified spending (%)
OP Ral	PA1	1	1590.972	337.254	116.853	21.2	7.34
	PA2	1	142.041	22.776	7.13	16.03	5.02
	PA3	3	376.415	333.068	52.867	88.48	14.04
	PA4	3	24.632	23.29	3.414	94.55	13.86
	PA5	TA	70	50.969	30.392	72.81	43.42
	Total			2204.059	767.357	210.656	34.82
OP HR	PA1	10	458.747	135.019	23.126	29.43	5.04
	PA2	8	206.715	227.936	76.284	110.27	36.9
	PA3	8	795.925	685.551	285.024	86.13	35.81
	PA4	9	294.699	190.109	78.566	64.51	26.66

	PA5	9	139	87.521	15.297	62.96	11
	PA6	9	243.662	68.879	14.145	28.27	5.81
	PA7	TA	78.6	51.576	24.232	65.62	30.83
	Total		2217.348	1446.589	516.675	65.24	23.3
OP II	PA1	7	725.839	561.149	186.219	77.31	25.66
	PA2	7	1142.5	1315.039	673.666	115.1	58.96
	PA3	7	322.35	156.727	124.494	48.62	38.62
	PA4	7	116.45	0.255	0.025	0.22	0.02
	PA5	7	282.232	1.632	0.918	0.58	0.33
	PA6	7	484.757	164.545	117.262	33.94	24.19
	PA7	2	788.082	218.997	77.826	27.79	9.88
	PA8	TA	87	38.362	23.263	44.09	26.74
	Total		3949.211	2456.706	1203.673	62.21	30.48
OP KŽP	PA1	6	1475.852	854.918	327.142	57.93	22.17
	PA2	5	385.261	87.733	3.151	22.77	0.82
	PA3	5	260.901	150.914	4.336	57.84	1.66
	PA4	4	938.886	460.602	144.624	49.06	15.4
	PA5	TA	77	42.373	26.433	55.03	34.33
	Total		3137.9	1596.54	505.687	50.88	16.12
IROP	PA1	7	416.829	164.393	29.088	39.44	6.98
	PA2	9+10	748.371	352.454	32.153	47.1	4.3
	PA3	8	213.87	45.75	11.438	21.39	5.35
	PA4	4+6	198.796	235.673	112.813	118.55	56.75
	PA5	9	98.968	11.204	2.328	11.32	2.35
	PA6	TA	62	28.8	22.394	46.45	36.12
	Total		1738.834	838.274	210.215	48.21	12.09
OP EPA	PA1	11	234.101	123.995	33.328	52.97	14.24
	PA2	11	33.21	28.051	3.155	84.46	9.5
	PA3	TA	11.138	6.339	3.837	56.91	34.45
	Total		278.449	158.385	40.32	56.88	14.48
OP TP	PA1	TA	114.388	69.837	45.993	61.05	40.21
	PA2	TA	44.684	12.193	8.784	27.29	19.66
	Total		159.072	82.03	54.777	51.57	34.44
OP F	PÚ2	3+6	9.407	0.433	0	4.61	0
	PÚ3	6	1.4	0.114	0.114	8.17	8.17
	PÚ5	3	4.041	0.626	0.422	15.5	10.45
	PÚ7	TA	0.937	0.253	0.133	27.02	14.17
	Total		15.785	1.427	0.669	9.04	4.24

RDP	M01	10	10.572	0	0	0	0
	M02	1	2.981	0	0	0	0
	M04	3+4+5+6	390.065	316.29	129.86	81.09	33.29
	M05	3	51.95	0	0	0	0
	M06	3+4+8	116.735	97.281	22.605	83.34	19.36
	M07	9+2	89.257	42.709	6.671	47.85	7.47
	M08	3+4+5+6	100.718	71.543	49.967	71.03	49.61
	M10	5+6	106.733	40.149	39.907	37.62	37.39
	M11	5+6	67.243	38.382	38.284	57.08	56.93
	M12	5+6	6.551	1.949	1.942	29.75	29.65
	M13	5+6	360.246	233.323	233.031	64.77	64.69
	M14	3	79.812	50.585	50.33	63.38	63.06
	M15	5+6	3.713	1.832	1.81	49.34	48.75
	M16	3	35.842	21.68	1.45	60.49	4.04
	M19	1	77.985	3.883	0.795	4.98	1.02
	M20	TA	59.292	39.614	15.387	66.81	25.95
		Total		1559.692	959.22	592.04	61.5

Total PA		15260.35	8282.63	3334.71	54.28	21.85
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Source: ÚPVII, CCB Standard monitoring table, Notes:

OP R&I: PA1 – Support to research, development and innovations, PA2 - Support to research, development and innovations in the Bratislava Region, PA3 – Strengthening competitiveness and growth of the SMEs MSP, PA4 - Strengthening competitiveness of the SMEs in the Bratislava Region, PA5 - Technical Assistance.

OP HR: PA1 – Education, PA2 – Initiative for support to youth employment, PA3 – Employment, PA4 – Social Inclusion, PA5 – Integration of marginalised Roma communities, PA6 – Technical equipment in municipalities with MRC, PA7 - Technical Assistance.

OP II: PA1 - Railway Infrastructure (TEN-T Core) and Rolling Stock Renewal, PA2 - Road Infrastructure (TEN-T Core), PA3 - Public Passenger Transport, PA4 - Waterway Transport Infrastructure (TEN-T Core), PA5 - Railway Infrastructure (other than TEN-T Core), PA6 - Road Infrastructure (other than TEN-T Core)), PA7 - Information Society, PA8 - Technical Assistance.

OP QoE: PO1 – Sustainable use of natural resources through environmental infrastructure development, PO2 – Adaptation to the adverse effects of the climate change with the focus on flood protection, PO3 – Promoting risk management, emergency management and resilience to emergencies affected by climate change, PO4 – Energy efficiency and low carbon economy in all sectors, PO5 - Technical Assistance.

IROP: PO1 - Safe and environmentally-friendly transport in regions, PO2 - Easier access to effective and quality public services, PO3 - Mobilizing creative potential in the regions, PO4 - Improving the Quality of Life in Regions with an Emphasis on the Environment, PO5 - Community-Led Local Development, PO6 - Technical Assistance.

OP EPA: PO1 – Strengthened institutional capacities and efficient public administration, PO2 – More efficient judicial system and enhanced law enforcement, PO3 - Technical Assistance.

OP TP: PO1 – Management, check and audit of the EŠIF, PO2 – System and technical assistance.

OP F: PÚ2 - Fostering environmentally sustainable, resource efficient, innovative, competitive and knowledge based aquaculture, PÚ3 - Fostering the implementation of the CFP, PÚ5 - Fostering marketing and processing, PÚ7 - Technical Assistance.

RDP: M01 - Knowledge transfer and information actions, M02 - Advisory services, farm management and farm relief services, M04 - Investments in physical assets, M05 - Restoring agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention actions M06 - Farm and business development, M07 - Basic services and village renewal in rural areas, M08 - Investments in forest area development and improvement of the viability of forests, M10 - Agri-environment-climate, M11 - Organic farming, M12 - Natura 2000 and Water Framework Directive payments, M13 - Payments to areas facing natural or other specific constraints. M14 - Animal welfare, M15 - Forest environmental and climate services and forest conservation, M16 – Co-operation, M - 19 Support for LEADER local development (CLLD – community-led local development), M20 - Technical Assistance.

4.1.2 Potential allocations from the performance reserve

The purpose of the performance reserve is to respond to weaknesses in the implementation of the ESIF and, if necessary, to reallocate funds from inefficient axes to more promising areas/axes. The performance reserve can be used by the Priority Axes that have achieved the milestones set in the performance framework. The achievement of milestones as of 31 December 2018 will be assessed by the European Commission via an evaluation of the OP's annual reports submitted in 2019. The baseline for the evaluation is determined by the CCA Methodological Instruction No. 2 (version 4) on the performance reserve and performance framework.

There is a variance in the degree to which the specified performance framework objectives within the different operational programmes have been achieved. Some priority axes of selected operational programmes show a low drawdown (spending) and contract rate, indicating the risks of drawing on the resources earmarked for certain measures. However,

most priority axes show a high level of contracting. This suggests that the performance framework for the operational programmes will be fulfilled.

- The OP R&I exhibits a different potential for resource utilisation, depending on individual priority axes. The overall drawdowns, total contracting and rate of achievement of the milestones set in the performance framework for PA1 and PA2 are low. Both PA3 and PA4 have a high drawdown potential.
- The OP HR has not attained fulfilment of the set performance framework for some priority axes, especially PA1, due to a low contracting rate. Nevertheless, several priority axes (e.g., PA3) show a high absorption potential.
- The OP II is achieving a critically low rate of fulfilment of performance framework indicators, but there is some drawing and contracting in PA4 and PA5. Nevertheless, some priority axes (such as PA2) also exhibit high absorption capacity.
- The OP QE exhibits different rates of fulfilment of financial targets of the performance framework for priority axes, with the lowest level reaching 3.43% (PA2). Nevertheless, OP has a relatively homogeneous contracting rate within all the priority axes (more than 50%, excluding PO2), which indicates internal absorption capacity.
- The IROP achieved the highest financial indicator fulfilment rate (as well as contracting rate) within PA4. Particularly problematic axes are the PA1, PA2 and PA5.
- The OP EPA demonstrated a high ability to fulfil the financial indicators of the performance framework within PA1. A lower rate was achieved under PA2. Nevertheless, contracting rates within both priority axes were high (52.97% and 84.46%), which points to the high internal absorption capacity of OP.
- The OP F shows the fulfilment of all financial indicators of the performance framework at the level of 0%, given the current lack of contracting. The ability to draw resources under the OP F is proving to be low.
- The RDP exhibits a different potential as regards indicator fulfilment within individual priority axes. The contracting value of the individual axes also varies, indicating dispersed absorption.

However, most of the operational programmes (except for the OP F) appear to have the internal capacity to draw down in some priority axes. A more detailed quantification of the available performance reserve is presented in Annex 2.

4.1.3 Changes related to the Council recommendations for the Slovak Republic.

The Country Report Slovakia 2019, published by the Commission, states that Slovakia is doing well, but is lagging behind in areas which are key to growth³. These are the quality of public administration, education, science, research, innovation, equalisation of regional differences and the quality of the environment. The Report also identifies the aging of the population, automatization, robotization and digitalization as further challenges.

³ The Report is available at this url:

https://ec.europa.eu/slovakia/sites/slovakia/files/prehľadna_prezentacia_spravy_o_slovensku_2019.pdf

The key recommendations of the Council for Slovakia is to take action in 2019 and 2020 in order to:

- 1) Achieve the medium-term budgetary objective of 2020. Ensure the long-term sustainability of public finances, in particular the healthcare and pension systems.
- 2) Improve the quality and inclusiveness of education at all levels and promote skills. Improve access to affordable and quality childcare and long-term care. Promote the integration of disadvantaged groups, especially Roma.
- 3) Target economic policy related to investment in healthcare, research and innovation, transport, in particular sustainability, digital infrastructure, energy efficiency, SME competitiveness and social housing, taking into account regional disparities. Increase the application of quality and life cycle cost criteria in public procurement.
- 4) Continue to improve the efficiency of the judicial system and focus on strengthening its independence, including in the appointment of judges. Increase efforts to detect and prosecute corruption, especially in large-scale corruption cases.

