

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 2016



*Tento projekt bol spolufinancovaný
Európskou úniou.*



Európska únia
Európsky fond regionálneho rozvoja

KPMG Slovensko spol. s r.o.

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This report contains 69 pages

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

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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



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USD	US dollar
USP	University science park
ZoZ	Person interested in employment
ZSK	Žilina Self-Governing Region
ZUoZ	Disadvantaged jobseeker

Summary

The purpose of the evaluation was to evaluate the progress made in the implementation of the Partnership Agreement by the end of 2016, thus preparing the basis for the preparation of the Progress Report of the Slovak Republic in 2017. The evaluation should respond how the country's development needs changed compared to the situation at the time of preparation of the Slovak 2014 - 2020 Partnership Agreement, analyse the state of implementation of the interventions under the thematic objectives, map out the implementation of the relevant strategies and assess the implementation of integrated development through planned instruments.

The methodological approach of the evaluation consisted mainly of a comparative analysis of qualitative and quantitative information, in particular statistical data. This methodology also assessed the achievement of priorities (through the indicators) set out in the national and European strategic documents: the Europe 2020 strategy, the Council recommendations or the National Reform Programme. Similarly, using the quantitative and qualitative tools (semi-structured interviews) for gathering information mainly from primary sources, the current state of implementation of the individual thematic objectives was evaluated. Given the initial phase of implementation, it was not possible to assess the effects of programmes and the progress in implementation was indicated through financial indicators. This was the main limitation of the evaluation.

Assessment of changes in development needs confirmed the trends, on which the objectives defined in the Partnership Agreement were based:

- thematic objective 1 focused on research and innovation has significantly increased investment, particularly in research infrastructure, but this need is still topical, especially in relation to private sector investments. At the same time, there is a need for cooperation between academic and private sector as well as the internationalization of Slovak research,
- digitalization of public administration services continues to be a major need for thematic objective 2 and is linked to the interventions from the previous period,
- thematic objective 3 continues to improve competitiveness, innovation and the improvement of the business environment for small and medium-sized enterprises,
- reducing emissions, increasing the share of energy from renewable sources and reducing energy consumption are not only the priorities of the thematic objective 4 but also the Europe 2020 strategy,
- in the thematic objective 5 on climate change, the resolution of the risk situations (landslides, floods) and adaptive capacity of the landscape remains the priority,
- environmental protection in the thematic objective 6 focuses on reducing resource consumption and waste generation, as well as on completion of water supply and sewerage,
- thematic objective 7, which deals with transport, is aimed at the construction of motorways, expressways, the upgrading of class I roads and rail corridors, as well as the modernization and improvement of public transport,

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- the area of employment in the thematic objective 8 has seen a relatively large decline in unemployment over the last period, which is due to several factors. Nevertheless, further reductions in the number of unemployed are still topical, especially in the long-term unemployed group; in some regions, this issue still concerns all groups,
- thematic objective 9, social inclusion, has the objectives that concern the poverty and social exclusion, set in the strategic documents. Attention is focused mainly on activation measures and education for disadvantaged groups (especially marginalized Roma communities),
- for education, i.e. thematic objective 10, the ongoing education for disadvantaged groups remains topical, especially pre-school education; the share of early school leavers and the link between education and labour market needs are still an issue,
- thematic objective 11 sees its priority in modern and professional public administration, which has been reflected in two main issues of modernizing the judiciary and improving public procurement.

In terms of financial indicators, the most significant shift was recorded in the thematic objective 8 Employment, where almost 48 % of all allocated resources are contracted, mainly thanks to the national projects of the Operational Programme Human Resources with a high budget, and less than 9 % of the allocated resources was disbursed. The same disbursement is achieved by thematic objective 5 Climate change, thanks to payments from the Rural Development Programme, which has advanced in implementation. Thematic objective 1 Research, Development and Innovations and 11 Public Administration did not have any resources contracted at the end of 2016, although several calls for proposals and invitations had been published, but their evaluation has not been completed. Implementation of priorities has so far only resulted in an increase in the values of the ten performance indicators in the performance framework.

The objectives of the Europe 2020 strategy, as well as the national targets set by the National Reform Programme, are also implemented through the Partnership Agreements interventions. These interventions also took into account the Council recommendations. Based on the values of the indicators, the goals of reducing greenhouse gas emissions, increasing the share of energy from renewable sources and reducing poverty, are being met. The bigger problem is to meet the target of early school leaving.

The integrated approach in regional development uses regional integrated territorial strategies as part of sustainable urban development as well as community-led local development. This approach, which is part of the Partnership Agreement interventions, has established rules, but its practical implementation is still at the beginning. Previous development, however, indicates a high concentration of strategic materials and a lesser degree of coordination. This is also needed in relation to the government initiative, which concerns the Action Plans of the least developed districts, and also envisages support for ESIF-funded interventions under the Partnership Agreement.

The already mentioned interventions of the programmes of the European Structural and Investment Funds complement the European Territorial Cooperation Programmes.

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These offer wide scope for bilateral, interregional and transnational cooperation. Progress in the implementation of the European Territorial Cooperation Programmes is described separately in Annex no. 5.

Particular emphasis is placed in the Partnership Agreement on the regions most affected by poverty, which in Slovak conditions are mostly areas with a high concentration of the marginalized Roma community.

Following the findings and the conclusions drawn from the evaluation, it is recommended:

- to consider the need to include the Rural Development Programme in the reporting obligations on programmes,
- to consider the use of the proposed indicators for individual thematic objectives,
- to consider revision of the outcome indicators at the next review of the programmes where such a need has been indicated,
- to review and reassess the indicators of the Integrated Regional Operational Programme and the individual regional integrated territorial strategies,
- to use the investment efficiency index in the relevant programmes and after taking regional specificities into account,
- to establish a coordination mechanism for integrated development tools,
- to create a coordinated system of counselling centres, covered by the Operational Programme Technical Assistance, and
- to pay special attention to the monitoring of interventions for marginalized Roma communities.

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5.4 Recommendations

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1 Introduction and Report Structure

The submitted document represents the *Final Report* in the framework of the implementation of the *Works 3 Evaluation of Progress in the Implementation of the Partnership Agreement of the Slovak Republic as of December 31, 2016* (hereinafter referred to as the "Assignment") under the Partial Contract on Works No. 690/2016 concluded on 26 May 2016 between the Office of the Government of the Slovak Republic¹ as the Customer and the Consortium of KPMG Slovensko, spol. s r.o., Bratislava and stengl. a.s., Bratislava as the Contractor.

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.

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 TO; 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 their recommendations, and proposes a set of indicators for each TO.

¹ In accordance with Act No. 171/2016 Coll. amending Act No. 575/2001 Coll. on the organization of the activities of the Government and the organization of the central state administration, as amended, and amending certain acts, the Deputy Prime Minister's Office of the Slovak Republic for Investments and Informatization (DPMOII) was established with effect from 1 June 2016. Contract on Works No. 690/2016 has been delimited from the CO SR to DPMOII.

2 Purpose of Evaluation, Subject, Evaluation Questions and Tasks

2.1 Purpose and Subject matter of the Work

The **purpose** of the Assignment was to evaluate the progress made in the implementation of the PA as of 31 December 2016 and to prepare the basis for the preparation of the Progress Report of the SR in 2017.

The **subject matter** of the Assignment is to evaluate the implementation of the PA and its progress, notably towards the Europe 2020 strategy, as well as in general, towards the national and EU strategies and the Council recommendations for the Slovak Republic.

2.2 Evaluation questions and tasks

Following the subject matter of the evaluation, basic evaluation questions are defined, which determine the methodology used and the approach to evaluation. The evaluation report will provide answers to the evaluation questions in accordance with the evaluation tasks set out in the evaluation.

The Assignment gives two evaluation questions:

1. How the developmental needs in the area of economic, social and territorial development of the Slovak Republic have changed compared to the baseline situation since the adoption of the PA SR and what is the relevance of the expected results of the PA thematic objectives?
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, the implementation of the National Reform Programme and the implementation of specific Council² recommendations for the SR and, as if appropriate in relation to the needs at regional level?

At the same time, three tasks are given in the Assignment:

- To assess changes in development needs based on the baseline scenarios set out in the Analysis of the Development Potential of the Slovak regions and their territorial differences with the projected survey on the ESIF thematic concentration in the PA 2014-2020, Ex-ante evaluation of the Partnership Agreement, EU Council Recommendations for the Slovak Republic and current statistical data. The most recent official statistics will be used in the analysis. Significant changes in the development needs of regions that are relevant to the use of the ESIF will be analysed, described and will contain a clear opinion whether they should be taken into account in the content of the PA SR and Slovak programmes for the 2014-2020 programming period.

² These are specific EU Council recommendations published in the EU Official Journal as a Council Decision.

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- To analyse the state of implementation of priorities according to Chapter 1.3 of the PA through the thematic objectives and their expected results, the results of the partial targets set in the performance framework and the support for climate change objectives, in relation to the Europe 2020 objectives. In addition to the strategy, it is necessary to take into account the Council Recommendations on the SR² and the fulfilment of the objectives of the National Reform Programme and any other changes in the development needs of the Slovak Republic.
- The Contractor will process project indicators, evaluate them as relevant to the expected results for each thematic objective (or the EU priority for the EAFRD), taking into account the sub-objectives included in the performance framework for each programme and the support used for climate change objectives. The Contractor, in the conclusions of that part of the evaluation, will select the main results for each thematic objective with respect to the projects implemented.
- To evaluate the implementation of the CLLD, SUD, RITS³ from the ESIF, including the fulfilment of the objectives of the respective programmes through output and result indicators. The Contractor will analyse the information from the monitoring data of the respective strategies and the aggregated data of the CLLD, RITS and SUD coordinator in the territory of the SR and specifically in regions facing demographic challenges and permanent or natural disadvantages⁴.

³ UMR is part of RITS and CLLD completes an integrated approach in areas where RITS support cannot be provided.

⁴ It does not concern regions or specific geographical areas which are severely and permanently disadvantaged by natural and demographic conditions but addresses an integrated approach to the specific needs of geographical areas most affected by poverty or target groups most at risk of discrimination or social exclusion with particular regard to marginalized groups, disabled people, long-term unemployed and young people out of employment, education or training.

3 Evaluation Methodology and Procedure

3.1 Methodological approach

The evaluation is carried out by a combination of quantitative and qualitative research methods. The analytical part is based primarily on the currently available sources of data and information on development needs in the economic, social and territorial development of the Slovak Republic and on the comparison of these data with the baseline situation described at the time of preparation of the Slovak Partnership Agreement for 2014 - 2020 (PA). The baseline situation was described in the Analysis of the Development Potential of the Slovak regions and their territorial differences with the projection on the thematic concentration of the ESIF. The actual state in the individual sectors (identified by the thematic objectives) is based on the most up-to-date data and information and indicates the degree to which the ESIF interventions are targeted in comparison with the original status.

As a main source for collecting quantitative data, the available statistics were used, which are monitored within the Slovak Republic (SR) and the European Union (EU). The main analytical tool for processing collected data and information was a comparative analysis. This analysis was used to evaluate achievement of milestones in the strategic and programming documents, and to compare the original and actual emerging development needs as well as the prediction of social, environmental and economic trends (Annex 1). In the analysis, the Council's specific recommendations for previous years 2014 - 16 in relation to the SR (Annex 4) have also been taken into account. At the same time, the objectives of the National Reform Programme of the SR (NRP) were analysed in relation to the ESIF programmes (Annex 3). The next part analyses the social and economic context, and/or the contribution of ESIF interventions structured according to the thematic objectives of the PA in relation to the objectives of the Europe 2020 strategy and its follow-up strategic documents.

Quantitative data are analysed in the context of all sources available to the evaluation team, which includes, in addition to the core programming documents, relevant regulations, guidelines and methodological instructions, the expert literature and other secondary sources of information in the form of annual reports, information on the websites of ESIF programmes included in the evaluation, websites of public administration institutions, and so on. The official secondary sources are mainly strategic materials such as the PA, the National Reform Programme of the Slovak Republic (2014, 2015 and 2016), the Europe 2020 Strategy, the EU Council Recommendations for the SR for 2014, 2015, 2016. As far as the ESIF evaluation is concerned, only the ex-ante evaluation of the PA has been carried out. The evaluation team also drew information from the evaluation of the programmes of the previous programming period. Other sources used are listed in Annex 11.

The evaluation regarding the fulfilment of the indicators of the ESIF programmes (with the exception of RDP where the data from AGIS and IACS are used) is based on secondary data obtained from ITMS2014+ (relevant indicators and financial data) and other statistical data published or provided by the ministries of the Slovak Republic, National Bank of Slovakia, data from national / international statistical databases and expert literature.

Qualitative data collection is realized through partially structured and in-depth interviews. During the evaluation, 27 interviews with 79 relevant staff members took place. Respondents were staff of Managing Authorities (MAs), Intermediary Bodies (IBs), Implementation Agency, National Contact Points (NCPs) and Bratislava Self-governing Region. Primary data was collected at the programme level, or thematic objectives, but not at the level of individual projects, but only cumulatively for the whole programme. When collecting data, emphasis was placed on setting the programme priorities and their possible changes as a result of the change in the situation or the interest of the applicants in the calls, the changes in the programme administration and the calls for proposals, or contracted projects. The evaluation report reflects the development as of 31.12. 2016.

All programmes covered by the PA are divided into parts according to the relevant thematic objectives. The thematic objectives are defined mostly for the programme priorities of the ESIF programmes. For the purpose of this report, TOs are consisting of priority axes or, in some cases, of investment priorities (Annex 2, Table 47). The Rural Development Programme, originally not structured under TOs, was also assigned according to the priorities or focus areas to the relevant TO. More specifically, this assignment to the TO is shown in Annex 2, Table 48 - 58 (for the simplification purpose the financial data in the whole report mention only EU resources). The tables also include cooperation programmes, which are not very significant but should contribute to the TO. A more detailed summary of the European Territorial Cooperation programmes is described in Annex 5.