These challenges correspond with recommendations of the Council of the National Reform Programme and Stability Programme⁴. It is recommended to Slovakia, that it adopts measures in the years 2018 and 2019, which in many aspects directly impact ESIF. They are summarized by Table 2.

⁴ The Council's recommendation, concerning the National Reform Programme of Slovakia for the year 2018, and which submits the position of the Council of the National Reform Programme for the year 2018, COM(2018) 424 final and the RECOMMENDATION OF THE COUNCIL from July 13 2018, concerning the National Reform Programme of Slovakia for the year 2018, and through which the Council submits its position to the National Reform Programme for the year 2018 (2018/C320/24).

Table 2: Recommendations of the EC and their implications for ESIF

Recommendation of the EC	Implication for the ESIF
Ensure that the nominal value of the growth of net primary public expenditure in the year 2019 does not exceed 4.1% / 0.5% of GDP.	Improve the use of ESIF and take advantage of the possibility of financing public expenditure.
Implement measures to increase the cost-efficiency of the healthcare system and create a more effective strategy for the healthcare workforce.	Direct the resolution of challenges in the framework of OP HR to the creation of conditions for the stabilization of the healthcare workforce.
Boost activation measures to measures to increase qualification including quality and directed professional preparation and individualized services for disadvantaged groups, most importantly through the fulfilment of the action plan for the long-term unemployed.	A continuation of the implementation of measures directed at OPHR, IROP, increasing qualifications and under-developed communities, to increase the connection to the improvement of structural conditions in housing and infrastructure (OPQE).
Support the employment of women, primarily by increasing the availability of price-accessible and quality child-care.	The support of pre-school education remains a priority, together with the improvement of technical infrastructure (IROP, OPHR).
Increase the quality and inclusivity of education, including through an increase in the participation of Roma children in the main stream of education from early childhood.	A support of pre-school education through the construction of infrastructure, improvement of conditions in marginalised settlements.
Increase the implementation of quality and life cycle cost criteria in public procurement.	Further strengthening of the capacities of public administration using the possibilities offered by OP EPA, OP TA.
Suppress corruption by ensuring the implementation of the actual legal code, and an improvement in the accountability of the police and prosecution.	Strengthening of mechanisms, as well as technical systems with the use of possibilities offered by OP EPA.
Reduce the fragmentation of the system of public research and encourage innovation - including in SMEs.	Along with necessary reforms, this is also an improvement in the use of OP R&I, as well as co-ordinated support of SMEs through related challenges.

EC (2018): Country Specific Recommendations, Council Recommendation of 13 July 2018, Official Journal 2018/C 320/24, published on 10.09.2018.

4.2 Implementation of the Partnership Agreement and achievement of the Europe 2020 national goals

Evaluation of the Europe 2020 Strategy indicates that Slovakia has good chances to meet most targets of the Strategy (Table 3):

- The Slovak Republic has already achieved its targets in reducing greenhouse gas emissions, increasing energy efficiency and reducing proportion of population at risk of poverty and social exclusion.
- Significant progress was done in increasing employment rates and increasing shares of population (aged 30-34) with tertiary education. Rapid progress towards the Europe 2020 targets indicates that the abovementioned goals will be achieved by 2020. There is a positive development in indicators for increasing the share of renewable energy in final energy consumption. The Slovak Republic is likely to achieve its target in renewable energy or come quite close to the target.
- Less progress was done in increasing combined public and private investment in R&D. As for the R&D investment, Slovakia ranks to the countries with very high rates of dependency on the EU resources. Ratio of R&D spending to GDP strongly depends on the spending cycle by the European Investment and Structural Funds (ESIF) in current year. It should be noted that both the Slovak Republic and the European Union underperform in their R&D investment targets.
- There is a negative trend in reducing school drop-out rates (% of population aged 18-24 years). The shares actually have increased since 2014. The Slovak Republic is unable to achieve its target in drop-out rates.

Table 3: Key objectives and implementation of the EU 2020 Strategy in Slovakia

Target	2014	2015	2016	2017	2018	SK target 2020	EÚ28	EÚ28 target 2020
Increasing the employment rate of the population aged 20-64 (%)	65.9	67.7	69.8	71.1	x	72.0	72.2	75
Increasing combined public and private investment in R&D (% GDP)	0.88	1.17	0.79	0.88	x	1.2	2.06	3.0
Reducing greenhouse gas emissions by at least 20 % compared to 1990 levels	54.82	55.44	55.63	x	x	113.00	77.64	80.00
Increasing the share of renewable energy in final energy consumption to 20 %	11.7	12.9	12.0	x	x	14.0	17	20
Moving towards a 20 % increase in energy efficiency (Mtoe)	15.3	15.4	15.5	x	x	16.4	1542.7	1483
Reducing school drop-out rates (% of population aged 18-24 years)	6.7	6.9	7.4	9.3	9.31	6.0	10.6	10.0
increasing the share of the population aged 30-34 having completed tertiary education	26.9	28.4	31.5	34.3	36.8	40.0	40.5	40.0
Population at risk of poverty and social exclusion. (%)	18.4	18.4	18.1	16.3	x	17.2	-4.18 mil.	-20 mil.

Source: Eurostat (2019): Europe 2020 indicators

The next sub-chapters of the Chapter 4 summarise the ESIF contribution to securing intelligent, sustainable and inclusive growth of the EU. The summary is provided for the

Thematic Objectives (TO) no 1 – 11. Annex 1 provides detailed evaluation of the Partnership Agreement's implementation in TO 1-11.

4.2.1 TO1 Strengthening Research, Technological Development and Innovation

Activities targeted by the TO1 support increases in inputs and outputs in research, development and innovation in Slovakia. Increases in domestic business expenditure on R&D and increase in innovation capacities of the small and medium-sized enterprises (SMEs) were targeted on the input side. As for the output side, the ESIF support to R&D should be reflected in higher numbers of patents and good quality scientific publications. Increase in shares of innovative enterprises was another expected effect of the ESIF investment

The Priority Axes (PA) 1 and 2 of the Operational Programme Research and Innovation (OP R&I) provide key support to the Thematic Objective 1 (TO1). The PA1 and PA2 accounted for low rates of certified spending – 7.34 % and 5.02 % respectively, as of 31 December, 2018). Low spending was impacted by poor process setup of the OP R&I. It is therefore impossible to evaluate importance of the ESIF resources for increase in research intensity and innovativeness level of the Slovak firms. The ESIF effects can be estimated from results of the European support to Slovak R&D in the previous programming period. There were some positive trends in Slovak R&D system in the last decade:

- There was a significant and positive switchback in the Slovak R&D investment after 2007. The total R&D investment increased from 0.45 % GDP in 2007 to 1.7 % GDP in 2017. The public sector developed financial dependence on the Slovak national and European resources. The business sector secures over 80 % finance from its own resources, but share of the European assistance in total business R&D investment increases over time.
- The absolute numbers of international co-publications (per 1 million inhabitants) increase over time: from 293.9 in 2010 to 438.8 in 2017. The quality of publications increases over time.
- The patenting intensity and shares of innovative enterprises in total enterprises remain very low.
- There is a positive trend in increasing concentration of R&D investment in five domains of smart specialisation (RIS3). The Eurostat data indicate that the total R&D investment in five RIS3 domains increased from €112.0m in 2010 to €241.6m in 2016. The share of five RIS3 domain in total R&D investment increased from 63.9 % to 74.7 % in the same time period. The accord between the industrial structure of the Slovak exports and the R&D investment therefore improved over time.

The 2019 European Semester Report for the Slovak Republic acknowledged increase in the rate of the R&D tax allowance to 100 % of qualifying expenditure. The report also acknowledged adoption of the Implementation Plan for the Smart Specialisation Strategy. The report, however, is mostly critical about overall performance of the Slovak research and innovation system. It found that 'limited progress has been made in creating a better-integrated public research system and stimulating business innovation'. The report also points to the 'over-reliance of the Slovak research system on the European Structural and Investment'.

The Slovak Government passed several important documents and policy measures supporting governance and financial resources of the R&D system. The most important measures include adoption of the Implementation Plan for the Smart Specialisation Strategy in 2017. The Slovak Government also passed the National Programme for Education ('Learning Slovakia'). The Implementation Plan for the national programme foresees 'increasing State financial support to creative activities in the University sector' to €881.64m in 2018-2027 and 'stable and predictable financial support to excellent research' to €625.65m in the same period. The Ministry of Education, Science, Research and Sports (MESRS) drafted proposal for the State Research and Development Programmes for period 2019-2023 (with outlook up to 2028). The budget envisaged for the programmes is €648.1m.

4.2.2 TO2 Improving access to information and ICT and improving its use and quality

Activities targeted by the TO2 support improving access to the broadband by firms and citizens, and boosting electronic commerce with goods and services. The TO2 also should stimulate higher use of the eGovernment services, improve quality of the eGovernment and increase satisfaction of users with the services.

The Operational Programme Integrated Infrastructure (OP II) is the key resource for the TO2. Implementation of the OP II lagged behind the plan. As of 31 December 2018, the TO2 accounted for low levels of contracting (27.10 %) and certified spending (9.63 %). The OP II, however, was only a complementary resource for the development digital economy and society in Slovakia. The OP II spending (€77.8m) accounted for some 4.2% of the total ICT investment in Slovakia in 2014-2018.

The European Digital Scoreboard (DESI) ranked Slovakia no 20 in the list of the 28 EU Member States in 2018. The relative position of Slovakia did not change, but the absolute score value increased in 2018 compared to 2017. The Slovak population has good digital skills in internet banking, internet shopping, reading/downloading online newspapers/ news and participating in social or professional networks. The Slovak small and medium-sized enterprises (SMEs) derive above-average share of their total turnover from the web sales. The DESI data indicate that level of ICT use by Slovak SMEs is comparable to the EU28 average and higher than in the Visegrád Four (V4) countries. Slovak SMEs account for the above-average performance in the eCommerce turnover. Slovakia also has above-average percentages of SMEs selling their services online and using the CRM-type software solutions, as compared to the V4 average. The Slovak citizens also use the internet to order goods more often than citizens of other V4 countries.

Use of the eGovernment services is the key weakness of Slovakia compared to the EU28 and V4 countries. The Slovak citizens communicate with public authorities mainly for obtaining information. A relatively low numbers of citizens use the Internet for interactive communication with the public administration, such as downloading / submitting official forms.

The 2019 European Semester Report for the Slovak Republic acknowledged progress in 'adoption of digital business practices'. The report also acknowledged introduction of new digital public services but noted that 'the take-up by citizens has not yet reached the average EU level'. The report points to some fundamental weaknesses of the ICT infrastructure: '11% of households do not have access to standard fixed broadband (EU average 3% in 2017)'.