Estimates of probability to meet the targets are only very preliminary. In those cases where calls for proposals are already closed and evaluated, it is possible to estimate the relevance of the objectives included in the call on the basis of the applicants' interest. The interest of the applicants to some extent indicates whether the call is really focused on addressing relevant issues, or other factors (co-financing rate, target group, etc.) may influence the interest of applicants for support from the ESIF. In cases where projects are already contracted, the financial indicator is also available. However, none of the available data can currently monitor progress at the level of the results. These will be available at the time of project completion. No other data is currently available to predict successful implementation of projects, or achievement of their objectives.

The evaluation team also worked with the project indicators, or result indicators for individual programmes. These were also gathered for each thematic objective (Annex 2, Table 48-58). So far, no significant shifts have been made at the level of the result indicators, based on the disbursement and the number of completed projects. The output indicators, especially those in the performance frameworks for all programmes, showed a progress mainly in financial indicators, besides that there were changes in four output indicators for OP HR, two in OP II, one in OP QE and, to the largest extent, RDI indicators (Annex 2, Table 59). Individual projects had to report performance through monitoring reports by the end of January 2017. However, this information will only be processed in the final programme reports in June 2017⁵.

⁵ The OP HR provided these data at the time of preparation of the evaluation.

The CLLD, RITS and SUD evaluation works with the information provided by the coordinators. These strategies are still at the stage of the calls, which does not allow them to be further evaluated. In accordance with the methodological guidance, the report describes how MA has developed administrative procedures and rules for action related to RITS implementation, including SUD and CLLD strategies. We briefly provide information on the division of competences, selection process at national and project level, financial support, monitoring and evaluation system, guidelines issued, communication with applicants and beneficiaries, the starting phase and progress of implementation. The data for the Integrated Regional Operational Programme (IROP) are drawn from ITMS2014+ and the Rural Development Programme (RDP) from the PPA information systems.

It should be emphasized that the present evaluation has several limitations. One of the essential facts that largely limits the ability to provide answers to some of the evaluation requirements, is the timing of the evaluation and/or the current state of implementation of ESIF in Slovakia. Most calls were announced in 2016 and have not been evaluated, yet. Contracted projects are at the beginning of the implementation and their effects can be analysed later. At present, the evaluation cannot provide a sufficiently convincing picture of the effects or consequences of the implementation of the ESIF because, on the basis of available data four projects of OP Technical Assistance (TA), one National project of OP Integrated Infrastructure and 111 RDP projects were completed as of 31 December 2016.

Based on the assignment the ESIF programmes are broken down by thematic objectives. This breakdown does not include the allocation for technical assistance of individual programmes and the OP Technical Assistance is also not included since it is not part of any TO. For ease of reference, only allocation from EU resources is used in the report⁶. One of the objectives of the evaluation is to compare the status in the given thematic objective at the time of the adoption of the Partnership Agreement with the current state. Ideally, it would be a comparison of the situation in 2014 with 2016. In fact, the comparison is more complex.

In some thematic objectives, the relevant indicators are available within a very short time span. For example, in TO8 "Supporting Sustainability and Quality of Employment and Labour Force Mobility", the unemployment rates/indicators are available at a one-month gap and more detailed data from the Selective Labour Force Survey with the gap of 1 to 2 quarters. On the other hand, in TO3 "Increasing the competitiveness of SMEs, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (in the case of the ENRF)", some key indicators of enterprise innovation come from the Community Innovation Survey (CIS), that is carried out once in 4 years. In 2016, data from the CIS for 2012 were available. The data on profitability and other financial indicators of enterprises in TO3 come from the State of the Small and Medium Business Report in the Slovak Republic. The last report was published in 2014 and many data are available only for 2013.

⁶ The amount of eligible expenditure from EU sources approved by the certifying authority in summary payment applications reduced by the amount of irregularities and returns recorded in the certification body's accounts; in the RDP, these are the eligible EU expenditure authorized and paid in the payment requests / aid applications minus the discrepancies and returns.

Another problem can be significant differences in the values of indicators over the years. In TO8, all unemployment indicators are affected by the economic cycle. Key indicators for all TOs are used as context indicators to assess the progress of each TO. They do not serve as indicators to assess the net effects of ESIF programmes and cannot reflect the effects of the ESIF 2014 - 2020 programmes due to the state of implementation. However, they provide a brief quantitative description of the basic characteristics and trends in the various areas of the TO. These are predominantly indicators that are monitored at national level, or are used for statistical comparisons and analyses by international institutions.

Therefore, for the realistic view of the trend in the development of the indicators, the project team chose the following strategy:

- long-term time series are used to capture the trend, for as long as possible. Long-term trends are mostly displayed in graphs for individual TOs;
- to compare the relatively recent developments, almost all of the TOs contain the table showing the development of key indicators (see Chapter 4.1 and Annex 1) since 2010 to the most recent available data.

The state and evolution of indicators in the SR are compared with the EU28 average and with the V4 countries (HU, PL, CZ) whenever the data are available. Where appropriate, we also compare with other EU countries (for example, neighbouring Austria).

Selection of key indicators was based on the following hierarchy:

- where the indicators of the Europe 2020 strategy were available, they were always used as key indicators,
- in the case of TOs defined by the European Parliament and Council Regulation, the indicators monitored in the National Reform Programme (NRP) were used,
- in the event that both the Europe 2020 and the NRP indicators were not available for the TO, the project team proposed the statistical indicators most commonly used in the field in international statistics, or some of the contextual or output indicators of the programmes,
- for the selection of a particular indicator, the amount of funds allocated to the interventions, which are related to the indicator, was also decisive,
- we have listed the indicators in two categories, the main ones recommended for the TO and the additional ones that can be added (5.2.1).

4 Findings - Results of analyses based on evaluation tasks

4.1 Changes in development needs

The assessment of changes in development needs under the thematic objectives is outlined in more details in Annex 1 hereto. The following summary provides a basic overview of the current state of the sectoral priorities in the breakdown by the thematic objectives (TOs). For simplicity, the TO names are as follows in the brackets behind the full name of each TO.

TO 1: Strengthening Research, Technological Development and Innovation (RD&I)

The main development needs in TO1 are the completion of infrastructure and capacities to develop excellence in RD&I, the increase of private investment in RD&I and development of cooperation and synergies between universities, the Slovak Academy of Sciences (SAS), research organizations and the business sector, as well as improved internationalization of Slovak research. Thanks to investments in the research infrastructure from the ESIF, it is possible to meet the objectives of the NRP in the area of RD&I. Total investment in R&D increased from 0.81% of GDP to 1.18% of GDP in 2012 - 2015. From a territorial point of view, investments in infrastructure were concentrated mainly at universities outside Bratislava.

Positive reforms include the amendment to the Income Tax Act, which has allowed the super-deduction of R&D expenditure for private companies since 2015. In 2015, the Slovak Government also adopted a concept to support the development of start-ups. The MESRS SR considers the renewal of state programmes to support research and development (€ 125.5 million in 2017 - 2019). The implementation of the recommendations of the Strategy for Research and Innovation for Smart Specialization of the Slovak Republic continues. The Government Council for Science, Technology and Innovation, on December 15, 2016, approved two important documents for improving the framework for the management and financing of research, development and innovation: (1) Strategic document for the fulfilment of ex-ante conditionality 1.1, and (2) National Roadmap for the Use and Development of Research Infrastructure - SK Roadmap.

The need for further development of synergies between the public research sector and businesses will be complemented by the OP Research and Innovation and also from national sources. New programmes of R&D agency allocate € 92 million between 2016 and 2019 to human resources in RD&I, in cooperation with enterprises and international cooperation.

TO 2: Improving access to information and ICT and improving its use and quality (ICT)

The main development need of TO 2 is the introduction of eGovernment services. Favourable preconditions of the digital society in Slovakia are the increase in the share of households with Internet access as well as the increase in the share of households connected to the broadband internet (in both cases the Slovak Republic reaches more than 90% of the EU level). Also positive is the use of ICT in the business sector (internal processes, communication with customers or the public sector) which exceeds standard compared to the EU average. The state of affairs in the use of eGovernment

by businesses (in particular eTendering, information from the authorities' websites, electronic interaction in the tax area) is positive. The state of open data policy is satisfactory (according to Open Data Maturity in Europe 2016).

Several strategic documents have been adopted in the context of TO 2. The National Strategy of Informatization of the Public Administration in the Slovak Republic was approved in 2016. This strategy builds on the Strategy Paper for the field of growth in digital services and the field of infrastructure for the next generation access networks (2014 - 2020), which was adopted in 2014. The monitoring of the progress of digital services development includes an agreed document for the 2014 - 2020 Digital development monitoring indicators.

The development of eGovernment services should continue through the finalization of the second phase of several projects, such as Electronic archive of the Ministry of Interior of the Slovak Republic; Electronization of services of the Ministry of Economy of the Slovak Republic; Electronic services of the Police Force Section at the Ministry of Interior; Project of building application architecture and security infrastructure of the Ministry of Justice of the SR; Electronic services of the Ministry of Interior of the Slovak Republic in the field of public order, security of persons and property; IS Identifier of individuals; Insolvency Register; Register of spatial information; as well as the Cloud projects of the Ministry of Interior of the Slovak Republic; or the Data Centre of the Ministry of the Interior of the Slovak Republic. The Council's recommendations to improve and rationalize the administrative procedures for obtaining land and building permits reflect the implementation of the electronisation of the construction process.

TO 3: Enhancing the competitiveness of SMEs, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for ENRF) (SMEs)

The Partnership Agreement defines the major development needs of small and medium-sized enterprises (SMEs) in TO3. Competitiveness needs to be improved, notably by improving their business models, improving their access to finance, and improving the business environment for SMEs. Specific needs are defined for SMEs in agriculture, food and aquaculture. These sectors suffer from stagnation, low innovation and low added value.

The quality of the business environment is gradually improving in Slovakia, although progress is slower in some areas (in particular the law enforcement and the quality of public institutions). Slovakia has improved in the Doing Business ranking in terms of availability of loans and reducing the amount of tax and levy procedures. In 2010 - 2013, the share of profitable SMEs and the profitability ratios for all size types of SMEs were slightly increased. The Government of the Slovak Republic adopted a large number of measures for the development of SMEs in 2014 - 2016. The development and application of new business models of SMEs will be supported within the OP R&I. Corporate income tax fell from 23% to 22%. Act No. 290/2016 on SMEs support defines the areas and forms of support delivery and at the same time allows the application of the European SME Development Principles enshrined in the European Union SME Agenda (specifically the Small Business Act). The super-deductions for R&D from the income tax have been introduced. Bookkeeping rules for micro-enterprises were simplified. The JEREMIE Fund contributed to improving the credit situation. The increase in employment was supported by seven OP CEG calls, of which three were targeted to support the employment of young people under the age of 29.

In agriculture, in 2013 - 2015, increased support from state and European sources led to a slight improvement in the competitiveness of the sector. Food productivity indicators have been positively developing. In the aquaculture sector, gross added value per worker was significantly increased in 2012 - 2015.

From the point of view of development needs, it remains to change the regional differences between the innovation and competitiveness of SMEs in the Bratislava region and the rest of the Slovak Republic and to improve the educational and age structure of the workers in the agriculture and food industry.

TO 4: Supporting the transition to a low-carbon economy in all sectors (Low-carbon economy)

The development priority of the economy is the strategic management aimed at fulfilling the emission reduction commitments, while at the same time optimizing expenditures. Key strategic documents that will frame developments in this area for the next period (*Environmental Strategy, Low-carbon Development Strategy 2030*) are in the process of preparation. The second development priority is to support strategic approaches at local level, based on quality audit of the situation, planning and implementation of identified actions through local low carbon strategies.

Emissions from sectors not covered by the EU emissions trading scheme are expected to fall by at least 4% in 2020 compared to 2005. Emission reduction is the result of the measures taken, as well as the ESIF investments. The supportive objective of the SR for a low-carbon economy is to achieve a share of renewable energy of 14% by 2020. Moreover, there is the commitment of the Slovak Republic to achieve a share of renewable energy in all transport modes at the level of 10%. The share of RES in 2014 reached 11.6% and the target should be met. The largest energy potential of RES in Slovakia is in biomass with a theoretical potential of 120 PJ. However, its increasing production at the expense of food, rising prices and unsustainable consumption leading to the burning of a higher quality wood, create problems. Further development of water energy clashes with technical and environmental limits, and untapped potential is mainly in biogas, solar and geothermal energy (less than a percentage). The challenge is the connection with municipal waste management.

In terms of energy efficiency, Slovakia's target for 2020 was to reduce final energy consumption by 11% comparing to the average of 2001 - 2005.⁷ In 2014, Slovakia reached the final energy consumption level of 10.1 Mtoe.

TO 5: Promoting Climate Change Adaptation, Prevention and Risk Management (Climate Change)

Achieving climate change mitigation, risk prevention and risk management was supported by the adoption of two key materials: *Strategy for the Adaptation of the Slovak Republic to the Adverse Effects of Climate Change (2014)* and *the National Strategy for the Risk Management of the Slovak Republic (2015)*. To meet the objectives of the PA, further investment in landscape adaptability and capacity building will be needed to address risk situations. It is important to continue with the support of technical measures on the water streams and on the agricultural and forest land. The strategic approach should be based on the correlation of objectives with geographic

⁷ Currently, it is specified as 16.4 Mtoe, expressed in primary energy consumption (9.0 Mtoe expressed in final energy consumption).

location of projects. As regards the flood control measures, the areas with the highest number of days with the second and third degree of flood activity should be addressed preferably.

Flood prevention and landslide prevention measures, improved availability of data and their processing as well as improved quality of planning data for flood and other risk management and emergency management systems are important in order to strengthen capacities to address risk situations. Increasing the landscape adaptive capacity provides opportunities for strengthening synergies and linking the social aspects of the PA implementation (especially job creation in landscape management and flood control measures) and broader sustainable development goals (increasing landscape retention capacity, adapting to climate change and creating green jobs).

TO 6: Preserving and protecting the environment and promoting resource efficiency (Environment)

Due to the complexity of TO6 and its multidimensional nature, there are no global values set up to achieve the planned interventions. The analysis of the situation in the Slovak Republic shows slight progress in the key areas. The separation of economic growth from resource consumption (so-called *decoupling*) is visible in the main indicators of energy, carbon and resource output. Productivity of resources increased from 0.94 in 2010 to 1.07 €/kg in 2015. The energy intensity (in kgoe/€) oscillates around 0.33 and water consumption in industry and households is decreasing.

Positive measures and reforms include the Waste Act (2015) and the government's pressure on prevention, producer responsibility and raw materials recovery. The Slovak Republic has favourable trends in waste reduction (kg/inhabitant), but the recycling rate reached only 10.3% in 2014. The favourable tendency is in the volume of waste water discharged into surface water. This declined by 16% between 2014 and 2015, but it is necessary to continue building a water and sewerage network. Reducing emissions and curbing GDP growth from the use of natural resources is associated with increasing pressure on ecosystems. To further support investment activities, it is therefore important to balance the development of activities such as support for RES, tourism and transport infrastructure on the one hand and their impact on biodiversity and the state of the environment on the other hand.

TO 7: Promoting sustainable transport and removing bottlenecks in key network infrastructures (Transport)

The developmental need of TO7 is to provide competitive transport services that promote economic growth. The extension of the road network in 2015 was dominated by motorways and express roads, and Slovakia reached the highest increase in the length of motorways after 2007 (43 km). The regional differences in the length of the motorways in Slovakia remain, therefore the reduction of the regional infrastructure deficit remains a major factor in the allocation of the ESIF. Slovakia is among the countries with high spending from public budgets on public transport (3.8% of GDP in 2007 - 2014). Future allocations should be directed in particular to the construction of motorways and express roads, modernization of 1st class roads and rail corridors. A major challenge remains to make public transport more efficient, with the aim of linking suburban bus and rail regional transport to a single system. Completion and modernization of transport systems are in line with Council recommendations to strengthen infrastructure investment.

In the field of transport, several conceptual and strategic documents were adopted between 2014 and 2016. In 2014, the Slovak Government approved the *Strategic Plan for the Development of Transport Infrastructure of the Slovak Republic by 2020 (Phase I)*; the document follows and elaborates in detail the *Transport Policy of the SR by 2015* and the development of transport of the Slovak Republic by 2020. It also includes the *Strategy for the Development of Public Private and Non-Motorized Transport by 2020*. Conceptual solution of the technical condition of the road infrastructure is dealt with by the *Strategic Development and Maintenance Plan of Class II and III Roads*. In 2015, *Action Plan for the Strategic Plan for the Development of Transport Infrastructure of the Slovak Republic by 2030* was drawn up and by the end of 2016 the *Transport Development Strategy of Slovakia by 2030 (Phase II)* was adopted. A number of road and motorway construction projects are being implemented under the ESIF programmes to improve the accessibility of regions and districts. The modernization of the railway infrastructure aims at taking over part of road transport performance and reducing congestion.

TO 8: Promoting sustainability and quality of employment and labour mobility (Employment)

The Partnership Agreement identifies the following key problems of the labour market: high unemployment and low employment (especially women, elderly and low skilled persons), long-term unemployment, youth unemployment, low mobility of the domestic labour force, and large regional disparities in employment and unemployment.

The labour market situation has changed dramatically in 2016, compared to the last three years. There has been a substantial fall in unemployment and an increase in employment rates. The active labour market policies funded from European sources, solid economic growth, and demographic factors contributed to this turnaround.

The Slovak Government has taken several measures to promote higher employment of graduates, the long-term unemployed and the elimination of regional disparities in the labour market. In 2014, the Slovak Government adopted the National Employment Strategy of the Slovak Republic by 2020. There are several national projects funded by the ESIF, which support the employment of graduates, workers over 50, low-skilled and long-term unemployed. Amendment to Act No. 5/2004 Coll. on Employment Services (with effect from 1.5.2013 and 1.1.2015), supported disadvantaged groups of job-seekers, especially those under the age of 29 and over 50. Act No. 61/2015 on Vocational Education, which defines the parameters of the dual education system. Since the school year 2015/2016 there has been an information system for the development of secondary vocational education. These measures implemented the recommendations of the Council as well as the National Reform Programme of SR from 2014 - 2016. In 2015, the internal reallocation of the CLSAF employees was carried out in order to increase the flexibility and capacity of the provided personalized employment services. Motivation to get employed was increased by the minimum wage growth – by more than € 100 in 2012 - 2017.

From the regional point of view, the differences between Bratislava, the West and the North of Slovakia, on one hand, and the South and East on the other hand, are obvious. With regard to regional, socio-economic and demographic patterns of employment and unemployment in the Slovak Republic, the development need is to target active labour market measures (ALMM) to priority groups of disadvantaged job

seekers (especially long-term unemployed and young unemployed) and to develop economic activities in the countryside and in agriculture, forestry and aquaculture.

TO 9: Promoting Social Inclusion, Tackling Poverty and Any Discrimination (Social Inclusion)

Major developmental needs supporting the achievement of TO9 are concentrated in several interrelated key areas such as the labour market, social protection, housing, health care, education and human rights. Compared to the baseline year of 2008, the risk of poverty or social exclusion in the SR decreased by 2.2 percentage points and in absolute numbers by 148,000 people. Thus, the Slovak Republic has recorded a positive development and has a realistic chance to achieve the targets set in the NRP SR "to lift at least 170,000 people from the risk of poverty and exclusion". Another positive thing is that, two *ex ante conditionalities* within the framework of TC9 were met, the national project of the National Framework Strategy for Social Inclusion and the Fight Against Poverty has been implemented, which is in line with the NRP and other strategic documents such as the Strategy for the Deinstitutionalization of the Social Services and Alternative Care, The Strategic Healthcare Framework 2013 - 2030 and the Strategy for the Integration of the Roma by 2020.

For further progress in this area, however, it will be necessary to keep the trend at least at the current level, which means overcoming some structural barriers that keep a part of Slovakia's population in a marginalized position for a long time. Therefore, attention should be paid to the Roma communities that represent the greatest risk groups. Of the Roma community members (more than 400,000 people), about half lives in segregated settlements with very poor living conditions and poor access to services.

Identifying further interventions in the field of social inclusion, tackling poverty and discrimination, requires to build on the identified measures within the framework of the PA as well as the Strategy for Integration of the Roma Population by 2020 and to calibrate more in detail the preparation of individual calls within the OP ESIF investment priorities, which are limited by the eligibility of territory, activities, expenditures, etc. Direct interventions in the field of improving the integration of Roma communities, which will be implemented mainly within the framework of OP HR, IROP and indirectly also in RDP, are crucial. The Council's specific recommendations for Slovakia also need to be taken into account when meeting the TO9 goals. These set out, among other things, to improve "activation measures for long-term unemployed and other disadvantaged groups ... including personalized services and targeted training, and to improve learning outcomes. .. by reinforcing the participation of Roma children from early childhood in the mainstream of education. "Given the key role that Roma inclusion will play in meeting TO9, it is necessary to extend the monitoring of developments to indicators specifically targeting marginalized Roma communities.

TO 10: Investing in education, training and vocational training as well as skills and lifelong learning (Education)

As the main development need, the Partnership Agreement defines in the field of education the linkage between the content of education and the labour market needs via increase of the quality of education at all levels from pre-primary to tertiary education, with an emphasis on the inclusive dimension of education, especially for marginalized Roma communities (MRC). The Council Recommendations and National

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Reform Programme objectives indicate that access to education is a key to disadvantaged groups to succeed in the labour market.

In pre-primary education, the proportion of involved children in the SR is similar to the EU27 average. However, the proportion of early school-leavers increases. The government has implemented several national projects (EU-funded) designed to better integrate pupils from MRCs. However, the position of the Slovak Republic in the international assessment of PISA has not improved.

The Slovak government has taken several important measures to improve vocational training and dual education. Since 1 April 2015, the new Act No. 61/2015 on Vocational Education and Training came into effect in order to facilitate the smooth transition of pupils from education to the labour market. The Information System for Development of Secondary Vocational Training is being implemented. In 2016, the invitation was launched for the national project Dual education and increased attractiveness and quality of vocational education and training, with an allocation of € 33.8 million.

There is a positive trend in higher education. The government has invested considerable funds from European resources in higher education and has improved the material infrastructure of higher education. The measure of OP S&R "Building the infrastructure of the higher education institutions and modernization of their internal equipment in order to improve the conditions of the educational process" allocated € 230.5 million. In order to increase the quality of university education, the Accreditation Commission cancelled a large number of lower-quality study branches at universities. It is likely that the SR will fulfil its goal set out in the Europe 2020 strategy "to achieve a 40% share of people with tertiary education in the 30 - 34 age group".

A specific need for the SR remains the inclusion of pupils and students from MRCs. From a regional point of view, it will be necessary to devote more attention to the construction and modernization of nurseries in (i) highly concentrated locations with Roma populations and (ii) in metropolitan and suburban regions (especially in the Bratislava region) where we observe a high level of internal immigration for job opportunities. Measures aimed at the development of higher education should be targeted primarily at metropolitan regions.

TO 11: Strengthening the institutional capacities of public authorities and stakeholders and the effectiveness of public administration (Public administration)

The key development need in TO11 is modern and professional public administration, which will be tailored to the needs of citizens and entrepreneurs at all levels, and will promote participation, job creation, social inclusion and sustainable growth. Several conceptual documents have been adopted in the field of strategic, legal, organizational and procedural measures in the past. In 2015, the *Concept of the Modernization and Stabilization of the Judiciary* or the *Concept of Development of Public Procurement in the Slovak Republic* (PP) was presented to the government, the intention of which is to "establish a framework for the further development of the PP in the SR and the direction of the policies in support of the transparency, efficiency and effectiveness of the PP".

The adopted document *The Framework for National Public Administration Reform Strategy in relation to the priorities defined by the European Commission up to 2020* assesses the current situation and proposes priorities and objectives for reform that will

contribute to the creation of a public administration that will be "customer-oriented, transparent ... providing its services effectively and quickly, to promote sustainable growth, job creation and social inclusion". The approved *Public Administration Reform Action Plan* should serve as the tool of the above framework.

In November 2016, two invitations of OP EPA *Optimization of Processes in Public Administration* and the *Implementation of a Further Training System of PA workers* were published. Human resources in the public administration are also covered by the approved *Strategy for Human Resources Management in the Civil Service for 2015 - 2020*. In 2016, the Ministry of Finance launched the *Value for Money* project, which focuses on the reform of rules, processes and institutions in order to increase the efficiency of the public-sector operation. The adopted measures and conceptual documents were focused on public procurement, improvement of the human resources quality in public administration, and improvement of the public administration in relation to the business sector and the judiciary; which was also mentioned in the Council's recommendations for 2014 and 2016.

4.2 Status of priority implementation

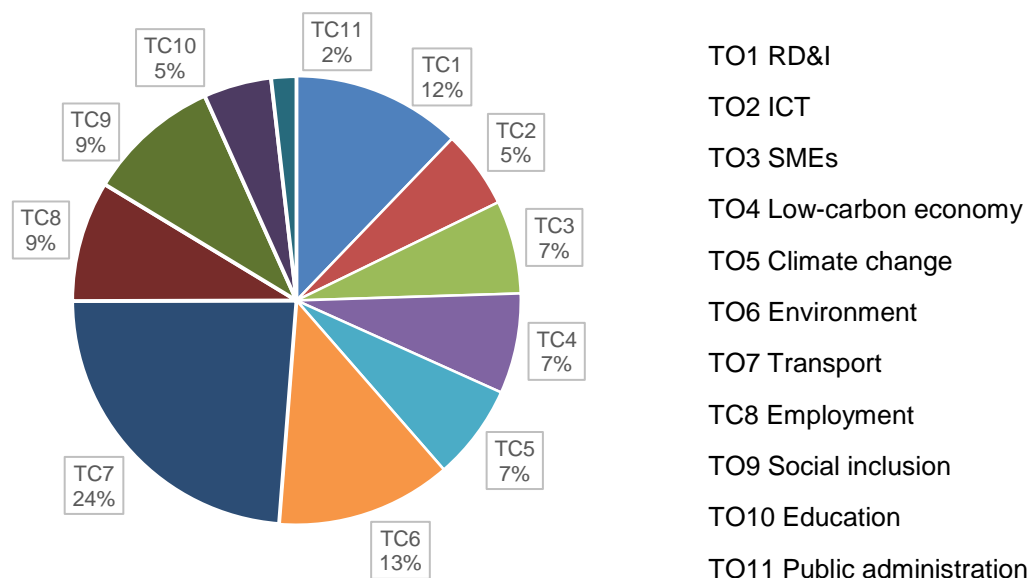
Implementation of ESIF⁸ interventions as of 31 December 2016 has not yet been advanced to the extent enabling to assess the achievement of the thematic objectives on the basis of the results achieved. An indicative shift can only be seen at this stage, based on the use of funds (Annex 2, Table 44). A significant proportion of the funds is contracted and disbursed for technical assistance and financial instruments⁹ but also in the Rural Development Programme (RDP), where non-project measures increase the funds disbursement. Tracking progress in TO implementation is also possible to some extent through published calls and invitations. The financial indicator also indicates the state of implementation. The interest of the applicants to some extent reflects whether the focus of the calls corresponds to the actual needs of the applicants, i.e. whether the priorities are set correctly.