The Slovak Government adopted several strategic documents in field of ICT and eGovernment. The Slovak Government adopted the National Concept for Informatization of the Public Administration'. The government also adopted the Action Plan for Smart Industry in 2020. Implementation of the Plan starts in 2020.

4.2.3 TO3 Enhancing the competitiveness of SMEs, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for ENRF)

Activities supported under TO3 are aimed at supporting a wide range of small and medium-sized enterprises in different sectors. The measures implemented are designed to cover all phases of the life cycle of different types of SMEs, and to capture their changing needs. The ESIF should be reflected in, for example, increasing numbers of new businesses, jobs and innovative activities.

The Rural Development Programme (RDP), the Operational Programme Research and Innovation (OP R&I), and the Operational Programme Fisheries (OP F) cover TO3. The main sources of SME funding are the PO3 and PO4 of the OP R&I, both with low drawdowns (14.04 % and 13.86 % respectively), but their contracting rates were high (88.48 % and 94.55 % respectively). The drawdowns, as well as the contracting rates (max. 15.5 %) of the two priority axes of the OP F, were critically low. In the case of the RDP, TO3 was covered by six individual axes, some of which exhibit high (e.g., M14 up to 63 %) and others low drawdowns (e.g., M08 only 0 %).

The RDP reached the highest contracting rate under TO3. Given the relatively low absorption rate, and partly because of the fact that many projects have not gone through the sustainability phase, it is not possible to objectively assess the impact of the ESIF in terms of achieving the objectives. Also, some of the goals seem to be unsuitable. In 2017, there were a total of 218,805 small and medium-sized enterprises and 323,947 sole traders in Slovakia, but the value of the indicator for OP R&I-supported enterprises was just 2,400.

The indicators for agriculture for the period 2013–2017 indicate a slight improvement in the sector's competitiveness, which has also been achieved through increased EU support. The increase in support (from €713.2m in 2013 to €776.1m in 2017) has contributed to profit growth as well. The average annual share of support in proportion to revenues has increased from 30.4 % to 32.5 % over this period.

The European Commission has assessed the situation facing small and medium-sized Slovak enterprises in its *Country Report Slovakia 2019*. It notes that Slovakia has one of the highest rates of business productivity dispersion, with SMEs being much less productive than large enterprises. The Commission also indicated other persistent problems, such as inadequate links between academia and SMEs, a low take-up of e-business benefits, poor access to the Single Market, over-regulation, frequent changes to tax legislation, and high levels of bureaucracy. However, it highlighted certain positive developments, such as a progressive increase in the use of financial engineering instruments.

The Government of the Slovak Republic has adopted several key strategic documents and legislative measures relevant to the development of SMEs. The development of innovative start-ups is to be stimulated by the newly adopted Concept for Start-up Support and the Development of the Start-up Ecosystem in the Slovak Republic, which is supplemented by the Creative Industry Development Strategy in the Slovak Republic for the cultural and creative industries. Additionally, the Concept of Smart Industry for Slovakia was also adopted, creating a suitable framework so that SMEs can also learn from the latest trends in the upcoming fourth industrial revolution. The Research and Innovation Strategy for the Smart Specialisation of the Slovak Republic is considered a key strategy and has defined general support frameworks for SMEs, as well as targeted support for selected priority areas within the OP R&I.

4.2.4 TO4 Supporting the transition to a low-carbon economy in all sectors

A modified target for the Slovak Republic is the reduction, in relation to the initial state in 2005, of greenhouse gas emissions by 13 % by the year 2020. Data for 2017 indicates a total reduction of 19.2 %, on the other hand, there is a slight year-on-year increase in emissions, which is related to economic growth and a growth in the purchasing power of the population. Nevertheless, according to current trends, emissions are set to be reduced by 20% in comparison to 2005, and the target will be met. The principal approaches through which the transition to a low-carbon economy is the increase in the proportion of energy drawn from renewable sources to 14 % by 2020 and the achievement of a cumulative target of energy efficiency of the SR of 26 565 GWh (95 634 TJ), equivalent to 2,29 MTOE, by 2020. It is necessary to also consider the SR's commitment to achieve a 10% share of energy from renewable sources in all forms of transportation.

The origin of European resource support for TO4 is Operational Programme Quality of Environment and Integrated Regional Operational Programme. A marginal role is also played by resources from the Rural Development Programme. PO4 OP QE primarily supports energy production from renewable sources, energy efficiency and low-carbon strategies. Investment priority 4.1 of IROP supports energy efficiency and the use of renewable resources in public infrastructure, most importantly in buildings. The Thematic Objective showed, to 31.12.2019, a relatively low rate of use (22.42%), but a high rate of contracting (60.62 %) which creates a positive outlook for the possibility of a full use of total allocation in TO4.

Although there is a positive trend regarding emission reduction, the expected increase of the target reduction between 2030 and 2050 will require further effort and investment. Positive gains have been made in energy efficiency, in which the SR leads the V4. The proportion of energy from RES reached 10.4% in 2012, rose to 11.6% in 2014, but fell to 11.49% in 2017. This trend indicates that an achievement of the 14% objective may be problematic. Gains are still to be made with regards to investment into industry and technology, as well as reducing energy use in public buildings and households. Economic and social transformation connected with a gradual phasing-out of home coal-mining and use in the region of Horna Nitra will have a strong impact on the carbon balance of the SR, but it will also require massive social investments.

Persistent risks exist principally in changes in the entrepreneurial environment and in problems with the integration of RES into the network. The SR's greatest RES potential, according to the PA and associated government energy policy, is biomass with a theoretical potential of 120 PJ. Present challenges to this resource are its growing price and unsustainable use. A further development of hydrological energy faces technical and ecological limitations (e.g. a built up countryside, important ecological areas and public resistance). The potential of biogas use faces problems with the use of agricultural land. The potential of solar and geothermal energy is underexploited, they still make up less than 1% of heat production. The proportion of biofuels on the 10% goal will be dependent on the development of the price and accessibility of fuels and the possibility of producing the so-called second generation biofuels. First generation biofuels, most notably the growing of oilseed rape, are subject to increasing criticism due to the need to intensive spraying and the impact on the quality of groundwater.

In the area of energy efficiency, Slovakia's target for 2020 is to reduce its final energy consumption by 11% against the 2001-2005 average. Improvement of thermo-technical parameters in industry is a positive trend. The main challenge is to co-ordinate at the local level, based on a quality audit of the situation, and to plan and implement measures aimed at comprehensive local approaches. Despite supportive activities and government measures, the share of industry (about 40%) as a proportion of final energy consumption in Slovakia is relatively high compared to the EU27 average (approximately 26%).

4.2.5 TO5 Promoting Climate Change Adaptation, Prevention and Risk Management

Priorities and the direction of interventions to fulfil objectives concerning adaptation to climate change, crisis prevention and management were defined on two principal levels. The first as the increase of the country's adaptability and the second as the strengthening of capacities for the resolution of crisis situations. Measures at the first level were directed primarily at the recultivation of land in less developed regions. At the second level, the focus was put on addressing flooding through the strengthening of early warning systems, the creation of specialized rescue modules and the general increase in the percentage of the population using flood control measures. The percentage of use of the funds reached 30.5%, and 50.58% were contracted, so further progress can be expected, particularly with regard to investments into adaptation measures in agriculture and the strengthening of resolution capacities addressing crisis situations.

The source of European resource support for TO5 is the Rural Development Programme and OP Quality of Environment. Key measures of the RDP (M08, M10 and M13) showed, to the 31.12.2018, a relatively high level of use and contracting.

Priority Axis 2 of OP QE supports first and foremost those investments, which are directed at adaptation to climate change and flood control Priority Axis 3 of OP QE supports investments targeted at crisis control and the management of extraordinary events. Both Priority Axes showed, to the 31.12.2018, relatively low percentage of contracting, and a very low percentage of use. From a regional perspective, the highest level of use is the Banskobystricky Region.

A revision of data on the environment quantifies realised expenses for flood control at €170.8m for the year 2014-2016 and estimates these expenses for 2017-2018 at €106.8m (totalling €277.6m for the period 2014-2018). Sources from ESIF (without RDP payments) in the stated period were responsible for € 7.5m, i.e. 2.7 % of resources within TO5.

A favourable state exists in the recorded number of early warning systems (less developed regions) where the trend is towards the planned value of 2. The number of created specialized rescue modules has a target value of 4; only one has been reported thus far. That being said, considering the multiplication effect of capacity creation, there should still be sufficient space to achieve the set objectives, and the number of currently contracted projects (five for both indicators) tells us, that the objectives will in fact be surpassed.

The percentage of the population using flood control measures is, relative to planning, increasing slowly. Of the target number of 12,744 people, only 344 have been reached. Nevertheless, the number indicated in contracted projects (6,323 people) suggests an acceleration of implementation. The fulfilment of goals concerning the implementation framework of re-cultivated land (less developed regions) also appears to be struggling, as no progress toward the goal of 219 ha has been recorded, and the contracted amount (83.33 hectares) does not indicate significant progress either.

Tracking the total number of people living in areas with a risk of flooding could help in the evaluation of the progress made in the effectiveness of flood control measures. Similarly, the proportion of agricultural and forest land with realised agri-environmental measures to the total area of the SR and the proportion of inhabited areas protected by early warning systems should provide a better understanding of the effects of adopted measures. It is also rather problematic to try to compare TO5 between V4 countries, as most indicators are tracked on a national level only and they are not available for comparison.

4.2.6 TO6 Preserving and protecting the environment and promoting resource efficiency

Support for an effective use of resources is directed at reducing energy and material costliness of the economy. Principally in areas of waste management, water protection, air protection, environmental infrastructure and technology, green and blue infrastructure in cities and settlements, environmental costs, and then in areas of aquaculture and agri-environmental measures. The level of fulfilment of TO6 is unfavourable with regards to waste management. Gains have been made in the reduction of energy and raw material consumption, and in decoupling economic growth from their consumption. The productivity of resources has increased from 0.94 EUR/kg in 2010 to 1.07 EUR/kg in 2015 and 1.15 EUR/kg in 2017. Energy intensity (in kgoe/€) has grown from a value of 3.3 in 2015 to 4.8 in 2017, but is still seriously lagging behind the EU average. Despite a reduction of material and energy intensity, pressure on Slovak ecosystems is growing and their conditions are deteriorating, while 60% of Europe-significant biotopes and in an unfavourable state.

The vital source of European resource support for TO6 is Operational Programme Quality of Environment, the Rural Development Programme and the Integrated Regional Development Programme. Priority Axis 1 of OP QE is directed at a sustainable use of resources. Investments are directed into sectors of waste management, water management, the protection and restoration of biodiversity, measures focusing on the improvement of urban environments, as well as the revitalisation and decontamination of industrial areas. Priority

Axis 4 of the IROP focuses on energy efficiency of buildings, investments into the sector of water management and the improvement of urban environments.