Graph 1 shows the share of individual TOs in the total ESIF allocation. The allocation of TOs varies significantly, while TO7 Transport represents 24% of the ESIF allocation, the smallest, 2% share, belongs to TO11 Public Administration (Graph 1). Similarly, the number of programmes contributing to one TO (from 2 to 4 programmes) differs, and the contribution of the programmes to the total amount of resources allocated to one TO (Annex 2, Table 43) also differs.

⁸ Objective 1 programs Investing in growth and jobs.

⁹ Financial tools provided through the Slovak Investment Holding and Slovak Guarantee and Development Bank Asset Management.

Graph 1 Allocation of ESIF by thematic objectives



Source: authors

From the point of view of progress in individual TOs, the largest shift, in terms of the volume of **funds allocated in the calls and invitations**, can be registered in TO7 Transport. In this TO, due to the specificity of transport projects, this value is 129.4%. At the same time, it is TO with the highest allocation of funds. On the other hand, the lowest values, the 11% allocation in the calls belongs to TO5 Climate Change. The highest **values of the contracted funds**, amounting to 47.9% of the allocation, is in TO8 Employment, mainly thanks to the national programmes of the OP HR. Similarly, in the case of **disbursement**, both TO8 and TO5 reached the consistently highest, 8.8% share of the allocation from allocated resources. In two TOs: 1 - RD&I and 11 - Public administration there were no contracted resources as of 31 December 2016, and logically the same was valid for the disbursement.

For Slovakia, thematic concentration means that the level of ERDF or CF expenditure for TO1, TO2, TO3 and TO4 is more than 58% in the less developed regions and almost 71% for more developed regions/Bratislava. The ESF share of ESIF funds reaches almost 23%. At least 5% of the ERDF funds are invested in measures for sustainable urban development through integrated territorial investments in the capital cities of the regions and their catchment areas. More than 22% of the funds will be used for measures to mitigate and adapt to climate change.¹⁰

TO1 Strengthening Research, Technological Development and Innovation

Since 2007, RD&I has recorded a mix of positive and negative trends. EU structural funds have increased R&D expenditure, which is in line with the objectives of the Europe 2020 strategy. At the same time, there has been a slight increase in investment in corporate research.¹¹ A slight improvement also occurred in the internationalization

¹⁰ https://ec.europa.eu/info/sites/info/files/partnership-agreement-slovakia-summary-june2014_sk.pdf

¹¹ Statistical Office of the Slovak Republic.

of the Slovak R&D system. The negative trend is the stagnation of the quality of international cooperation in R&D, the deterioration of the position of leading Slovak universities and SAS in international rankings, deteriorating indicators of the RD&I commercial outcomes (share of innovating SMEs, revenues from the sale of intellectual property)¹² and the slow implementation of some institutional reforms proposed in RIS3.

The quality of research and the improvement of commercial R&D outputs are addressed by ESIF investment, which is aimed at developing cooperation between universities, SAS and enterprises as well as better involvement of Slovak research institutions and enterprises in community programmes. However, recent developments in R&D, have not changed fundamentally. The priority remains in strengthening of the interconnection of R&D organizations and public organizations and the enhancement of smart specialization.

The core of TO1 should be implemented through the OP R&I (97.9% of the allocated resources) and should also participate in the RDP (2.1% share). The overwhelming majority of OP R&I¹³ resources is to support two investment priorities (IPs) in two priority axes (PAs): Enhancing research and innovation infrastructure and capacities to develop excellence in research and innovation and promoting competence centres; and enterprises investing in research and innovation and creating links and synergies between businesses, R&D centres and universities. It is expected that investments will bring new products, services and technologies, social and eco-innovations.

The Rural Development Programme (RDP) focuses on two focus areas under TO1: a) promoting innovations, cooperation and development of knowledge base in rural areas, b) strengthening the link between agriculture, food production and forestry with research and innovation, in order to improve environmental management and performance. The goals set in this way fit into the TO1 framework. However, when assessing the fulfilment of the objectives, the situation can be complicated by the fact that the RDP results indicators, monitor the output level only.

Although 41% of the TO1 resources are allocated in the calls and invitations announced, no project has yet been contracted by the end of 2016. The whole TO1 represents 12.4% of the total resources allocated to all TOs, the third largest share of the total volume of funds. In terms of performance indicators, there was no change in TO1. On the basis of the calls announced, it can be assumed that a significant part of the projects will be implemented in 2017. By the end of the year, fund in calls and invitations will include most of the allocation and in the next years there will be enough room to commit and disburse the rest of funds. The current calls and invitations of OP R&I focused on the support of innovation, technology transfer, long-term strategic research, industrial research and development centres, and university science parks and research centres. Other calls should focus on the internationalization of research as well as on cooperation and networking.

¹² Eurostat.

¹³ BSK share is about 9% of the allocation.

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

The results of the analyses show that, although in some areas we achieve above average results, the needs identified in PA persist. The barrier to the development of the digital economy in Slovakia is still a low rate of broadband penetration, broadband internet coverage is even the second lowest in the EU.¹⁴ A certain barrier to broadband deployment may be its affordability. Similar situation can be reported regarding the investment in the electronic communications. The level of public investment in the telecommunications sector is seriously lagging behind the OECD average of the other OECD countries and the other V4 countries, with a steady downward trend since 2009. Slovakia is also below the EU average in the case of mobile Internet penetration. On the other hand, comparisons for most of the indicators indicate that the business sector uses ICT capabilities at a level that is comparable to the EU average. According to the Digital Economy and Society Index, Slovakia is considered to be a country with underdeveloped digitization, although from the point of view of the use of eGovernment by enterprises, the results are slightly above the EU average. The number of businesses offering goods and services through the Internet in public procurement systems is also relatively favourable. However, the main development need is the introduction of eGovernment services.

The dominant allocation amount (97.5%) of the TO concerned, is the 7th priority axis of OP II with its nine specific objectives. The remaining 2.5% is contributed from RDP, namely with one priority. Of the total PA budget, the allocation of this TO is 5%.

In the context of the needs, the relevant allocation of resources concerns the following specific objectives of OP II:

- increasing broadband internet coverage,
- increasing the innovative capacity of small and medium-sized entrepreneurs in the digital economy,
- improving the quality, standard and availability of eGovernment services for entrepreneurs,
- improving the quality, standard and availability of eGovernment services for inhabitants,
- improving the overall availability of public administration data in the form of open data,
- improving digital skills and inclusion of disadvantaged individuals in the digital market,
- enabling the modernization and rationalization of public administration by means of ICT,
- rationalizing the operation of information systems using eGovernment cloud,
- increasing cyber security in society.

In order to promote social inclusion, poverty alleviation and economic development in rural areas, RDP aims to increase accessibility, use and quality of ICT in rural areas, in line with the definition of the focus area. There was no disbursement from this

¹⁴ Data from 2015.

programme contributing to TO's performance. The identified needs and objectives of the programme remain unchanged, but achievement of results cannot be assessed, yet, due to the initial stages of implementation.

In the announced calls of the TO concerned, 19.9% of the total allocation was preliminarily allocated, the level of contracted funds reached 14.1% of the total allocation (as of 31.12.2016). The real disbursement level reaches the 3rd highest level of all TOs, that is 6.1%. These, in comparison with other TOs, relatively high numbers are due to the phasing out. Out of 13 contracted projects, 10 projects continue from the previous programming period. The largest planned project, an increase in broadband coverage, is in the pre-stage¹⁵. Almost 72% of the TO allocation dedicated to eGovernment for citizens, entrepreneurs and public administration, is subject to a joint coordination mechanism with the Ministry of the Interior of the Slovak Republic, where the joint commission assesses the planned project reform plans. This mechanism is a filter to assess whether projects actually meet a defined concept while avoiding duplication of projects. However, it is time consuming: the projects under preparation are still in different stages of development (feasibility studies, commenting procedures, etc.) without specific contracts.

In terms of the Performance Framework, one of the output indicators is being achieved, which has almost reached the target value. In terms of comparing the needs identified for this TO at the time of PA preparation and at the end of 2016, there has been no significant shift.

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

Development needs defined by the PA are in TO3 primarily focused on enhancing the competitiveness of SMEs by improving the business environment, accessing finance and improving business models of SMEs. Recently, the business environment in the Slovak Republic has been gradually improving: the availability of loans is increasing, the procedural burden of taxes and levies is reduced, the accounting rules for micro-enterprises have been simplified, and the corporate tax rate has also decreased. An important factor is the introduction of super-deductions for income-based research and development. The share of profitable SMEs is slightly increasing. Slow progress is still in the quality of public institutions and the issue of law enforcement remains a problem. Negative trends resulting in high volatility of the business environment are caused by frequent changes to tax laws, levies and employment.

The degree of innovation of Slovak SMEs and promotion of the development of new business models have not increased too much. A slight improvement in competitiveness has occurred in the agricultural sector, productivity gains have been positively developed in the food sector, and the gross added value per worker in the aquaculture sector has also been increased. The challenge remains to reduce regional disparities in innovation and competitiveness of SMEs between the Bratislava region and the rest of Slovakia, as well as to improve the education and age structure of workers in agriculture and food industry.

¹⁵ At the time of the assessment, an analysis of white spots was prepared and negotiations were conducted with operators on the number of settings.

Three programmes contribute to the fulfilment of TO3: the highest allocation of RDP (58,1%), OP R&I (40,6%), and OP F with the lowest allocation (1,3%), each of them with two PAXs, and/or priorities for RDP. TO3 has 7% share of the total PA allocation.

The dominant allocation of the TO, RDP, resolves the area of TO3 in two priorities (2 and 3). Strengthening the viability of farms and the competitiveness of all types of farming in all regions and promoting innovative agricultural technologies and sustainable forest management; and promoting the organization of the food chain, including the processing and marketing of agricultural products, animal welfare and risk management in agriculture.

In order to meet the stated objectives, the RDP made six calls with more than half of the allocated resources. However, the inclusion of RDP in the ESIF structure complicates the monitoring of the programme, as its focus areas and measures are based on another regulation and RDP uses separate IT monitoring systems that cannot be exported to ITMS2014+.

Evaluation of the Performance Framework shows the performance of one output indicator and two additional indicators, one of which has already exceeded the target value.

Strengthening the competitiveness and growth of SMEs in a wider context, outside the agricultural sector, is addressed by the OP R&I, focusing on: a) encouraging the use of new ideas and the establishment of new companies, also through business incubators, b) development and application of new business models of SMEs, mainly in terms of internationalization, and (c) support for the creation and expansion of advanced capacities for the development of products and services. The portfolio is completed by the priority axis supporting the development of competitive SMEs in the Bratislava region. Three calls for demand-driven projects and three invitations for national projects have been announced.

Also, OP Fisheries contributes to the fulfilment of TO by two PAXs¹⁶. Although its allocation cannot affect the overall TO results, it can affect the situation of SMEs actually operating in the aquaculture sector. However, neither the promotion of environmentally sound aquaculture nor the promotion of marketing and processing were, at the time of the evaluation, covered by the announced call; calls for both areas were scheduled for the first quarter of 2017.

For the entire TO, the current calls accounted for 58.1% of the allocation, the share of contracted funds amounted to 33.8% and 5.5% of disbursement. Although this percentage may appear to be relatively high compared to other TOs, this is due to the fact that financial data also includes non-project support and the RDP allocation is high. Evaluation of the actual achieved results is not possible at this stage of implementation. Needs in the sector have not been changed fundamentally.

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

The PA defines two basic development priorities: Strategic management of the economy aimed at meeting emission reduction commitments in cost optimization and

¹⁶ The Regulation for the OP F was adopted late, only in May 2014.

supporting strategic approaches at the local level, which must be built on quality audit of the situation, planning and implementation of local low carbon strategies.

Although the Slovak Republic managed to achieve a decrease in emissions, it is necessary to further invest in measures in this direction, along with investments in industry and technology. It is essential to reduce energy consumption in public buildings and households, in the desired economic and economic and social transformation to a low-carbon economy. Despite the assumption that the EU 2020 strategy is being met, the level of the share of RES in the Slovak Republic is in the long run below the EU average. The biggest energy potential in the SR is in biomass, but the problem is its increasing price and unsustainable consumption, which ultimately leads to the burning of a higher quality wood material. The untapped potential is mainly in solar and geothermal energy. The biogas is also a perspective area; the dominant processing of maize silage, however, it adversely affects cattle breeding and feed prices. The growing share of biofuels will therefore mainly affect biofuel production capacity of so-called second generation. Here it is possible to find use of the interconnection of agri-environmental interventions with the support of low-skilled labour in marginalized regions. A positive trend is the improvement of energy efficiency in industry and households, but the serious problem is the ratio of energy prices to household expenditures. Therefore, there is a need for coordinated approaches between the need for investment and the realistic potential of households.

The three programmes contribute to the fulfilment of the TO in question: OP QE, IROP and RDP, where the share of OP QE is the most substantial, reaching 88.2% of the total allocation.

The OP QE has allocated for TO4 its PAX Energy Efficiency Low Carbon Economy in all sectors. Individual IPs cover a range of (a) support for the production and distribution of energy from renewable sources; (b) promotion of energy efficiency and renewable energy use in enterprises; (c) energy efficiency, smart energy management and renewable energy use in public infrastructures, including public buildings and the housing sector; (d) support for low-carbon strategies for all types of territory, particularly for urban areas, including the promotion of sustainable multimodal urban mobility and adaptation measures aimed at mitigating climate change, e) promoting the use of highly efficient combined heat and power based on demand for usable heat.

The two calls for proposals were demand-driven, focusing on the use of financial instruments and reducing the energy performance of buildings, one invitation addressed the national project Green for Households.

The second highest allocation is IROP with 10.5% of the total TO allocation. PAX Improving the quality of life in environmentally-focused regions is aimed exclusively at increasing the energy efficiency of residential homes and has not been covered by any call, yet. In this area, the use of financial instruments is planned through the Slovak Investment Holding (SIH). In the case of centralized support, it is necessary to approve the prepared state aid scheme, and disbursement is expected till the end of 2017.

RDP directly contributes by one priority to fulfilling TO, with a 1.3% share of TO4 allocation. Promoting resource efficiency and promoting the transition to a climate-resilient, low-carbon economy in the agriculture, food and forestry sector is primarily aimed at facilitating the supply and use of renewable energy sources, by-products, waste, residues and other non-food raw materials for bio-economics

purposes. However, the budget dedicated to supporting sequestration of carbon dioxide in agriculture and forestry is not very large, because only the ongoing commitments and afforestation projects from previous periods directly contribute to the area (the calls will not be announced for this area). The area of renewable energy has launched one call in the context of the investment measure in agriculture. The RDP projects also contribute indirectly to the TO. One of the calls has covered investment in technologies in order to reduce greenhouse gas emissions from agriculture.

For the entire TC, the share of the call allocation was 35.2% and the contracted funds reached 19.5%, with a real disbursement at 3.9%. It is likely that the prepared calls waiting for approval will cover a high proportion of the allocation. It means that the evaluation of the achieved results is not realistic at the time of the evaluation. There has been no change in the needs for this TO.

TO5 Promoting Climate Change Adaptation, Prevention and Risk Management

Improving the landscape's adaptive capacity for climate change and enhancing capacities to address risk situations are major development needs in the TO. Support of technical measures on the water streams and on the agricultural and forest land will be continued. At the same time, conditions will be created to support nature-related measures using green infrastructure, especially outside the watercourses. The strategic approach should be reflected on the correlation of objectives with geographic location of projects. For flood control measures, priority areas should be addressed in line with flood risk management plans. In the area of strengthening capacities to address risk situations, flood prevention and landslide prevention measures are important, as well as improved data availability and processing while improving the quality of planning data for flood and other risk management and emergency management systems. Increase of the adaptive capacity of the landscape also creates space for job creation in landscape management in order to enhance landscape retention capacity and adaptation to climate change.

The two programmes contribute to the achievement of the defined objectives: OP QE with 67.2% and RDP with 32.8% of allocation. The OP QE has allocated two PAs, which seek to address a) adaptation to the adverse impacts of climate change with a focus on flood protection; and b) support for risk management, emergency management and resilience to exceptional events affected by climate change where the call for demand-oriented projects has been already launched.

The RDP has allocated one priority within TO5 (as well as within TO6) to restore, preserve and strengthen agricultural and forestry ecosystems. Individual focus areas address: a) the restoration, conservation and enhancement of biodiversity on Natura 2000 sites and in areas with natural or other specific constraints and agricultural activities in high value and regeneration areas, conservation and improvement of the landscape areas of Europe, b) improving water management including control of the use of fertilizers and pesticides, and (c) prevention of soil erosion and improvement of its management. TO 5 is contributed by RDP secondary activities programmed under the focus area for risk management in agriculture, namely investments to reduce the risks of flooding of agricultural land during torrential rain and to control the outflow of water from the territory. One call has been issued for the activities. In the performance

framework, one output and an additional indicator report the changes, with both target values almost achieved.

The four demand-driven calls¹⁷ for proposals were mainly aimed at supporting investments in the designated areas. Overall, 11% of the relevant allocation was covered within the scope of the TO concerned, while contracting was achieved thanks to non-project measures of RDP by 17%. Disbursement of funds reached up to 8.8%. The results achieved cannot be evaluated at this stage of implementation and no changes of needs have been noted.

TO6 Preserving and protecting the environment and promoting resource efficiency

The EU major environmental objectives aim to improve economic performance while reducing pressure on natural resources. The PA defines as important interventions in: waste management, water protection, air protection, environmental infrastructure and technology, green infrastructure in cities and settlements, environmental burdens, aquaculture and agri-environmental measures.

The analysis shows slight progress in key areas; the detachment of economic growth from resource consumption is visible in the main indicators of energy, carbon and resource-intensity production. The productivity of resources has increased slightly, household and industrial water consumption is decreasing. Favourable trends in waste reduction have been observed, but the Slovak Republic is significantly lagging behind in recycling. A favourable tendency in the volume of waste water discharged into surface water must be supported by the completion of the water and sewerage system. It is important to achieve a balance between development activities, infrastructure building and their impact on biodiversity and the environment.

The multidimensionality of the TO in question is proved by the fact that four programmes contribute to the achievement of its objectives: OP QE with the highest allocation of 77.4%, RDP with 17.8%, IROP with 4.7% and OP F with a minimal 0.1% share.

OP QE allocates to TO6 almost all PAX Sustainable use of natural resources through the development of environmental infrastructure. Its allocation amounts to 57.2% of the total allocation of the OP QE.¹⁸ Its investment priorities shall focus on: (a) investing in the waste management sector, and (b) investing in the water management in order to meet the requirements of the Union's environmental acquis and to meet the needs identified by the Member States in relation to investments beyond those requirements; (c) biodiversity and land protection, and support for ecosystem services, including through Natura 2000 and Green Infrastructure, and d) the adoption of measures to improve the urban environment, revitalize cities, revitalize and decontaminate abandoned industrial sites (including areas undergoing change) to reduce air pollution and promote measures to reduce noise. The broad focus of the PAX was reflected in 14 demand-driven calls and one direct invitation. Within the performance framework, the value of one of the indicators has increased.

¹⁷ These are not calls in terms of the implementation of the ESIF but under the RDP rules. Calls associated with TO5 are also assigned to TO6.

¹⁸ In figures, it amounts to € 1,441,766,000.00.

RDP allocated for TO6 the same amount of resources with the same focus as for TO5. The four demand-driven calls¹⁹ for proposals were mainly aimed at support of investments in the promoted areas.

IROP contributes with one PAX: Improving the quality of life in environmentally-friendly regions with two IPs: a) Increasing the share of the population with improved drinking water supply and sewerage and sewage treatment by public sewerage without negative environmental impacts; and b) improving environmental aspects in cities and urban areas through building green infrastructure elements and adapting the urban environment to climate change, as well as introducing system elements to reduce air and noise pollution. No calls were made in the PA at the time of the evaluation.

The lowest allocation is in OP F with two priorities: 1. promoting aquaculture that is environmentally sustainable, resource efficient, innovative, competitive and knowledge-based; and 2. promoting the implementation of the Common Fisheries Policy. Under the first priority, a call for the first quarter of 2017 is being planned; it will be focused on demand-driven projects, the risk factor is the assumption of low absorption capacity. The second priority call was announced in December 2016 as a national project for the State Veterinary and Food Administration of the Slovak Republic. The call is scheduled to be closed in June 2017.

TO6 allocated the second largest (64.2%) share in the calls, reaching 40.6% of contracted sources. This result is one of the best, compared to other TOs. Disbursement is 6%. However, real implementation is still in its infancy and it is not possible to evaluate the results achieved. No major change in development priorities has been identified in this TO.

TO7 Promoting sustainable transport and removing bottlenecks in key network infrastructures

The main developmental need of TO7 is to provide competitive transport services that promote economic growth. The planned interventions focus primarily on the elimination of the key deficiencies in the priority sections of the transport network and the provision of accessible, high quality and sustainable network infrastructure throughout the Slovak Republic. A challenge remains to make public passenger transport more efficient, with the aim of linking suburban bus and rail regional passenger transport to a single system. The development of motorways and express roads to increase international accessibility is part of the NRP 2015 tasks and the reinforcement of infrastructure investments is also reflected in the Council recommendations of 2015.

TO7 is extensively covered by the OP Integrated Infrastructure (OP II). Its first six PAXs account for 87.5% of the total TO allocation and the development of transport at regional level is ensured by the IROP, with 12.5% of the total allocation. Priorities, as defined at the time of PA preparation, remain unchanged. Taking into account the existing real allocation limits compared to needs, it is necessary to prioritize those parts of the infrastructure that are part of the core TEN-T network and the sections improving the transport links of the SR with other countries, with no less important need to ensure the sustainability of the investments, to achieve the operational capability of the

¹⁹ Calls associated with TO5 are also assigned to TO6.

transport infrastructure, to set up a realistic plan for the financing of cycling maintenance and repairs.

Meeting three IPs: 1. promoting multimodal Single European Transport Area by means of TEN-T investments; 2. development and upgrading of comprehensive, interoperable high-quality rail systems, support for noise reduction measures; and 3. developing and improving environmentally friendly, including low noise and low carbon transport systems, including inland waterways and maritime transport, ports, multimodal connections and airport infrastructure to promote sustainable regional and local mobility, is developed in OP II in six PAs and 11 specific objectives, across each mode of transport. The highest TO allocations are planned for TEN-T CORE road infrastructure development (31.6%), TEN-T CORE rail infrastructure and mobile recovery (21.1%), road infrastructure excluding TEN-T CORE (13.4%) and public transport (8.9%). Then it is rail infrastructure excluding TEN-T CORE (7.8%) and water transport infrastructure TEN-T CORE (3.2%).

All these PAs are characterized by a much higher need than the planned allocations; also for this reason a bunch of reserve projects is prepared in each PAx.²⁰ Contracting transport projects has its own specificities, compared to other OPs, due to the higher allocations necessary for the implementation and maintenance of the transport infrastructure.²¹ If there is an amended regulation¹⁸, this would have a significant impact on accelerating the level of contracting the TO in question. The relatively rapid rise in contracting (compared to other programmes) is also due to phasing out projects from the previous programming period.

From the point of view of the desirable modal split, it should be noted that MA utilizes in parallel the possibilities of the CEF (Connecting Europe Facility) under the heading of DG Move, in the context of multi-fund blending. This includes the most prepared projects, ecologically focused mainly on rail and water transport, which, of course, affects the allocation of the PAxs concerned. From this source, it was possible to contract approximately 500 million € by the end of 2016, covering the needs of water, rail and road transport. Although CEF is not subject to evaluation, it should be mentioned; on the one hand, it provides a more comprehensive view of the complementarity of the interventions used and, on the other hand, its active use is linked to the existing human resources of the department. The use of CEF sources means that at least part of the interventions of the most efficient modes of transport from other sources can be covered, which in the future opens the potential to cover the enormous needs of road mode, in line with the results of the sector's strategic documents.

The IROP contributes to the achievement of the objectives of TO7 by one PAx - Safe and environmentally friendly transport in regions, consisting of 3 specific objectives: a)

²⁰ Only fully prepared projects are included in the stack, i.e., with a valid building permit issued, meaning that a public procurement process can be initiated.

²¹ No calls are announced, but projects that pass 3 degrees of quality assessment: The 1st level of the assessment, the Active Competition Note, serves as a basis for Independent Quality Review (IQR) of 2nd degree. This assessment is carried out by Jaspers' specialized experts in Luxembourg. The 3rd level of the assessment is carried out directly by the EC and it is possible to conclude the project after its termination. Gradually, an effort is being made to conclude projects after the end of the 2nd level of the IQR assessment. Given that hundreds of projects for MEur are currently in the Independent Quality Review stage, the adoption of this decision would considerably speed up spending.

Improving accessibility to TEN-T road infrastructure and Class I roads, with emphasis on the development of multimodal transport system; (b) increasing attractiveness and competitiveness of public passenger transport; and (c) increasing the attractiveness and transport capacity of non-motorized transport (in particular cycling) on the total number of persons transported.

By the end of 2016, four calls were launched, all directed to RITS, focused on the development of strategic transport documents, increase of attractiveness and transport capacity of non-motorized transport, improvement of accessibility to TEN-T infrastructure with emphasis on multimodality and increase of the attractiveness and competitiveness of public transport; the calls for all of these areas were open at the time of the evaluation.

The combination of resources and tools OP II and IROP is a very appropriate approach harmonizing the overall strategic view on the state level (top down), with regional and local initiatives from the bottom up, in order to achieve complementarity between measures. This is also provided in practice by coordination mechanisms, whose role is to ensure the coherence of strategic documents at the level of the sector and the regions.²²

It is not possible to evaluate the actual fulfilment of the result indicators at the time of the evaluation, given the still ongoing implementation stage; despite the fact that TO7 represents the highest amount covered by project calls, which, given the specifics of transport sector implementation, is 129.4%. The complexity of reporting contracted amounts caused that the share is only 19.3% and disbursement rate 7.9%. It is likely that, by taking a change in procedures, the percentage will change radically to a higher. Identified needs have not changed yet.

TO8 Promoting sustainability and quality of employment and labour mobility

The PA defines high unemployment, low employment, especially of women, elderly and low-skilled people as basic labour market problems. Unfavourable was the long-term unemployment and unemployment of young people. Low mobility of the domestic workforce and large regional differences in employment and unemployment were also identified as a problem.

In 2016, the situation in the labour market has improved significantly. The unemployment rate has declined substantially and the employment rate has increased. In addition to demographic factors, economic growth as well as active labour market policies contributed to these changes. The results were brought by the measures to promote higher employment of graduates, the long-term unemployed and the elimination of regional disparities in the labour market. The amendment to the Act on Employment Services supports disadvantaged groups of job-seekers, especially people under the age of 29 and over 50. The adopted Vocational Education Act defines the parameters of the dual education system and the information system for the development of secondary vocational education also started to work. Measures have

²² Each Region applying for IROP support should have a Regional Mobility Plan, which should be in line with the Strategic Roadmap for Transport Development by 2030. The Ministry of Transport initiated the elaboration of these Plans and provided methodological guidance to the regions, including the publication of a methodological manual. However, access to document creation differs from region to region, and the quality of individual Plans is fluctuating.

been taken to increase the flexibility and capacity of provided personalized employment services. The measures resulted from the tasks of the NRP 2014, NRP 2015 and NRP 2016 as well as the Council recommendations in 2014, 2015 and 2016.