An unfavourable situation exists mainly in OP Fisheries, where UP2 sees only 4.61% of contracting and only 8.17% of use in the framework of UP3. The situation in OP QE is relatively good, mainly because of a high (57.93) percentage of contracting. Use of RDP resources varies between 29.65% in M12 to 79.31% in M04.

The Priority Axes of OP QE and IROP, as well as RDP measures, reached, to the 31.12.2018, a high level of contracting and use. The combined value of contracting totalled 1514.135 mil. EUR (64.5%), with use totalling at 831.516 mil. EUR (35.43%). From a regional perspective, the highest percentages of use were achieved in the Trenčín and Košice regions.

The main challenge to an effective use of resources has, for a protracted period, been waste management. The rate of recycling of municipal waste is the lowest in the V4, and 35% below the EU28 average. The rate of landfilling is also the worst in the V4 (though Hungary only lags behind by 1 percent) and with a total value of 47% we reach almost double the EU28 average.

In the case of the Eco-innovation Index, Slovakia has risen from a value of 43 in 2010 to 74 in 2016, but it still belongs to the weakest of EU members. Concerning energy intensity (kgoe/EUR), the Slovak Republic has a relatively favourable indicator of 4.8, which is approximately equivalent to the level of other V4 countries and below the EU average. Consumption of materials (in tons per inhabitant) has long-term favourable tendencies and is below both the EU and V4 average. In the index of water use, Slovakia is more successful than neighbouring Poland and Czechia. In water use productivity (in EUR/m³), that is to say in economic output per cubic meter of consumed fresh water, Slovakia is, with a value of 133.8, and in comparison to Poland and Czechia, the regional leader.

4.2.7 TO7 Promoting sustainable transport and removing bottlenecks in key network infrastructures

The sources of support for TO7 are the Operational Programme Integrated Infrastructure (PO1 to PO6) and the Integrated Regional Operational Programme (PO1). TO7 showed a relatively high degree of contracting (67.7 %) and drawdowns (32.4 %) as of 31 December 2018. Fulfilment of the performance framework in TO7 is very favourable in the case of the non-financial indicators of road and rail transport under PA1-4 and PA6.

Insufficient progress was recorded only in a small proportion of non-financial indicators (parts of water transport and rail transport). Given the total amount of allocated funds, TO7 has achieved the milestones set in the performance framework, which is a good indicator for its continued success. Since Slovakia is one of the European countries with a low road network density, EU resource interventions in road infrastructure building are helping it catch up in this area.

Nearly 28 km of motorways and expressways were built year-on-year 2017. However, restoring the low quality of the existing road infrastructure (especially Class II and Class III roads) is an ongoing challenge, and has significantly affected economic development and the quality of life in outlying regions. The second largest area of intervention is the rail

transport system. Spending here is lower than for road transport, with the II PA1 having a drawdown rate of 25.66 % and the PA5 just 0.33 %. The need to upgrade the rail transport infrastructure is also reflected in the assessment of the quality of Slovak rail transport. According to the 2017 European Railway Performance Index, Slovakia ranked 21st out of the 25 countries evaluated (only Romania, Poland, Portugal and Bulgaria were rated worse). Slovakia has kept its ranking since 2015.

Public transport is funded from the OP II PA3, with an overall allocation of 322.35 million EUR. This PA saw the second highest drawdown at 38.7 %. It supports the renovation and upgrading of the public transportation fleet (especially in the cities of Bratislava, Košice, Žilina and Prešov). Since trams and trolleybuses are the preferred forms of urban transport, positive environmental impacts were achieved. Public transport is also funded under IROP PA1, with an overall allocation of €416.82m. Public mobility is supported through the construction of cycle tracks and cycle paths. Additionally, support is directed at building information systems and improving the overall attractiveness and competitiveness of public transportations systems.

The integration of individual transportation systems makes the transition from personal to public transport more attractive. The TO7 is also important in the context of the Europe 2020 Strategy. Nearly 1,750 million EUR have been allocated in order to decrease CO₂ emissions through the funding of rail transportation under OP II PO1 and OP II PO5, as well as public transportation under OP II PO3 and IROP PO1. Several strategic documents supporting management and funding in the transport sector were adopted during 2016–2018. The most crucial one is the Strategic Transport Development Plan of the SR until 2030 – Phase II. Support for elektromobility is addressed by the *Elektromobility Development Strategy in the Slovak Republic and its impact on the Slovak national economy*, as well as by the approved action plan. The environmental issues of transport are also affected by the Strategy for a Greener Slovakia.

4.2.8 TO8 Promoting sustainability and quality of employment and labour mobility

Activities supported under the TO8 are required to support quality of the labour market, on both the employers' and employees' ends. When the Partnership Agreement was approved, the main emphasis was placed on the reduction in long-term unemployment, increased employment and employability of young people, supporting of job mobility as well as enhancing the quality of public employment services. At the time of the preparation of the Partnership Agreement, SR lagged behind the EU 28 average in all of the above categories.

The main source of support under the TO8 is the OP Human Resources (PA2 and PA3) and Integrated Regional Operational Program (PA3). Within the framework of the OP HR, very satisfactory results can be noted in connection with the fulfilment of financial as well as output indicators. In the context of output indicators, the value of the partial target for the year 2018 was significantly exceeded. In the case of financial indicators, the set value was exceeded in one case, in the other two cases, it stayed at the 49.3 % and 33.3 % level. Given the rate of contracting of the funds, however, a smooth equalizing of the stated gap can be assumed.

The situation is different in connection with the contribution of IROP (PA3). In this case, no expected values have been fulfilled for any of the set partial targets and the implementation of the program significantly lags behind.

The Fulfilling of TO8 was undoubtedly influenced by a strong decline in registered unemployment, which occurred in the period 2014-2018. Registered unemployment rate in the Slovak Republic in the reference period according to the Eurostat data decreased from 13.2 % to 6.5 %⁵. Similarly, positive development could also be observed in relation to the long-term unemployment (a fall from 9.3 % to 4 %). Therefore, it can be assumed that the objective of the National reform programme, which is to reduce the long-term unemployment to 3% before 2020, will be fulfilled.

Positive developments were also observed in the case of employment level, which, in the years 2014-2018, increased from 61.7 % to 68.2 % and significantly neared the EU28 average, which reached 68.9% at the end of the year 2018. However, the employment rate of disadvantaged groups still remains a challenge. In the case of these, the ESIF contribution plays a key role. For example, in relation to the employment of people with disabilities, where the employment rate in the reported period has increased from 32.6 % in 2014 to 38.7 % in 2018, it can be claimed that due to the ESIF contribution, up to 14 % of the total number of the employed persons with disabilities were employed. Increase in the employment of people with disabilities also significantly contributes to the fulfilment of the horizontal principle of equality between men and women and non-discrimination promotion.

ESIF contribution can also be considered equally essential from the point of view of decreasing regional disparities on the labour market, increasing employment of persons with low education level or persons from the environment of marginalized Roma communities. In the context of above mentioned groups, subsidized jobs implemented through the ALMP are often the only opportunity to find employment.

In the case of the Roma⁶, the employment rate is estimated at a 25 % level⁷, but given the absence of data organized in a time series, it is difficult to illustrate development. However, based on knowledge of the field, an increase in employment can be concluded in this group as well.

Measures aimed at increasing employment and employability as well as improving labour market are made within the meaning of the National employment strategy of the Slovak Republic until 2020. This can be considered an essential document in the context of fulfilment of TO8 goals. From the point of view of employment of individual groups, Strategy of the Slovak Republic for the integration of Roma up to 2020 and the Strategy for gender equality in the years 2014 - 2020 can be considered key as well.

4.2.9 TO9 Promoting Social Inclusion, Tackling Poverty and Any Discrimination

Despite its economic growth, poverty presents a serious problem for Europe. Objective of the strategy Europe 2020 is to decrease the number of people exposed to or at risk of poverty and social exclusion by at least 20 million. Activities carried out within the meaning of TO9 are aimed at any group at risk of poverty, but with priority focus on people from marginalized

⁵ According to the data from the Central Office of Labour, Social Affairs and Family of SR, the registered unemployment rate in the reference period decreased from 12.3 % to 5.04 %.

⁶ People from the marginalized Roma communities are a subset.

⁷ EU (2016): Second European Union Minorities and Discrimination Survey, Roma – Selected findings, European Union, Agency for Fundamental Rights

Roma communities, people with disabilities, especially those living in institutions, seniors, families with small children, and children and young people in children's homes.

A crucial source of support for TO9 from European funds is OP Human Resources and Integrated regional operational program. Despite the fact that the contribution from ESIF in SR is only approximately 8.5 % of the total budget of programs aimed at alleviating poverty, in context of the individual target groups (e.g. MRC) the ESIF contribution represents a key budget source for the implemented programs.

In territorial terms, most resources in TO9 were spent in Prešov and Košice regions, which, in view of the demographic trends, structure of population, presence of marginalized Roma communities as well as the trend of young people leaving, can be considered natural.

Within the framework of OP HR, very satisfactory results can be noted, both, in connection with the fulfilment of financial as well as outcome indicators. Set value of partial targets of output indicators for the year 2018 was significantly exceeded in the case of all six cases. In the context of financial indicators, the set value was exceeded in one case and in the other three cases it stayed at the 50.8 %, 50.7 % and 41 % level. Given the rate of contracting in all three priority axes, however, a smooth equalizing of the stated gap can be assumed.

An improvement of significantly lagging utilization can be expected in the case of IROP IP2.1, where there has been zero fulfilment of the output indicators. Their fulfilment is linked to the implementation of additional programs financed from the OP HR programs, of which many have been started only in 2018⁸.

The rate of utilization is lagging significantly in the case of IROP PA5, however, given the successful fulfilment of outcome indicators, good prospects for the continuous utilization of the allocated financial resources can be assumed.

In context of implementation of the objectives of poverty reduction, according to Eurostat, SR has reduced the number of people exposed to poverty or at risk of poverty by 255 000 in the years 2014-2018. This decrease is also confirmed by the data from the Central Office of Labour, Social Affairs and Family of the Slovak Republic according to which, the number of households receiving material need allowance in the period 2014-2018 decreased by 55 %, from 183,472 households in 2014 to 66,466 households in 2018.

Similarly positive trend can be observed in the case of additional indicators, which are, for example the amount of disposable household income, risk of poverty rate or the extent of serious material deprivation.

This positive trend can be interpreted, among other things, by the labour market development in Slovakia. During the recent years, it had started to suffer significant labour shortages, due to which, possibilities emerged for people who have traditionally been excluded from the labour market and often their only income was the material need allowance.

⁸ This is the case, for instance, of deinstitutionalisation of social services, where IROP ensures physical infrastructure investments. The investment is only possible in the case of the so-called transformation plan of the institution. The creation of the transformation plans is the subject of the NP "Deinstitutionalisation - support for transformation teams" implemented under the OP HR. However, it was officially started in the summer 2018 and the first transformation plans will begin to emerge in 2020.