With regard to regional, socio-economic and demographic patterns of employment and unemployment in the Slovak Republic, the development need for active labour market measures remains focused on priority groups of disadvantaged job-seekers, especially long-term unemployed and young unemployed. It is still necessary to support the development of economic activities in the countryside and in agriculture, forestry and aquaculture.

In accordance with these needs and priorities of the TO concerned, three programmes are targeted: OP HR with the highest allocation of 77.2%, IROP with 16.8% and RDP represents 6% of the total TO allocation.

OP HR allocates 2 PAXs: PAX2 Youth Employment Initiative and PAX3 Employment. The Youth Employment Initiative focuses on "the sustainable integration of young people, especially those who are not employed or not in the process of education or training, into the labour market, including young people at risk of social exclusion and young people from marginalized communities, including the implementation of the Youth Guarantee Scheme".

In the framework of the Pax2 Youth Employment Initiative, five invitations are launched, two calls are demand-driven, three invitations are related to national projects. The measures were aimed at promoting entry into employment, linking education and the labour market, and improving self-employment.

A substantially higher allocation is made by the PAX Employment, with three IPs: (a) access for job seekers and inactive people to employment, including the long-term unemployed and those who are remote from the labour market, as well as local initiatives in the field of employment and labour mobility; (b) equality between men and women in all areas, including in terms of access to employment, career advancement, reconciliation of work and private life, and promotion of equal pay for equal work; and (c) modernization of labour market institutions such as public and private employment services, improvement of adaptation to needs, including measures to improve transnational job mobility as well as mobility programmes and better cooperation between the institutions and relevant stakeholders.

PAX Employment launched a total of 12 invitations for national projects, one call for financial instruments. The invitations were focused on selected active labour market measures, employment over 50, long-term unemployment, support for less developed regions and social dialogue. The focus of the measures in both PAs correlates with the areas that were defined in an analysis as areas in need of support. Within the performance framework, three indicators show achievement of objectives. MA has also provided performance figures whose values are in some cases close to the target values, but they mainly provide information on the numbers of participants.

The IROP addresses employment issues in the context of mobilizing creative potential in the regions, in particular by stimulating the promotion of sustainable employment and job creation in the cultural and creative industries by creating a favourable environment for the development of creative talent and non-technological innovation. The call was announced in October 2016.

The lowest allocation is made by the RDP, with its priority Supporting Social Inclusion, Poverty Reduction and Economic Development in Rural Areas, aimed at facilitating the diversification, establishment and development of small businesses as well as job creation. So far, there has been one demand-driven call launched.

The interventions of all programmes contribute to the fulfilment of TOs in their mutual complementarity. Overall, TO8 reached 56.5% share in the calls, with 47.9% contracting rate and 8.8% disbursement rate. These numbers represent one of the best results among all TOs. The status achieved is mainly due to the implementation of national OP HR projects. In spite of the significant decrease of the unemployment of young people under 29, this target group remains one of the labour market policy priorities of the Slovak Ministry of Labour and Social Affairs²³ and the employment support of the target group is no longer so urgent but still up to date. Nevertheless, a need to reduce unemployment and increase employment rates remains.

TO9 Promoting Social Inclusion, Tackling Poverty and Any Discrimination

Major development needs of TO9 are concentrated in several key areas such as the labour market, social protection, housing, health care, education and human rights. Compared to the baseline, the rate of social exclusion was slightly reduced. Measures have been taken to combat poverty and increase social inclusion, in the area of social services and substitute care. The National Roma Integration Strategy by 2020 was drafted. However, structural barriers that hold a part of the population of the Slovak Republic in a long-term marginalized position, remain to be addressed. The largest group is the Roma communities, half of them lives in segregated settlements with poor living conditions and lack of access to services. Therefore, direct interventions are crucial in the area of improving the integration of Roma communities. Activation measures and personalized services for long-term unemployed and other disadvantaged groups are still needed. Targeted training is intended to improve learning outcomes, focusing on the participation of Roma children in the mainstream education from early childhood. The tasks of NRP 2015 and 2016, being supported by the OP HR, concern pre-school facilities in municipalities with the presence of MRCs and strengthening the contribution to childcare. Integration of MRCs is addressed in NRP 2015 through community centres and field social work.

To achieve TO9, as in TO8, there are three programmes. There is clear evidence of a direct link between employment and social inclusion. OP HR represents 47.8% of the total TO allocation, the allocation is comparable to IROP with 41.8% share and 10.4% contribution of RDP.

OP HR allocates three PAXs: Social Inclusion, Integration of Marginalized Roma Communities, and Technical Facilities in Municipalities with the presence of marginalized Roma communities. The largest sources are planned for the area of social inclusion, with two main IPs: a) active inclusion, also to promote equal

²³ Compared to 2013, the total UoZ number in the UoZ record was reduced by 104,781 UoZ in 2016, by 26.26%. The decline is evident not only in relation to the total UoZ, but also to the UoZ up to 29 years, the state of which decreased by 38,206 UoZ in 2016, i.e. almost 33.36%. Of which the number of disadvantaged UoZ decreased by 21,586 UoZ, which is more than half, in a percentage of 50.47%, which causes serious problems in allocating sufficient UoZ to national projects and thus to fill the set measurable indicators.

opportunities and active participation and improvement of employability, and b) improving access to affordable, sustainable and quality services, including health care, and social services of general interest. Integration of MRCs has one IP, the social economic integration of marginalized communities, such as the Roma. Technical equipment in municipalities with MRCs is divided into a) providing support for physical, economic and social regeneration of deprived communities in urban and rural areas, and b) support for social enterprises.

From these PAXs, the calls were open as of 31 December 2016 to address the following areas: support for access to drinking water, construction/reconstruction of community centres and construction/reconstruction of pre-school facilities. At the same time, four national projects were contracted. Outcome indicators are mainly available for employment-related interventions. While it is not possible to evaluate the performance of indicators at this stage, their formulations indicate the need for a revision as outcome indicators are in reality output indicators, possibly complicating the realistic reporting of results at later stages of implementation and assessment of the achievement of objectives. In the performance framework, only one of the indicators shows the change. (Annex 2, Table 59).

IROP contributes to the fulfilment of TOs with: a part of the PAX1 Improved access to efficient and better public services and PAX2 Community-led local development. Part PAX1 is divided into: a) supporting the transition of provision of social services and ensuring the implementation of measures for the social protection of children and social welfare in facilities changing from the institutional form to community one and supporting the development of childcare services up to three years of age at community level, b) modernizing of healthcare infrastructure to integrate primary health care; and (c) modernizing the infrastructure of institutional facilities providing acute healthcare in order to increase their productivity and efficiency. PAX2 Community-led local development focuses on: a) increasing employment at local level by supporting entrepreneurship and innovation; and b) improving sustainable relations between rural development centres and their background in public services and public infrastructures. The subject areas of the two PAXs have not yet been implemented through calls, contracting and disbursement is at the starting point.

RDP has allocated part of its priority to TO9 Promoting social inclusion, poverty mitigation and economic development in rural areas, with IP: Supporting local development in rural areas.

Overall, TO9 reached 25.8% coverage in calls, 9.3% in contracting and 1.2% disbursement. This result was predominantly based on national projects of OP HR. However, this stage of implementation does not enable to evaluate the results achieved. In terms of needs, the situation has not changed and the problems originally identified are still up to date.

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

The main development needs of the TO in question are to link the content of education to the needs of the labour market by increasing quality of schools at all levels, from pre-primary to tertiary education, with an emphasis on its inclusive dimension, focusing in particular on MRCs.

Although in the pre-primary education level the level of training in the SR is similar to the EU average, in the case of compulsory school attendance we do not achieve good results in the PISA pupils' international evaluation in the long term. The aim of the measures implemented to improve training and dual learning is to enable the pupils to move smoothly from education to the labour market and to increase the attractiveness and quality of vocational education and training. In order to improve the quality of higher education (universities), a large number of lower-quality study branches were abolished by the Accreditation Commission, and material infrastructure of higher education was also improved. The negative trend is the ever-deteriorating position of Slovak universities in international rankings and a high number of Slovak students at foreign universities. This trend is due to the mass orientation of higher education, while the quality of teaching is decreasing. Measures aimed at the development of higher education should be targeted primarily at metropolitan regions. Until now, untapped opportunity remains lifelong learning where the share of participants is one of the lowest in the EU.

The specific problem of the SR is still the inclusion of pupils and students from MRCs; analysis of the causes for early school leaving indicates the high importance of the social-economic background of pupils. Increasing the proportion of early school-leavers and the unfavourable trend in PISA assessment cannot be addressed by sub-measures in education policy. Complex social economic solutions for pupils and their families at the local level need to be addressed. In the area of pre-primary education and compulsory schooling, higher investment is needed for inclusive education, especially for MRCs. The quality of teaching, inclusive education and teacher training are topics that emerged in the Council recommendations in 2014 and 2015.

Three programmes are targeted to meet TO10 intentions: OP HR with a dominant financial allocation of 63.6%, IROP with 36.4%. RDP also contributes, but does not have a separate financial allocation to TO10, as the Strengthening of Lifelong and Vocational Education in the Agriculture and Forestry sectors is implemented horizontally, across the whole programme. The common resources assigned to the TO concerned represent 5% of the total financial allocation.

OP HR devoted one PAX to training, elaborated on four IPs, covering:

- reduction and prevention of early school leaving and promotion of access to quality pre-primary, primary and secondary education, including formal, informal and usual learning methods, with a view to reintegration into education and training,
- increase of the importance of the labour market in education and training systems, facilitating the transition from education to employment and improving vocational education and training systems and their quality, including through skills anticipation mechanisms, curriculum modifications and the creation and development of workplace learning systems, including systems of dual education and apprenticeships,
- improved the quality, efficiency and access to tertiary and equivalent education in order to increase the number of students and the level of education, especially for disadvantaged groups,

- improved equal access to lifelong learning for all age groups in formal, informal and usual learning, enhancing knowledge, skills and competencies of the workforce, and promoting flexible learning methods through career guidance and the confirmation of acquired competencies.

Complicated IP phrases are developed into a complicated system of indicators, which is too large on one hand, and on the other hand, outcome indicators are set out in many cases as output indicators. This fact will probably complicate the real reporting of results at more advanced stages of implementation. Three invitations for national projects and two calls for demand-driven projects were published at the end of 2016. The thematic scale covers basic, dual and lifelong learning.

The IROP focuses on three main areas within the PAX Providing easier access to efficient and better public services: a) increasing the basic education of children in kindergartens, b) improving the core competencies of elementary school pupils, and c) increasing the number of pupils in secondary vocational schools in practical training. All the above-mentioned areas, kindergartens, primary and secondary schools were covered by calls at the time of the evaluation, a high number of submitted project ideas indicates a great interest of applicants and compliance with real needs. The system of two-round calls not only saves applicants' costs, but also provides better guidance and results in better projects. However, it is time consuming. In cooperation with the HTUs, the multi-criteria analysis allows for the determination of an Efficiency Index, which allows for each applicant to determine in advance the compliance of the planned project with the specified criteria.

Overall, 47.8% of the allocation is covered by calls in TO10 and 3.8% of the allocation was contracted at the time of the evaluation. It is therefore not possible to evaluate the results or outcomes of the interventions. Identified needs have not lost their recency.

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

The key development need in TO11 is modern and professional public administration, which will be tailored to the needs of citizens and entrepreneurs at all levels, and will promote civil participation, job creation, social inclusion and sustainable growth. The objective of the approved public administration reform was to contribute to a pro-customer-oriented and transparent public administration providing fast, efficient and quality services. The adopted measures and conceptual documents were focused on public procurement, improved quality of human resources in public administration, and improved public administration in relation to the business sector and the judiciary system. In this spirit, the Council recommendations in 2015 were also directed towards the rationalization of administrative procedures and competition, and in 2016 towards the management of human resources in public administration, the judiciary system, public procurement and the solution of administrative and regulatory barriers for the business sector. The needs defined in this way remain relevant.

The entire allocation of the given TO is represented by the OP EPA, which focuses on the identified problems. OP interventions are planned within two PAXs: 1. Enhanced institutional capacities and effective public administration, which is the dominant area of funding and 2. Streamlined judiciary system and enhanced law enforcement.

The three invitations to date are aimed at enhancing institutional capacities, covering two specific objectives of the PAX1 and focusing on national projects, the recipients of which are the organizational units of the Ministry of the Interior. The calls, primarily targeting demand-driven projects, were planned for the beginning of 2017. Almost 70% of the total allocation is planned for the implementation of national projects.

It is not possible to evaluate results or outputs. As of 31 December 2016, no single project was contracted, and the calls accounted to 13.4% of the total allocation. These figures show the smallest progress of all TOs. A significant increase in activities in the TO in question is also necessary because efficient public administration and increased law enforcement contribute not only to the achievement of TO11 priorities, but also affect the results of TO3, increasing the competitiveness of SMEs, where the low quality of public institutions and the law enforcement are indicated as areas with very slow progress, which is significantly affecting the quality of the business environment in the Slovak Republic. The result indicators being in fact output indicators, were identified in the OP EPA in both PAXs during the evaluation. This may cause complications in reporting the results achieved at more advanced stages of programme implementation.

4.3 Achievement of the Europe 2020 national goals and support for climate change targets

The Europe 2020 Strategy aims to create the conditions for smart, sustainable and inclusive growth. The EU outlined five headline targets for employment, R&D and innovation, climate/energy, education, social inclusion and poverty reduction to be achieved by the end of 2020. These objectives are monitored through the set target values of the indicators. Slovakia has set its national targets in the 2014 National Reform Programme and, in addition to the main objectives of the strategy, has added additional targets at national level (a total of 19) in the field of (i) fiscal policy and public finance; (ii) education, science and innovation; (iii) employment and social inclusion, (iv) business environment, (v) transparent environment and law enforcement, (vi) health, and (vii) environmental sustainability. For clarity, see Table 1 at the end of the Chapter. This report presents only those objectives, that are directly related to TOs within the ESIF programmes, at the same time it is reporting changes of the indicator values.