Despite the positive trend at the macro level, the situation is still more than critical at the level of individual groups of people, which certainly include people from the marginalized Roma communities, people with disabilities, single parents and a large group of seniors.

In relation to social inclusion, the fight against poverty and any discrimination, several strategies were adopted at the national level, among the key ones are National framework strategy on support of social inclusion and fight against poverty; Strategy of the Slovak Republic for the integration of Roma up to 2020; National program on development of living conditions of persons with disabilities for the years 2014-2020; Strategy of the deinstitutionalisation of social services and alternative care in the Slovak Republic; National strategy for gender equality in the Slovak Republic 2014-2020; National programme for active ageing 2014 - 2020; National strategy for human rights protection and promotion in the Slovak Republic or Concept of foreigner integration in the Slovak Republic.

4.2.10 TO10 Investing in education, training and vocational training as well as skills and lifelong learning

The EU 2020 strategy sets two national targets in the TO10: (1) reducing school drop-out rates (% of population aged 18-24 years) to 6%, and (3) increasing the share of the population aged 30-34 having completed tertiary education to 40 % by 2020. Other activities supported by the TO10 include increasing participation in early childhood and pre-school education, improving quality of vocational training, supporting dual education, and increasing participation in the life-long-learning (LLL).

The Operational Programme Human Resources (OP HR) and the Integrated Regional Operational Programme provide key resources for the TO10. The overall spending rate in the TO10 was 4.54% as of 31 December 2018. The spending was too low to generate significant gross effect in the TO10.

The early childhood and pre-primary education is very important for the social inclusion of the disadvantaged population groups. This kind of education also is a good starting point for completing primary and secondary education in the future. Participation in early childhood education (% of the age group between 4-years-old and the starting age of compulsory education) is much lower in Slovakia than the EU28 average. The participation rates stagnated in last decade in Slovakia.

The national target in reducing school drop-out rates to 6% was too ambitious (also compared to the EU target 10%). The national target was neither appropriate nor realistic, given the social and economic context of compulsory education. The evaluation exercise for the TO10 found that socio-economic background explained 67.7 % regional differences in drop-out rates in 2011-2013, but 74.5 % in 2016-2018. The exercise indicated that poor performance in compulsory education is much more problem of poverty and social exclusion than problem of education.

The economic boom and demographic transition had profound impact on the Slovak labour market. The Slovak employers cope with significant lack of labour force. The Slovakia is unable to meet its targets in vocational training (dual education) and the LLL. Numbers of vocational training schools decreases in Slovakia. Shares of population participating on the LLL are much lower in Slovakia (3.9 %) than in the EU28 (11.1 %). The Slovak participation in LLL stagnated in the last 10 years.

There was a transition from regulated to mass access to tertiary education in 2000s in Slovakia. The transition was reflected in rapid increase in numbers of population with tertiary education. The Slovak Republic is likely to meet its target in increasing the share of the population aged 30-34 having completed tertiary education to 40 % by 2020. There are two main problems with the tertiary education to solve in Slovakia: mediocre quality of research and education and high numbers of Slovak tertiary students leaving for work and study abroad.

The 2019 European Semester Report for the Slovak Republic acknowledged implementation of some reforms of vocational training and education in Slovakia. Results of the reform may time to show. The report found 'shortage of childcare facilities, mediocre education results at secondary level and a lack of job-market relevance and international attractiveness of universities.'

The National Programme for Education ('Learning Slovakia') is the key strategic document by the Slovak Government in field of education. The Implementation Plan for the programme envisages national public investments €15,570m in period 2018-2027. Significant increases in mandatory salary schedules are the most important part of the total envisaged support. The ESIF resources should support compulsory early childhood and pre-primary education, and programmes for teachers' development in all levels of education. The Law No. 269/2018 on Quality of Higher Education established the Accreditation Agency for Higher Education. The agency is an independent public institution for assuring high quality standards in higher education in Slovakia.

4.2.11 TO11: Strengthening the institutional capacities of public authorities and stakeholders and the effectiveness of public administration

TO11 is covered by the OP EPA, with a total allocation of €278.449m. The aim of the OP EPA is to modernise public administration and improve customer-oriented services for citizens and entrepreneurs. The OP EPA consists of two priority axes with disproportional allocations. There is an uneven allocation between axes, with PA1 covering 234.101 million EUR while PA2 only covers €33.210m. The total drawdown of TC11 is still relatively low (only 14.65% as of 31 December 2018). The contracting rate was 56.88%. The achievement of milestones of the PA 1 performance framework is relatively good. The indicators "Percentage drawing of funds" as well as "Number of projects focused on the process of monitoring and improvement of provided services" have high values, and therefore there is a good foundation for further successful implementations.

As regards the achievement of the milestones of the PA 2 performance framework, there is still room for improvement. In total, 85 projects were supported as of 31 December 2018. In the case of public organisations, the projects mainly concern the optimisation of processes, capacity building, the development of analytical units, the training of employees, etc. Some of the projects concern the optimisation of a wide spectrum of public policies or an increase in civil participation. Despite relatively low drawdowns (and therefore generated benefits) under the TO11, it can be assumed that supported projects *can* help improve the quality and efficiency of public administration. The effectiveness of

state and public administration, the quality of regulation, and corruption have long been amongst the key challenges for reforms in Slovakia.

The European Commission's *Country Report Slovakia 2019* notes that, despite the efforts made within the framework of the 'Better Regulation Strategy' (RIA 2020), public administration is still not achieving adequate levels of efficiency, due to the lack of cooperation between administrative levels as well as frequent legislative, regulatory and taxation changes. Corruption remains a problem. Whilst the overall efficiency of the judiciary is improving, concerns about its independence continue to exist. 'Doing Business 2019' indicators point to a need for an overall upgrading of public administration functions, since, for example, bankruptcies or building permits still take an excessively long time (four years and 300 days respectively).

Long construction delays may hinder the implementation of the ESIF in terms of specific physical infrastructure. Whilst the overall allocation under PA2 to the justice system is not large, implemented projects focused on strengthening analytical capacities within the justice sector, providing legal aid, training judges and staff, and implementing a quality assessment system, all of which can contribute to an increase in the efficiency of the judicial system. According to the CEPEJ indicators for 2016, certain positive impacts have been seen, for example the rate of case resolutions in civil and commercial proceedings (and the time needed) is relatively favourable compared to V4.

4.3 Implementation of the European Territorial Co-operation and PS INTERACT Programmes and their intersection with the Danube Strategy

The European Commission evaluated 73 ETS programs implemented in 2007-2013⁹. The evaluation report states that many programs did not have clearly prioritized objectives and were not result oriented. Of the total €8 billion invested, the most funds supported projects focused on the environment (20.2 %), research and innovation (16.5%), transport (13.6%) and cultural and social infrastructure (12.2 %).

Joint programmes with Austria and/or the Czech Republic have a different thematic structure compared with the EU level. Of the total EUR 89 million funds, 53.1% (TO6) was allocated to the environment, 20.5% to innovation, education and training (TO 1 + TO10), 14.5% to strengthening institutional capacities (TO11) and on transport only 5.8% (TO7). Nearly 6.0% of the total allocation was devoted to technical assistance.

Interreg V-A SK-CZ and Interreg V-A SK-AT programmes are involved in the management and implementation of the broader macro-regional strategy for the Danube Region ("Danube Strategy"). Unfortunately, the IR-V-A SK-CZ performance framework does not achieved the set indicators. Of the 7 performance indicators, only 3 were fulfilled in 2018. The performance framework of the Interreg VA SK-AT was achieved in key implementation steps Number of

⁹ European Commission (2016): WP1: [Synthesis report Ex post evaluation of Cohesion Policy programmes 2007-2013, focusing on the European Regional Development Fund \(ERDF\) and the Cohesion Fund \(CF\)](#).

projects with contracts in PA1 at 75%, PA2 (investment priority 6d) to 100% as well as PO4 to 100%.

The total allocation of the two OP, Interreg V-A SK-CZ, Interreg V-A SK-AT is €166.032 mil. EUR. Moreover, the allocation of PS INTERACT III reaches €39.393 mil.

The programs have reported low drawdown rates as of 31 December 2018, Interreg V-A SK-CZ at 2.49% and Interreg V-A SK-AT at 2.52% level. The PS INTERACT III exhibited highest 30.41% drawdown rate (see Annex 3 for a more detailed description of the ETC programs at Axis level).

4.4 Implementation of the co-ordination mechanisms set in the Partnership Agreement

In the regulation of the European Parliament and of the Council (EC) No 1303/2013 (general regulation), the Member States are urged to ensure better co-ordination among ESIF themselves as well as other EU and national support instruments. The aim is the cooperation of the individual support instruments in a way that maximizes their impact in favour of fulfilling a specific goal and creates mutual synergies from the individual aid instruments. Among the key instruments is listed:

Co-ordination among ESIF themselves:

The role of co-ordinator is performed by the CCB. It provides common rules and procedures, due to which the performance of the individual OPs can be considered as highly harmonized. In the reference period, in addition to the issue and regular updating of the ESIF Management system, CCB provided 37 templates and 36 methodological guidelines.

From the point of view of co-ordination, methodological instruction to ensure the co-ordination of synergistic effects between ESIF and other instruments of EU and SR support (Methodological Instruction No.11) can be considered key. This determines the structure of the main documents, which the individual MAs are obligated to produce and submit to the CCB before the set deadlines in order to ensure the co-ordination of synergistic effects.

One of the instruments of CCB aimed at co-ordinating ESIF with each other is so-called CCB Council, which is an advisory body of CCB established to discuss and to adopt opinions regarding issues with the approval process of the non-refundable financial contributions.

An essential instrument for co-ordination and strengthening of complementarity and synergy among individual operational programs can be considered the National monitoring committee and the monitoring committees of the individual OPs. Each of the monitoring committees, from the point of view of composition, respects the principle of partnership and in addition to the representatives of other operational programs, involves a whole range of other relevant players, including NGOs. In the case of several OPs (OP HR, OP II), in order to ensure an expert level of decisions of the monitoring committee, Commissions of the Monitoring Committees for specific priority axis have been established.

An important role in ensuring the co-ordination mechanism of the synergistic effects plays the so-called "Task group for co-ordination and ensuring synergistic effects between ESIF and other instruments of EU and SR support". This was established by the Office of the Deputy Prime Minister for Investments and Informatization as an expert cross-departmental co-

ordination body and its composition ensures co-ordination with other instruments such as ESIF.

Multiple OPs, especially if their activities contribute to fulfilling the common strategy, create specific co-ordination mechanisms. Perhaps the most structured and formalised of these can be considered the mechanism created with the aim of co-ordination of activities aimed at reform of the public administration between the OP II and OP EPA. Principles of cooperation are defined in the document "System of mutual co-ordination between OP EPA and OP II" and form a part of the Partnership Agreement. Beyond the scope of the standard tools (monitoring committee, membership in the Internal Supervising and Monitoring Committee), co-ordination is also ensured through a dedicated Steering committee for PA7 OP II (also known as the Steering committee for feasibility study) and the so-called Evaluation commission for the assessment of reform plans.