In achieving the Europe 2020 national goals, Slovakia has made progress mainly in relation to its goals of reducing greenhouse gas emissions, increasing the share of energy from renewable sources and reducing poverty.²⁴ However, it still lags behind in meeting the objectives of increasing employment, preventing early school leaving and increasing the level of tertiary education. In relation to the TOs, the situation is as follows:

Interventions from the previous programming period have considerably increased the level of R&D expenditure in the public sector, while there has been no significant change in corporate spending. The quality of research has even deteriorated on the basis of some indicators. Hi-tech export grew slightly (automotive, electronics), but it is not the result of activities of Slovak companies.

²⁴ Country Report for 2016 - Slovakia, EC, 2016.

The digital economy is stagnating due to low penetration rates and broadband internet coverage. In the business sphere, the use of ICT is higher than the EU average. A significant drawback is the slowly growing eGovernment and little progress in the digitization of the healthcare system.

The quality of the business environment is improving slightly in Slovakia, but it has been still hindered by administrative and regulatory barriers. However, neither the law enforcement nor the quality of public institutions have improved.

The efficiency and effectiveness of public administration is limited by corruption, inefficient bureaucracy, tax rates and restrictive regulations. Despite the effort to improve the transparency of public procurement through the eProcurement, competition in public procurement is still limited. Liability of contracts and the use of insolvency proceedings are hindered by lengthy and complex legal procedures.

Central and Eastern Slovakia is unattractive due to poor physical infrastructure for private investors, which raises regional differences. Foreign investments are concentrated mainly in the vicinity of Bratislava.

4.3.1 Climate change targets

The area that is least problematic in terms of measurement and evaluation is energy. There are statistics and data on total energy production and RES production, which serve as an indicator for achieving the target. GHG emissions are the subject of data collection and evaluation, but it is rather difficult to quantify the benefits of some measures reducing CO₂ emissions. Slovakia also lacks a better system for the assessment of transport emissions.

Energy efficiency is identified by the PA as an area of great potential. It is very complicated to evaluate savings and results in terms of costs, monitoring of data has to be aligned with legislation and STN, and is technically demanding. Improving the system of control and verification of achieved energy savings in relation to the financial resources spent will require coordinated cooperation between the interested state administration authorities and technical experts.

Slovakia may increase emissions by up to 13% compared to the baseline (2005) by 2020. According to EC estimates based on national forecasts (taking into account existing measures), it is expected that emissions from sectors not covered by the EU emissions trading scheme are expected to fall by at least 4% in 2020 compared to 2005. Analysis of data and trends indicates that this is a very conservative estimate and the actual reduction is likely to be greater.

Looking at total CO₂ emissions (excluding LULUCF), compared to 1990 (53,091.19 CO₂ eq. Gg), emissions in 2014 were only 45.3%. Except for the transport, the objectives of sustainable growth are being met. Unless unexpected changes occur, this goal will be greatly exceeded. Not taking into account the structural changes after 1990 (mainly deindustrialisation), emissions have fallen since 2005 mainly due to investments aimed at reducing energy consumption, increasing the share of RES, promoting technological changes in industry and structural changes. Cohesion policy interventions were particularly important for energy savings in industry and the public buildings sector. In the area of RES, it was mainly investments in heat and energy

generation from biomass, the contribution to other types of renewable energy was less significant.

Emissions in the Slovak Republic amounted in total to 0.92% of total EU 28 emissions in 2014. However, the ratification of the Paris Agreement in October 2016 confirmed that the Union's objectives for the coming period are ambitious. By 2050, emissions will be reduced by at least 80% compared to 1990. To achieve this, emissions are to be reduced by 40% by 2030 and by 60% by 2040. Although this is a combined effort of the Union and the Slovakia's share in the total volume will be the subject of negotiations, we can assume the ongoing pressure to reduce emissions. At the same time, the costs of further reduction will increase as easier and cheaper solutions have limited potential, and the Slovak Republic should strategically identify areas where the price/performance ratio is the most advantageous in achieving the goals.

The European Commission updated its targets in November 2016 in the so-called "winter package" (Clean Energy for All Europeans - unlocking Europe's growth potential), which has confirmed the 40% emission reduction target by 2030, the continued savings and the development of RES. Context of the definition of the 2030 - 2050 objectives will thus represent new challenges for the Slovak Republic and the increase of national commitments. Negotiations are only in the early stages, but it can be assumed that the first published positions for 2030 at the level of -12%²⁵ will have to be increased. Just to compare, in the Scandinavian countries, efforts to reduce greenhouse gas emissions by 39% to 40% till 2030 have already been declared at the start of the negotiations, and in other EU countries, for example in Germany, France or the Netherlands, their initial emissions reduction targets are at least 35%.

The share of energy from renewable sources in gross final domestic consumption amounted to 11.6% in 2014. Since 2010, we have seen a slight but steady increase here. Risks exist mainly in the changes in the business environment and in the persistent problems with the integration of RES into the network. The largest energy potential of RES in Slovakia is, according to the PA and the follow-up government policy, in biomass with a theoretical potential of 120 PJ. The problem is its rising cost and unsustainable consumption. Further development of hydropower impacts on technical and environmental limits (eg. built-up land, environmentally valuable areas, public resistance). The untapped potential is mainly in biogas, solar and geothermal energy. They still participate in heat production with less than one percent and their potential remains unused. Most of the installed biogas stations are primarily focused on maize silage processing, estimated to handle up to 50% of silage originally destined for cattle fattening. This consequently adversely affects animal production. It lacks better link to municipal waste management. The amended Waste Act (79/2015) imposes an obligation on each municipality and city to process biodegradable waste. Additional investments in solar power plants are hindered by uncertainty about ransom prices and the problem of connecting to network. The share of biofuels at 10% will depend on the price development and availability of fuels and the ability to produce biofuels of so-called second generation.

Slovakia continues to be a highly energy-intensive economy. The EU 2020 target was revised in the process of implementation and is currently quantified as a saving of 16.4 Mtoe, expressed in primary energy consumption (9.0 Mtoe, expressed in final energy

²⁵ Press Release, EC, Luxembourg, 17 October 2016.

consumption). In 2014, Slovakia reached the final energy consumption level of 10.1 Mtoe. Slovakia is thus well on track towards the 2020 target, but continuing efforts to reduce the consumption of primary energy sources will require further efforts.

Improvement of thermo-technical parameters in industry is a positive trend. The assumption that by 2020 half of the existing buildings will be insulated, is not confirmed by relevant data. The first results of support schemes for household heating indicate problems with sufficient number of applications. Especially in households in more developed regions and higher income categories, the use of (semi) commercial, more flexible and faster sources of funding is increasing. The support should therefore be more targeted at households in less developed regions and in lower income categories. Here, however, the support programmes hint at the serious problem of insufficient funds of co-financing. It is necessary to look for coordinated approaches between the need for investment and so-called energy poverty. The possibility is to support co-financing through microcredit programmes supported through socially focused interventions. The main challenge is local coordination, based on a quality audit of the situation, planning and implementation of measures aimed at complex local approaches. Local low carbon strategies should be given priority as a baseline approach for reducing emissions. Practical experience and experience of other countries show that it is important to have locally anchored strategies, "co-owned" by self-government and other direct actors, rather than formal strategic documents.

Overall, there is a situation in Slovakia where we are seeing emission reduction and the dampening of GDP growth from the consumption of natural resources, which is linked to the increasing pressure on ecosystems. The area of agricultural land fell by 4.4% between 1996 and 2015. Up to 56% of habitats of European significance was in an unfavourable condition. The problem is commercial forestry activity (partly linked to increasing demand for biomass for energy production), fragmentation of the country due to the construction of transport infrastructure and sub-urbanism, and increasing pressure on sport and recreational use of the landscape (especially linked to the construction of ski resorts). To further support investment activities, it is therefore important to balance the development of activities such as support for RES, tourism and transport infrastructure on the one hand and their impact on biodiversity and the state of the environment.

The evolution of the value of the Europe 2020 indicators for Slovakia since 2010 and their target values by 2020 are presented in Table 1 (highlighted in blue). Additional indicators are set at national level in the NRP.

Table 1 Indicators of the Europe 2020 strategy

TO	Achievement of the Europe 2020 and NPR indicators	2010	2011	2012	2013	2014	2015	2016	2020
1	R&D expenditure (% of GDP)	0.62	0.66	0.80	0.82	0.88	1.18	-	1.2
	Quotations (% , 100 = EU average)	34	35	45	47	44	-	-	70
	Hi-tech export (% in total export)	8.6	9.7	10.2	9.8	9.4	10.6	-	14
2	eGovernment (%)	50	48	42	33	57	51	-	71.7
3	Doing Business (the World Bank ranking)	-	-	-	29	29	37	30	15
	Product Market Regulatory Index (Point Rating)	-	-	-	1.3	-	-	-	1.2
4	Increase in greenhouse gas emissions outside the ETS sector (% compared to 2005)	-5.1	-11.3	-14.7	-19.5	-24.4	-23.3	-	13
	Share of energy from RES to gross final energy consumption (%)	9.1	10.3	10.4	10.1	11.6	-	-	14
	Energy efficiency (savings in % in final consumption compared to the average in 2001-2005)²⁶	1.4	-5.4	-9.2	-6.9	-11.7	-	-	-11
8	Employment rate (% in age group of 20-64 years)	64.6	65.0	65.1	65.0	65.9	64.7	69.8	72
	Long-term unemployment rate (% of the active population over 15)	9.3	9.3	9.4	10.0	9.3	7.6	5.8	3
9	Population at risk of poverty and social exclusion (%)	20.6	20.6	20.5	19.8	18.7	18.4	-	17.2
10	Early school leaving rate (%)	4.7	5.1	5.3	6.4	6.7	6.9	-	6
	Percentage of 30 - 34-year-old with completed tertiary education (%)	22.1	23.2	23.7	26.9	26.9	28.4	-	40
	PISA (average score achieved)	-	-	471	-	-	461	-	505
11	Corruption (average Eurobarometer indexes and CPI in %)	-	56	-	62	-	-	-	68.4

Source: NRP 2016, SO SR

4.4 National Reform Program (NRP)

The EU Strategy 2020 is projected at national level into the National Reform Programme. This document is a short-term strategic document that annually updates, monitors and describes the performance of social and economic development objectives in the country. Most of the measures outlined in the NRP 2015 and 2016 correspond to the focus of the thematic objectives and are implemented through the ESIF programmes.

The NRP 2014 states in its Action Plan (AP) 166 different activities and measures and broader scope than covered in the 2007-2013 programmes. Given that 2014 was also

²⁶ This objective was adjusted to 16.4 Mtoe, expressed in primary energy consumption (9.0 Mtoe expressed in final energy consumption).

the first year of the new programming period, when the Partnership Agreement was being prepared and the new programmes were negotiated, several measures of the National Reform Programme were implemented from the finishing programmes of the 2007-2013 period.

NRP 2015 contains the measures of the four TOs (7, 8, 9 and 11) which in NRP 2016 and its AP continued in almost identical configuration.

NRP 2015 focused on active labour market policies, which were largely implemented within the framework of the OP HR (TO8) Two calls for expanding capacities of nursery schools in villages with marginalized Roma communities (MRCs) were announced in 2015, but due to a mismatch in the setting of benchmarks with an identical call (targeted at other municipalities) announced by IROP, they were cancelled and new calls with harmonized benchmarks were re-announced already in January 2016. As of 31 December 2016, three evaluation rounds were closed and there were ongoing preparations to conclude 13 contracts with successful NFP applicants. Integration of marginalized Roma communities was also addressed by the OP HR through calls for access to drinking water, construction / recovery of community centres, and through invitations for field social work and community centres (TO9).

Under TO11, the NRP handled the efficiency of the state administration of the OP EPA and the field of electronization of public administration through OP II. The NRP 2015 measures covered by TO7 concern the efficiency of public transport, which is addressed in the IROP and OP II. This also covers the construction of motorways and express roads, modernization of the first class roads and rail corridors. An overview of the individual NRP tasks and the link to the ESIF is provided in Annex 3.

4.4.1 Council Recommendations

The Council recommendations concern the NRP and the Council assesses the progress made by Slovakia in meeting the Council recommendations from the previous year as well as progress towards the achievement of the Europe 2020 national goals. A specific overview of Council recommendations for 2014-2016 is given in Annex 4. It should be noted that part of the recommendations does not fall into any TO and does not concern interventions co-financed by the ESIF. In this respect, the Council has repeatedly recommended to increase the efficiency of health care in the last three years, and in 2016 also proposed measures to improve tax discipline.

Repeatedly, measures to address long-term unemployment are recommended, through the improved activation measures, measures to facilitate female employment, in particular by extending affordable and quality childcare, improving learning outcomes, increasing the attractiveness of the teaching profession, and strengthening the participation of Roma children in the mainstream early childhood education. These recommendations are mainly implemented through OP HR and IROP.

4.5 Implementation of Community-led Local Development Strategies (CLLD), Sustainable Urban Development (SUD) and Regional Integrated Territorial Strategies (RITS) from the ESIF

The baselines for implementing the integrated approach in the Slovak Republic are implemented according to the EU and PA SR legislation for the programming period 2014 - 2020 through the following measures:

- Integrated territorial investment implemented through Regional Integrated Territorial Strategies (RITS);
- Sustainable Urban Development (SUD) implemented as part of the RITS model; and
- Community-led Local Development (CLLD).