Although the process of creation and approval of reform plan may be considered demanding, the co-ordination mechanism for the OP EPA and the IP II has proved to be functional and meaningful. Even in spite of the initial difficulties with its adjustment, due to which the first calls for national projects were implemented late in the year 2016, which resulted in significant delays in drawing of the financial resources in the first years of the program period. Today, however, the mechanism is already established and can be considered an example of good practice in the co-ordination of the funds intended for the financing of specific themes.

Co-ordination between the OPs is also realized through working groups, composed of representatives of relevant operational programs. These are, especially:

- Working Group of OP HR and IROP in the field of education
- Working Group of OP HR and IROP for the field of deinstitutionalisation
- Working Group of IROP and OP QE for support of green measures under the terms of calls for flood protection
- Working Group of IROP and the OP QE for sustainable use of wood biomass (with the involvement of representatives of NGOs)
- Working Group of the monitoring committee of OP QE for support of measures using green infrastructure

ITMS2014+, which is the main and the only information system for the management and co-ordination of ESIF, can certainly be considered a powerful instrument for co-ordination of ESIF. ITMS2014+, in addition to instruments for the applicants and beneficiaries of the aid measures and for providers of aid (non-public part), also offers a publicly available interface. The portfolio of publicly available information is progressively extended; in addition to information about calls for submissions of applications for non-refundable contributions, provides information about approved/non-approved Applications for NFC and projects implemented. ITMS2014+ is an important tool for the effective administration of ESIF and provides several functionalities aimed at reducing risk of incorrect use of ESIF (functionality of non-overlapping of expenditures, electronic drawing of evaluators, etc.).

A utilized functionality is subscription to news, which will certainly contribute to the spreading of information about ESIF. Certified channel for the dissemination of information on ESIF is also an integrated network of seven centres providing information and counselling. These are established with the higher territorial unit in order to ensure effective information dissemination and communication about ESIF in the regions.

An initiative implemented in the framework of the project with the name "Effective involvement of civil society in the implementation and monitoring of ESIF through the implementation of participatory procedures" also seeks to ensure the strengthening of the synergies between the OPs. The project is implemented in partnership of the CCB and the Office of the Plenipotentiary of the Government for the Development of Civil Society and it can be considered a new contribution of co-ordination mechanisms in particular towards the environment outside ESIF.

Co-ordination with other instruments

Despite formal commitment, the individual OPs reported only a small measure of co-ordination with communitarian programs. As the only example was identified OP R&D, through the framework of which an NP aimed at ensuring compulsory co-financing of the program Horizon 2020 from the involved Slovak institutions is realized.

In the period considered, a significant progress has been noted in connection with the implementation of financial instruments implemented through the Slovak investment holding. It uses the means of five OPs, in the case of two, financial tools have started to be used, in the case of the remaining three, a significant progress has been recorded in the implementation of the public procurement for contracting intermediary of financial instruments. Financial instruments in Slovakia are planned and implemented with a significant assistance of EIB. In Slovakia, it is a relatively new tool, so its launch can be considered extremely difficult.

From the point of view of strengthening synergistic effects, an initiative of World Bank realized in cooperation with DG Regio with regional government in Prešov called Catching up regions is important. The initiative provides assistance in ensuring over-departmental access needed for implementation of development initiatives in the Prešov region in the field of education and strengthening of human capacities in the field of education.

Cooperation with the World Bank is also ongoing in the area of the environment and the development of Low-carbon development strategy SR.

4.5 Progress in decreasing administrative burden for the project recipients

One of the most significant factors behind the fall in the level of interest in the ESIF by different types of actors is the level of administrative burden involved. In order to reduce this burden, the Government of the Slovak Republic adopted an Action Plan on 27 September 2017 to strengthen transparency and simplify the implementation of the ESIF. This document was prepared by Office of the Deputy Prime Minister of the Slovak Republic for Investments and Informatization. The Office of the Deputy Prime Minister has been involved in the analysis and adoption of measures aimed at increasing transparency in the implementation process, and simplifying and speeding up the implementation of the ESIF.

The document defines a set of 37 measures to help increase transparency and simplify the administration of project preparation and implementation. In total, 18 measures defined by the Action Plan were launched in order to reduce administrative burdens. In addition,

a few additional measures were implemented by the Office of the Deputy Prime Minister. In fact, a number of measures varying in complexity and potential impact have been implemented since 2017. The involvement of different actors was often required for an efficient implementation.

One particular cross-cutting measure aimed at broad target groups was the establishment of Information and Counselling Centres. An integrated network of such centres was built in all regions (except the Bratislava self-governing region). Their main aim is to actively support applicants in all the phases of a project cycle. The Centres help beneficiaries with practical issues related to the application procedure as well as project implementation. Experts have been trained to provide comprehensive services of the required quality to a wide range of potential beneficiaries. The network has thus created conditions for bringing the ESIF closer to less creditworthy groups of applicants who cannot co-operate with external consultants.

The administrative burden was reduced by offering applicants the option of fully electronic communication in the project application process. This is in accordance with the e-Government Act. Importantly, conventional submissions of hard copies were not affected so that there would be a choice in terms of submission formats. This measure was implemented parallel with a reduction in the requirements related to the variety of annexes needed for a project proposal, and in conjunction with an overall simplification of the electronic communication process, which now allows official communication with applicants via e-mail. With the aim of navigating applicants through the ITMS 2014+, special IT education courses were prepared. This simple and understandable method has allowed applicants to work with the electronic interface more easily.

In addition, various measures have been implemented that are aimed at simplifying expenditure reporting, contract signing and public procurement, which constitutes one of the major barriers to effective implementation of the ESIF in the Slovak Republic. In the area of public procurement, ex-ante financial corrections were introduced prior to the signing of a contract with a successful tenderer. Moreover, an analysis of the adjustment of the electronic marketplace's business conditions and of the simplifications in the area of control was conducted.

In order to identify further options for reducing administrative burdens, specific activities were carried out. A series of questionnaire surveys, hackathlons, and round tables with stakeholders were undertaken. In addition, cooperation with the non-profit sector has been established. A more detailed assessment of the progress in reducing the administrative burden on beneficiaries is presented in Annex 5.

4.6 Progress in implementing horizontal principles

4.6.1 Activities for enforcing and monitoring broader implementation of the HP in operational programmes and their projects

The purpose of horizontal principles of equality between men and women and equal opportunities and non-discrimination and sustainable development is to ensure the achievement of defined objectives, which concern several areas of the PA, and cannot be

ensured through a single Operational Programme, but instead require a cross sectional and universal approach covering multiple specific investment priorities of individual Operational Programmes:

- At a project level, concerning the application of horizontal principles of equality between men and women and equal opportunity and non-discrimination, 3,792 projects were realised, which fulfil the mandatory criteria of the HP, with a total cost of €5,726.6m. Support for HP Sustainable Development was declared by 580 projects and the total costs were €409.167m. Within the analysed Programming Period, the promotion of equality between men and women and non-discrimination addressed within the operational programs IROP, OP F, OP QE, OP II, OP HR, OP R&I and OP EPA (Annex 6). Most of the projects identified as relevant for HP were in OP II (€2,438.4m), OP QE (€1,572.8m) and IROP (EUR €810.7m). Operational Programme R&I contributed €717.6m, OP HR €118.8m, OP EPA reached €67.2m. The lowest amount, €1.17m was reached in OPF. Taking into consideration the relevance of the projects, it should be stressed that the main investment projects in OP II and OP QE affect the resulting values.
- Operational Program Human Resources supports HP equality between men and women and equal opportunity and non-discrimination fully, including in conjunction with Regulation (EU) No 1605/2002 of the European Parliament and of the Council. 1304/2013. In the period under review, within the PA4 the Department of Gender Equality and Equal Opportunities (DGEEO) as the executive body of HP equality between men and women and equal opportunity and non-discrimination, launched activities of the national project Prevention and Elimination of Gender Discrimination. The aim of the project is to ensure the systemic institutional provision of gender-based counselling activity, including gender-based violence, and to strengthen the expertise of the Institute for Labour and Family Research in implementing policies to eliminate gender-based discrimination. Not only in terms of carrying out research but also in providing basic advice on gender discrimination. In the period under review, the Demand-Oriented Call for Guidance and Education in the Area of Prevention and Elimination of Discrimination II was opened in the framework of PA3, which aims to support, on the one hand, activities leading to gender sensitization and increased awareness of the prevention of all forms of discrimination. At the same time, the Demand-Oriented Call for Promoting Family and Work Life Alignment was open in 2018, aiming to continue good practice, proven in the national project "Family and Work." The challenge in the less developed region was to create effective tools for the inclusion of mothers with young children (and with children with special needs) to the labour market, especially when returning from parental leave by promoting flexible jobs, in the form of temporary affirmative activities.
- Addressing the situation of less developed communities is a priority in the area of non-discrimination for the Slovak Republic and this was also reflected in investments in infrastructure and human capital, implemented in accordance with the Strategy of the Slovak Republic for Integration of Roma up until 2020. In the case of many topics, e.g. the inclusion of people from marginalized Roma communities, ESIF resources are a fundamental, and often the only source of funding. The state of implementation of LDC-targeted projections was quite favourable (see the Performance Framework chapter for TO9). In the key area of employment, we can note a slight increase in Roma employment, as well as a gradual change in employers' attitudes towards Roma employment. Although it should be said that the favourable trends are influenced by

the economic boom and the overall shortage of workforce, there would probably have been no improvement without a systematic support for social integration. From the territorial point of view, the most resources in TO9 were used in the Prešov and Košice regions. It reflects demographic trends, population structure, the presence of marginalized Roma communities as well as the trend of leaving young people. In the area of infrastructure, investments in marginalized settlements related to the provision of drinking water, sanitation, accessibility and housing were important. Support for land settlement in marginalized Roma communities (contracted amount of €2.3m) has been implemented as an important step towards legalizing the dwelling, which may be followed by further interventions, which cannot be realized due to this. In the field of human capital investment, national-level field social work, health assistance, and then programmes directed at the development of skills and education programmes. Here, the project of support for pre-primary education of children from marginalized Roma communities is absolutely essential. A sum of €19.9m from OP HR was drawn for the early education of children, which has been identified as key. The national project Field Social Work and field work in municipalities with marginalized Roma communities was supported by the Operational Program Human Resources by an amount of €26.5m.

- Interventions focused on the implementation of the Horizontal Principle Sustainable Development were primarily supported by IROP, OP QE, OP II, OP HR, OP R&I and OP EPA. The highest support of this HP was recorded in OP QE where it reached €128.74m. However, investment-intensive projects of water and sewage infrastructure must also be taken into account. This explains a relatively lower number of projects of 213 compared to IROP, where it was €58.104m, which 233 supported projects. The HR Operational Program registers HP support of €79.378m for 53 projects.

A more detailed evaluation of the implementation of HPs and policy targets can be found in Annex 6.

4.6.2 Measures for implementing horizontal principles in policy targets with regard to the contents of the Partnership Agreement

The implementation and consideration of horizontal principles is required within the implementation of all OPs and all projects by the SR Partnership Agreement 2014 - 2020. It is therefore important to improve methodological guidelines for indicating the impact of individual projects on horizontal principles and to verify the validity of impact where possible.

In order to prevent discrimination, promote accessibility and equality between men and women, the horizontal principle of equality between men and women and the horizontal principle of non-discrimination applies in all OPs. The horizontal principles should be applied in all OPs in accordance with the Slovak Republic's Partnership Agreement for 2014-2020, and should be applied cross-sectionally and universally, as well as the introduction of countervailing measures and activities aimed at supporting disadvantaged groups. For the effective application of the horizontal principle of equality between men and women and the horizontal principle of non-discrimination, the disqualification criterion is set out in the evaluation and selection process of aid applications under the programme's Priority Axes. All projects are monitored by measurable indicators and other data, and their relevance was verified, commented on and influenced by the co-ordinator of the HP of equality between men

and women. All indicators and other data relevant to the horizontal principles of equality between men and women and non-discrimination have an assigned relevance level category, and can thus be used to track projects through the lens of these criteria. The co-ordinator of HP equality between men and women, has developed a set of 23 other data indicators to track HP equality between men and women applications in projects in the current programming period, and which are used in almost all projects.

Operational programs require a focus on sustainable development and the implementation of balancing measures and activities aimed at supporting disadvantaged groups. Individual OPs state that the first level of verification, the application of the principle of equality between men and women is a condition OP support. This is supported by the disqualification criterion set for the effective application of HP of equality between men and women, equal opportunities and non-discrimination.

A more detailed evaluation of measures implementing HPs and policy objectives can be found in Annex 6.

5 Conclusions and Recommendations

Absorption capacity

It is necessary to reconsider the state of drawing and contracting in selected operational programs (OP F) and priority axes (OP R&I: PO1 and PA2, OP HR: PA1, OP II: PA4 and PA5, OP QE: PA2 and PA3, IROP: PA1, PA2, PA5 and PA6).

In the case of some operational programs, it is appropriate to consider the implementation of activities / projects with critically low ability to fulfil the indicators and/or performance framework. These are mainly the OP R&I (PA1 and PA2), OP HR (PA1), IROP (PA1, PA2 and PA5) and OP QE (PA2). Additionally, alternative measures to stimulate fulfilment of indicators may be considered.

Moreover, it is possible to propose not only the transfer of unallocated performance reserve, but also the transfer of funds from the 2019 financial plan to another OP in case of selected OPs with low performance/efficiency.

It may be suitable to utilize experiences related to the implementation of the ESIF in the upcoming programming period. Especially number of operational programs and managing authorities should be set using by current experiences. It is needed to further strengthen the monitoring system. In order to streamline the implementation of ESIF, it is necessary to ensure the continuation of the development of personnel capacities especially in monitoring system.

Operational programs are demand-oriented programs, which are implemented through projects submitted by applicants. Special cases are large projects and national projects.

The current ability to drawdown individual operational programs is determined by various factors. The high absorption potential exhibits e.g. OP II, which has one of the highest levels of ability to drawdown of allocated resources. Therefore, it has become a solution for transferring performance reserves of other operational programs. The ability of the OP II to drawdown of ESIF points to the high potential of transport infrastructure projects. The ability to drawdown resources through integrated national projects has also been demonstrated by the OP EPA.

Important factors determining projects failure are issues related to the interpretation of state aid in some specific cases. Because of that reason e.g. improperly set conditions of some specific calls were used. In the case of project Modernization of Tramlines in Košice, the EC identified VAT as an ineligible expenditure. This decision was subsequently revoked. The implementation barrier in some cases was also settlement of property rights, which hindered project implementation. This points to the need for timely preparation of the project proposals.

The second approach is to launching demand-driven calls aimed at targeted groups and addressing their needs. This approach opens up the possibility of diversifying potential ESIF effects across Slovakia. This approach assumes support of a wider project portfolio that allow to generate the expected effects.

In the case of a wide range of large numbers of projects, the different factors associated with the project cycle determine the ability to drawdown allocated resources. Public procurement and lengthy administrative processes have proven to be the most serious barriers. Public procurement should not go beyond EC requirements. It is also necessary to pay further

attention to the improvement of project management at the level of individual MAs and IBs in order to accelerate administration.

Since the complexity of some processes, there is need to reconsider supporting of the small projects under *de minimis* regime where the effect/cost ratio is low, both on the sides of the MA/IB and applicants/beneficiaries. An alternative approach in these specific cases is the use of simplified expense reporting, the implementation of a voucher system or support through indirect state aid.

It is appropriate to consider the possibility of a wider use of financial instruments through the resources allocated within SIH, thereby reducing distortion effects of ESIF.

The starting points set at the beginning of the programming period may not fully reflect the current and future expectations of the target groups / society. Therefore, individual OPs should take into account the changing needs of the society / target groups. It turns out that emerging needs / challenges such as the lagging regions (Prešov, Banská Bystrica), regions in the transformation (Horná Nitra) need to be considered in the nearest future. Both also are priorities from the EC perspective. It is also appropriate to reflect of the global trends such as fourth industrial revolution, digital transformation, or adaptation to climate change.

Priorities for the programming period 2021-2027

The future programming period will be responding to three socio-economic trends:

- Transitioning to a competitive model of national economy based on research and innovation, and the mass emergence of robots and artificial intelligence software,
- Protecting the environment, mitigating and adapting the society and economy to climate change,
- Aging of the Slovak population associated with labour shortages and increased demands on social and health services,

The key recommendations of the European Council for Slovakia have reflected these trends and challenges in their annual reports. The ESIF should be a flexible and well-targeted tool in their resolution, but it will only be effective in synergy with the state budget's political solutions and investments. The EC recommendations focused on problem areas and built on a combination of measures to create a well-managed society and focus on key issues and target groups. The first was to improve administrative transparency, the judiciary and to increase pressure for a long-term sustainability of public finances, coupled with the support for the healthcare and pension system. The second area was primarily to improve education, infrastructure, improve capacities for mitigation of and adaptation to climate change, and to increase inclusion in the labour market.

Changes in development priorities need to be closely monitored and potential resource reallocations proposed. Experience from the interim evaluation of the Slovak Republic Partnership Agreement for 2014-2020 should be reflected in the definition of objectives and indicators of the Partnership Agreement for 2021-2027,

Priorities for the next programming period should take into account the impacts of the above-mentioned socio-economic trends on the Slovak economy and society. At the time of the interim evaluation report, some important details of the European Union's multiannual

financial framework were not yet known. It is likely, however, that policy objective 1: a Smarter Europe can be allocated approximately 40% of the total ESIF allocation (about 5 bil. EUR) and that policy goal 2: A more ecological, low-carbon Europe may be allocated approximately 35% percent of the ESIF allocation (about 4.7 bil. EUR). Allocations in policy goals 1 and 2 reflect the significance of trends to the Slovak economy and society.

The current allocation in TO1 and TO3 (which are generally symmetrical to policy goal 1) is 2.7 bil. EUR and the contracting, to the 31.12.2018, was 1.1 bil. EUR. The Slovak national systems or research, development and innovation is small and its ability to absorb ESIF instruments is limited by the number and quality of institutions participating in research and development. It is necessary to consider the possibility of defining new groups of recipients for R&D projects. It is, for example, possible to invite quality foreign universities, research institutes and companies conducting research, to open Slovak branches, and to then create partnerships with Slovak R&D subjects. Such partnerships would significantly accelerate the transfer of cutting-edge research technology, knowledge and methods, as well as research know-how. The direction of government aid towards foreign subjects established in the SR has a longstanding and successful tradition. Automotive industry subjects settled in the SR have accepted government aid in the hundreds of millions of euros. The result of this aid was not only the creation of jobs, but also the transfer of cutting-edge technologies and organizational innovations.

Reforming public research and development is also a necessary condition for increasing the absorption capacity in policy objective 1. The current system is set for mass education and moderate to below average research. The current setting of the system of research and development and higher education is reflected in the stagnation of the quality of universities (which is also indicated by the world rankings) and the mass drain of Slovak students to foreign universities.

Investments in automation and digitization reduce the need for labour, not only in industry and technical work, but also in administration. At the same time, the aging population and the more difficult labour market groups will require investment in social security and healthcare, social entrepreneurship and new forms of labour.

Priorities for the 2020-2027 Programming Period will be shaped by the need to implement European legislation, where Slovakia faces problems mainly in the area of wastewater treatment, air quality and the achievement of RES targets. Despite progress in reducing emissions, we are lagging behind in waste management, transport emissions are increasing and biodiversity is getting worse. In the area of climate change mitigation, sustainable mobility systems, especially in urban areas, and integrated public transport systems for Bratislava, Kosice and other cities will be a must. Alternative drives, and especially electromobility, create a major challenge for Slovakia in how to create a comprehensive system of transiting to new types of fuel and build adequate infrastructure in line with a value for money principle.

The changing climate creates pressure for the introduction of agri-environmental measures, with the major challenge being the need for massive investment in water retention and management in the country and housing environment.

Priority is given to a comprehensive approach of transforming the economy into a circulation-based one. Promoting sustainable water management will require a combination of green and blue investments. Climate change adaptation is already a necessity, and in addition to investing in agri-environmental measures, agriculture and forestry, this will also mean investing in risk prevention and risk management and disaster resilience. There is a great

potential in a comprehensive approach to settlements where a combination of mitigation measures (reduction of emissions from heating, transport and electricity) and adaptation measures (water retention, green buildings and cities) can result in a cumulative effect of improving the quality of housing, air, and household costs and sustainable mobility.

Slovakia is already facing labour shortages. Demographic forecasts indicate that by 2030 Slovakia will lose 264,000 people aged 20-64 as a result of the aging population, and this will increase 963,000 by 2060. When designing the ESIF thematic structure for 2021-2027, projects aimed at attracting qualified foreign workers, including doctoral students and researchers, may be considered. However, it is by no means possible to resign to support individuals who are currently excluded from the labour market for a variety of reasons, but remain a huge untapped potential. People from marginalized Roma communities, people with disabilities, parents caring for minors, are just some of those, who are with certainty included in that category. These people can be put on the labour market through the implementation of massive measures to support them in the development of skills and qualifications, as well as the implementation of projects aimed at applying the principles of the so-called flexicurity of the labour market.

These socio-economic trends should also be considered when setting indicators in some thematic objectives. Some objectives, especially in TO3 (shares of innovating enterprises) and TO10 (the rates of early-age school drop-outs), have proved to be unrealistic.

The European Territorial Co-operation

The European Commission has evaluated 73 programs of ETC in value implemented in the years 2007-2013¹⁰. The evaluation report notes that many programs of the ETC do not contain clearly prioritized objectives and lack outcome orientation. Of the total invested sum of 8 billion Euro, most was spent on projects dealing with the environment (20.2 %), research and innovation (16.5 %), transportation (13.6%) and cultural and social infrastructure (12.2 %). The setting of Slovak ETC programs with Austria and the Czech Republic has a different thematic structure. Of the total €166m, 53.1% was allocated towards environment (TO6), 20.5 % towards innovation, education and training (TO 1 + TO10), 14.5 % towards strengthening institutional capacities (TO11) and only 5.8% towards the theme of transportation (TO7). 6.0% of the total allocation is allocated towards technical assistance.

ETC programs have relatively low cost allocation (about 3% of the total ERDF in the EU), but they have their justification. Despite of few decades of integration, border barriers still pervade Europe, even in the countries of Schengen area. In the border regions, communication, infrastructure, legal and administrative as well as cultural and language barriers exist and these need to be removed¹¹.

¹⁰ European Commission (2016): WP1: [Synthesis report Ex post evaluation of Cohesion Policy programmes 2007-2013, focusing on the European Regional Development Fund \(ERDF\) and the Cohesion Fund \(CF\)](#).

¹¹ Svensson, S. - Balogh, P. (2018). Limits to Integration: Persisting Border Obstacles in the EU. In: Medeiros, E. (ed.) (2018) European Territorial Cooperation. Theoretical and Empirical Approaches to the Process and Impacts of Cross-Border and Transnational Cooperation in Europe. Springer. 269 p.

The Eurobarometer (2015)¹², which looked at barriers to cross-border cooperation, states that a significant barrier to cross-border cooperation between Slovakia and Austria are socio-economic differences between the countries. On the other hand, language and cultural differences, which still seem to be a frequent obstacle to cross-border cooperation in Europe, are among the lowest in the EU in the case of regions of Slovakia and the Czech Republic. Slovak people complained in the Eurobarometer about insufficient train connection with the neighbouring regions of other countries. In addition to physical barriers, legal and administrative obstacles to cross-border cooperation still persist. EC Report (2017)¹³ identified the following examples in the case of Slovakia: (1) Slovak ambulances may not cross a border with a patient to get to the nearest hospital in Hungary. Despite the reconstruction of the bridge between the cities of Štúrovo and Esztergom and an agreement between the Slovak insurance company and the Hungarian hospital, Slovak ambulances cannot transport the patient. (2) In the SETA corridor (South East Transport Axis, includes the Slovak-Hungarian border) different electrification systems and the lack interoperability, as well as lengthy procedures for transferring trains cause long waiting periods for passenger and freight trains at border crossing points and stations.

Differences between national crisis systems and disaster management / emergency situations systems hinder cross-border cooperation. On all internal borders of Slovak Republic, bilateral agreements have been adopted on cooperation and mutual information / aid with regional and local levels on the other side of the border. However, differences in legislation and structures responsible for civil protection and disaster management exist with the neighbouring countries concerned. In the Slovak Republic, the competences for civil protection in case of disasters are within the state administration, while in Poland and the Czech Republic or Hungary, these competencies are distributed. There are also differences with regard to the power to make decisions for receiving or posting of workers across the border to neighbouring countries.

Analysis of 20 programs of ETC¹⁴ indicates that key critical factors of success of cross-border cooperation programs are: (a) defining common clear goal and development plans, (b) support for connectivity between cities and (c) support for political transparency and links to decisions of projects of cross-border cooperation.

On the basis of general evaluation of ETC programs, as well as ongoing Interreg programs, it is possible to formulate the following recommendations for the future programming period:

- (a) Clearly define the priorities of cross-border cooperation and change the current ratio of allocations based on the thematic objectives. ETC programs should be used especially where they have added value and are not in competition with other community programs. For example in the field of research, development and innovation, they will be able to use ESIF projects, programs Horizon and COSME, as well as other schemes aimed at TO1. On the other hand, ETC programs have a unique role in building physical infrastructure and improving the environment between neighbouring countries. There is a need to continue in the removal of physical barriers to cross-border cooperation. This means, in the case of Slovakia, continued

¹² EC. (2015): Flash Eurobarometer 422 [Cross-border co-operation in the EU](#).

¹³ EC (2017): [Easing legal and administrative obstacles in EU border regions](#)

¹⁴ Castanho et al. (2018). Identifying critical factors for success in Cross Border Cooperation (CBC) development projects. Habitat International. Volume 72, February 2018, p. 92-99

modernization of existing and building of new transport infrastructure in border regions, with preference for public transport, utilization of inland waterway transport, and support of electromobility (including in passenger transport). Encouraging mobility between towns in cross-border regions through transport infrastructure (TO7) appears to be a general/indiscriminate tool and may generate potential for innovation, R&D, cultural development and support of tourism. One appropriate project may be the completion of the railway link between Vienna airport and Bratislava. Common projects with the theme of environment also have great perspective.

- (b) Focus on the linking of large urban agglomerations. There is a need to increase relevance of cities as key players in cross-border cooperation programs (in design, management and implementation of programs). Cities as beneficiaries of two cross-border programs (IRR SK-CZ and IRR SK-AT) constitute approximately 10% (as of 31st December 2018). Given their relevance, we recommend strengthening their position.
- (c) At the central level, it is necessary to focus greater attention on removal of administrative barriers to cross-border regional cooperation. Experience shows that despite removing physical barriers and direct support for specific projects of cooperation, the existence of administrative and legal obstacles does not allow for utilization of full potential of cross-border cooperation. Differences in the legal and institutional environment across borders often obstruct harmonisation of management of common environmental protection, water management and management of emergency situations and disasters.

The role of ESIF in the development of Slovak society and economy

The share of SF and CF on the cumulative gross domestic product (GDP) in the years 2007 - 2015 was 1.90%. A significantly higher was the share of SF and CF in total resources for transport (48%), protection of the environment (24.6%), research and development (11.5%) and the active policies of the labour market (69,7%).

Projections for the development of GDP and setting of the multiyear financial framework indicate that the share of ESIF on GDP should decrease in the years 2021-2027 to the 1.2-1.5% level. Therefore, ESIF will remain only a supplemental resource in the total public expenditure. However, ESIF will continue to be an important source of resources in selected themes of public policy, in particular in transport, research and in the environment.

ESIF are a part of system of public finances, but they also have some specific features which distinguish them from other public resources. For example, unlike national budgetary resources, which are allocated by the law for one year, the ESIF resources are of a long-term nature. They are not subject to fluctuations in economic and political cycle. Therefore, it is appropriate to direct them to such development priorities of SR, which require long-term attention and stable and predictable investment. In the majority of cases, it should be an infrastructure investment. Infrastructure investments have, among other benefits, the function of an economic stabilizer. They help generate domestic demand even at a time of an economic crisis.

On the other hand, the perception of ESIF is associated with a high administrative burden, low degree of flexibility and lengthy processes, through which distrust of the ESIF grows in

the general public and potential beneficiaries. This is reflected in the declining rate of interest in the utilization of the aid. Demonstration of this is for example the situation of OP HR in connection with a low level of contracting of demand-oriented projects. Challenge for the next period is to restore the lost trust toward ESIF as an effective and focused instrument of aid for all types of potential beneficiaries. This may also be achieved by creating new administrative processes or by involving non-public entities into the administration of the aid¹⁵. Change can be achieved through the use of the aid through financial instruments.

In the case of several themes, ESIF in SR are a key source of financing. This is particularly in the themes of social inclusion and employment. Given the strategic importance of the ESIF aid, it would be appropriate to strengthen the orientation to support activities ensuring long-term impact. In the theme of for example active labour market measures, in which ESIF represent a key source of financing, this means strengthening emphasis on education, adaptation to the changing labour market conditions or programs of upskilling at the expense of direct subsidies for jobs; despite the fact that investments in subsidized positions bring quick and clearly measurable effects in the form of reductions in registered unemployment, while the impact of education is measurable only in the long-term horizon.

In several EU countries, ESIF are a source of funding for innovative and experimental approaches. Given the rigidity of the procedures and excessive orientation on the administrative cooperation, it is difficult to finance innovative approaches from the ESIF sources. Based on interviews with the managing authorities and intermediary bodies, a frequent obstacle for the application of innovative techniques is the audit administration, which is oriented significantly on controlling the process without the ability to discern the needs of the individual projects.

Co-ordination mechanisms

Despite the presence of several functional and effective co-ordination instruments and the existing efforts aimed at promoting synergies and complementarity between ESIF themselves as well as between ESIF and other support tools, a strong culture of resortism, where individual ministries are acting solo, can be considered an ongoing issue. Similarly, obligations to seek synergies are, in many cases, carried out only formally, without any significant effort to introduce real solutions. Support for synergies and complementarity often remains only at a level of mutual exchange of information, while creating synergies in the form of a co-ordinated approach and of joint financing of specific development initiatives or specific projects is an exceptional occurrence.

An often formulated impediment to implementation of co-ordinated approaches in the financing is the lengthiness of the processes. These are preventing the smooth drawing of the financial resources and, consequently, are reflected in the form of poor implementation of performance frameworks. Therefore, a rational solution on the part of individual OPs is to leave the ambition of the co-ordinated approach and to act individually without connection with other OPs, with which it might potentially develop complementarity.

Despite the identification of the technical barriers in the implementation of a co-ordinated approach in the utilization of financial resources, strengthening the emphasis on territorially

¹⁵ For example, in the case of ESF, it may be organizations responsible for the administration of EEA for NGOs

or thematically oriented approach could bring considerable progress in establishing synergistic effects of individual OPs. An example of territorially focused approach could be the initiative Coal regions realized at the Upper Nitra region. An action plan for the development based on co-ordinated approach in funding was created through involvement of a wide spectrum of stakeholders. An example of thematically focused approach could be the mechanism created with the aim of co-ordination of activities focused on reform of public administration between the OP II and the OP EPA. This is based on the existence of so-called reform plan approved by an interdepartmental evaluation commission. The reform plan is considered to be the main instrument for ensuring compliance with the goals of the reform of the public administration as well as priorities of both of operational programs involved.

Previous experience¹⁶ offers sufficient evidence for the need for a clear and strict co-ordinating mechanism, which is binding for the individual OPs and is subject to accounting against the governing body. In the opposite case, the co-ordination through connecting financial resources of individual operational programs would be very difficult to achieve.

The trend of co-ordination through information systems (ITMS2014+) and providing information and counselling activities (an integrated network of information and counselling centres) can be considered positive, the proof of which is feedback from the ground.

A positive trend can also be observed in the area of utilization of financial instruments that are still a difficult topic in Slovakia and their application in practice is very slow.

Despite the many positive trends, Slovakia is still lagging behind in activities aimed at cooperation with international networks or other instruments of EU support, such as Community programs. Slovak organizations are not always founding members of European umbrella organizations and participation in the other EU support instruments in the position of lead partner is not always the rule. It is therefore possible to consider the financing of the activities of umbrella organizations and their participation (member fees) in international networks.

¹⁶ For example an experience with the so-called complex approach to development of the MRC from the last programming period, or several current initiatives interconnecting financial resources, e.g. financing deinstitutionalisation process in social services