4.5.1 Distribution of roles and RITS / SUD implementation ensured by institutions

The RITS creation was based on the MA guidelines for the IROP for the preparation of RITS, approved in February 2015. Their structure copies the IROP structure except for investment priority 2.1.3 (IB of Health Ministry), 3.1 (IB of the Ministry of Culture), 4.1 and Priority Axis 5 of the CLLD. The content should benefit from economic and social development programmes (ESDPs) of higher territorial units (HTUs) and municipalities that have a broader scope but also from other relevant regional, sectoral, conceptual and strategic documents. The roles of the entities involved in the preparation and implementation of the RITS/SUD are defined in the Partnership Agreement of the Slovak Republic for 2014-2020 and described in the IROP. MA of the IROP is the Ministry of Agriculture and Rural Development of the Slovak Republic (MARD SR) and, in relation to RITS, it performs the following tasks:

- it coordinates and methodologically guides the preparation and implementation of RITS and SUD;
- it establishes, in accordance with the partnership principle, the Partnership Council for each RITS and SUD, or establishes a joint Partnership Council for the RITS and SUD;
- it approves strategies, based on the statement of the Partnership Council, in terms of their compliance with the IROP.

The preparation and implementation of the RITS is ensured by individual self-governing regions, the implementation of the SUD is ensured by regional cities. Both regions and regional towns play the role of IB for the IROP. Within the framework of the Integrated Territorial Investment Implementation Mechanism, the IROP Managing Authority has delegated individual HTUs and regional cities as IBs to execute part of their roles in the implementation of the IROP in the areas of regional transport, regional education, healthcare, social services, cultural and creative industries and the environment. IBs in the self-governing regions coordinate the involved entities, ensure organizational and technical matters, manage drafting and submitting of documents, monitoring, evaluation of RITS and communication with the MA for IROP. The IBs in regional cities provide preparation of the SUD strategy, its organizational and technical provision, the

coordination of the involved entities, ensuring the preparation and submission of documents, monitoring and evaluation.

The RITS Partnership Council is an institutionalized form of partnership for RITS and brings together regional government, local government, state administration and other socio-economic partners - entrepreneurs, associations, third sector actors operating on the territory and relevant to a particular RITS, resp. SUD. The composition and tasks of the Partnership Council are governed by its status, which, according to the above provision, is issued by the MARD SR.

RITS / SUD, as well as the rest of the IROP, is monitored and evaluated. The aim of monitoring the RITS is to monitor the progress made in implementing the strategy. The monitoring and evaluation of the implementation of the RITS is the responsibility of the relevant IB, which monitors the achievement of the set objectives and the values of the measurable indicators and sends the documents for the elaboration of the reports to MA. Monitoring for all RITS is carried out by the MA for IROP. The evaluation is provided by the IROP MA, which coordinates the plan and the preparation of the evaluations in cooperation with the IB. The assessment of the specific objectives set by the IROP through indicators is not possible at the time of the evaluation, as the whole process is still at the initial stage of its real implementation.

4.5.2 Community-led Local Development (CLLD)

The basic legal regulation of the Community-led Local Led Development (CLLD) is defined at EU level by Regulation of the European Parliament and Council (EU) No. 1303/2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund, and repealing Council Regulation (EC) No. 1083/2006.

The CLLD is an instrument to involve local actors in decision-making process on the social, environmental and economic development of the community. This approach is based on the bottom-up principle and is based on the LEADER initiative, which was implemented in the Slovak Republic through the Rural Development Programme 2007 - 2013. In the 2014 - 2020 programming period, in line with the Slovak Partnership Agreement 2014 - 2020, the CLLD is co-financed by the European Agricultural Fund for Rural Development (EAFRD) through the Rural Development Programme 2014 - 2020 (RDP) and the European Regional Development Fund (ERDF) through the Integrated Regional Operational Programme 2014 - 2020 (IROP).

The framework for the CLLD is outlined in the CLLD 2014 - 2020 Management System, which was approved in April 2015, and further specified in the Methodological Guidelines for the CLLD Strategy (Annex 1 to the Handbook for the Applicant for the Provision of NFP from RDP SR 2014 - 2020 for sub-measure 19.2). More detailed information will only be available after the approval of statuses for the Local Action Groups (LAGs). The CLLD management system defines the basic processes and procedures that ensure the harmonized application of rules for the provision of RDP and IROP contributions to Community-led Local Development while defining common rules and specific rules for individual programmes. The CLLD management system is

governed by three supplements approved on 10 November 2015, 3 February 2016 and 26 September 2016.

Detailed information on the implementation of Community-led Local Development is elaborated in the binding management documents of the RDP Managing Authority and the IROP Managing Authority, which will be part of the calls. At the time of the preparation of the report, a selection process of Local Action Groups took place, the end of which is expected in the second half of 2017. Granting LAG statuses to successful applicants will be the result of the process.

The main body responsible for coordinating the preparation and implementation of the CLLD at the national level is the MARD SR, Section for Rural Development and Direct Payments, as the Managing Authority of the RDP and at the same time the CLLD. This, together with the Regional Development Programme of the MARD SR as the managing authority of the IROP, is a joint body for coordinating the preparation and implementation of the CLLD. At present, RDI and IROP are managed in parallel. As the IROP is monitored through ITMS2014+ and RDP has its own monitoring systems, it is likely that LAGs will have to report their activity according to the source of financial support, i.e. for each programme in a different way. Only practice will show to what extent these reporting methods will be different and administratively challenging.

The LAG is a group of representatives of public and private local socio-economic interests, where neither the public authorities nor any interest group has more than 49% of the voting rights at the decision-making level. The LAG is a legal entity that develops its own CLLD strategy in line with the CLLD methodological guidance.

A two-round selection process is applied to select the LAG. The CLLD administrator is competent to announce a call for proposals. The Selection Board, set up by the CLLD administrator, draws up a sequence of proposals according to the points granted by the evaluators and applies the selection criteria specified in the call for proposals. On the basis of the Selection Committee's proposal, the CLLD administrator will prepare an evaluation report. The Agriculture Paying Agency (APA) decides about the approval of strategy and granting the status on the basis of the evaluation report. The LAG granted with the status is the beneficiary of a non-repayable financial contribution under the RDP and the IROP. Performance of LAG activities within the implementation of the CLLD strategy is funded in accordance with the provisions of the ESIF, RDP and IROP Management System.

The CLLD strategy is a comprehensive set of operations designed to meet local objectives and meet local needs and contribute to the implementation of the Union's strategy for smart, sustainable and inclusive growth that is designed and implemented by the LAG. The allocation allocated to the LAG for the implementation of the CLLD strategy includes expenditure for the implementation of operations under the CLLD strategy, as well as expenditures related to the operating costs of the LAG and the recovery costs of the CLLD strategy.

The operating costs and recovery costs of the CLLD strategy are in line with the provisions of the ESIF, RDP and IROP Management System financed by two funds, as follows:

- a) from the EAFRD - operating costs of LAGs located in the territory of Bratislava region, Bratislava and Trnava region (mixed LAGs),

- b) from the EAFRD - costs related to the recovery of the CLLD LAG strategy, which are located in the territory of all eight self-governing regions of the Slovak Republic,
- c) from the ERDF - operating costs of the LAG in all regions except the Bratislava region and the mixed LAGs.

All projects are implemented by LAGs in line with strategies. The LAG, according to the strategy, sets a selection commission for each call. In particular, the LAG Monitoring Committee performs evaluation and control of project implementation within the strategy, prepares and reports on the implementation of the strategy.

Each LAG in its strategy lists its overall budget, in line with the maximum limits set out in the CLLD (LEADER and Community Development) management system for the 2014 - 2020 programming period. The budget is broken down by source of funding. At the same time, the CLLD Strategy describes the benefits to improve the economic development of the territory, to meet the RDP objectives, in particular in terms of promoting the competitiveness of agriculture, forestry and food, the benefits of meeting the IROP objectives, integrating vulnerable groups of the population, environment, and the synergy and complementarity with other strategies implemented in the area. The individual CLLD strategies also include a monitoring and evaluation part that serves to assess and evaluate whether the strategy objectives are being met. The monitoring and evaluation section should define at least:

- a method of reporting regularly to the LAG authorities and the RDP and IROP managing authorities,
- milestones of strategy implementation that can be used to assess the fulfilment of its goals,
- a set of measurable indicators, a justification for setting the target value of the indicators, ways of their calculation,
- a method of annual reporting of values of measurable indicators,
- self-assessment procedures of LAG bodies and LAG activities as well as periodicity and evaluation method.

The LAG establishes a monitoring plan that includes mandatory IROP and RDP indicators at programme level, mandatory indicators at the level of IROP specific objectives and RDP focal areas and own indicators.

In the period 2014 - 2020, demonstrating the fulfilment of targets should be in the form of measurable indicators for outputs, e.g. the number of people who have received training, as well as the results, e.g. the number of people getting employment as a result of training. Monitoring should be done through indicators that include mandatory IROP and RDP indicators at programme level and at the IROP specific objectives and RDP focus areas, and/or its own indicators.

The CLLD coordinator has launched a call for proposals for LAG strategies in September 2015. Subsequently, in February 2016, the APA launched a call for applications for the approval of the Community-led Local Development Strategy and the granting of LAG statutes. Due to the change in the terms of the grant in a substantial way, this call was cancelled and re-launched in October 2016. The RDP

indicator for the selection of the LAG is set at 50 LAGs. However, the effort is to create a space that will allow the number of selected LAGs to cover the largest part of the national territory.

So far, it is not possible to evaluate progress in the implementation of the CLLD on the basis of established indicators, as the implementation itself is only at the beginning of the whole process.

4.5.3 Coordination with other ESIF instruments

In terms of coordination regarding the use of the ESIF, in line with the regional development priorities, there is relatively complicated situation. In terms of national legislation, almost all municipalities and all HTUs have to develop a strategy - Municipality/City/Regional Development Programme (originally called ESDP). This overall strategy includes set of sub-strategies (for transport, waste, etc.) and covers the entire geographic area concerned (municipality, city, HTU). Besides the local resources, it also lists the sources of the ESIF, and/or programmes within which, they want to apply for grants.

The overall process of strategy building should naturally take into account the existence of current national strategies and strategic materials at EU level. In formulating each strategy, the use of the partnership principle is declared, but the composition of the partnership naturally varies depending on the geographic region that covers the strategy, the current involvement of the partners, the focus of the proposed measures, etc. This complex process raises a serious issue of coordination and consideration of the various related strategies. This is not only because of the geographic overlap of the territories concerned, but also due to a very different degree of detail in the description of each strategy, which does not always provide enough information to assess how the planned activities are(not) complementary. The possibility of coordination is also determined by the composition of the partnerships involved in the preparation of the strategies. Their composition may vary greatly and is likely to be reflected in different priorities.

The statutory obligation to develop a real development strategy for each municipality was originally developed in the context of EU-funded interventions. In practice, however, for different reasons, it was often ignored, and even after the amendment of the Regional Development Act, the approach of municipalities has not changed significantly. Recently reported findings from the SAO²⁷ indicate that the ESDP are not developed or are merely formal, incorrectly compiled, not monitored or evaluated, which does not ensure effective use of public funds. Because of their quality and the need to create new strategic documents, they lose their justification and, with some exceptions, the ESDP are not decisive in the creation of RITS, SUD or CLLD strategies. The preparation of strategies at different levels does not ultimately lead to integrated and strategically managed development in the regions (Annex 7, 8).

Despite the existence of the ESDP, which is established in legislation, the implementation of the ESIF required the preparation of further strategic materials. Under the IROP, each region has developed the RITS, which also includes the SUD strategy. The scope of this strategy is more narrow and concerns only certain areas

²⁷ SAO, Effectiveness of public funds spent on communal services, 2016.

that are part of the IROP interventions. Geographically, RITS applies to the same territory as the ESDP, or HTU. This is one of the strategic levels that geographically cover the territory of the region and is limited by the IROP measures. According to the respondents, the limitation given by the IROP structure is too restrictive and does not take into account the local needs of the individual regions.

Regional LAGs are developing in different regions to develop their own CLLD strategies. These are focused on the support of majority interventions from the RDP and the IROP and co-financed by these programmes, but geographically the LAG territory is not identical to any administrative division. The delineation between the RITS and CLLD activities is likely to be the size of the project.

In addition, the government has initiated the preparation of Action Plans (Annex 9) in the 12 least developed districts to implement a whole range of different measures, which also involve the use of all ESIF programmes, including cross-border cooperation programmes. However, according to the relevant documents, there is no mechanism for coordinating the processes with the MA of the concerned programmes.

4.5.4 Progress in meeting the priority areas of cooperation

Programmes of (i) cross-border, (ii) interregional and (iii) transnational cooperation complement the ESIF programmes. These programmes have been planned in cooperation with each of the countries concerned and aim to intensify cooperation between neighbouring countries. For more information on implementing the programmes, see Annex 5 (Implementation Status).

- i) The cross-border cooperation is implemented through bilateral cooperation programmes:
 - Interreg V-A Slovak Republic - Czech Republic, (MA is MARD SR),
 - Interreg V-A Slovak Republic - Austria, (MA is MARD SR),
 - Interreg V-A Poland - Slovakia, (MA is Ministry of Development of the Republic of Poland),
 - Interreg V-A Slovak Republic - Hungary, and ENI Cross-border Cooperation Hungary - Slovakia - Romania - Ukraine 2014-2020 (ENI CBC HUSKROUA), (MA is Office of the Prime Minister of Hungary).
- li) Interregional cooperation is implemented through the programmes:
 - ESPON with MA in Luxembourg,
 - Interreg Europe and
 - URBACT with MA in France, and
 - Interact III, whose MA is BSK in Slovakia.
- lii) Transnational cooperation is implemented in two programmes:
 - Interreg Central Europe aims to strengthen the transnational character of cooperation between EU Member States on issues of strategic importance and its MA is the city of Vienna, and

- Danube Transnational Programme 2014-2020 (Interreg V-B Danube) with MA at the [Ministry of National Economy in Hungary](#).

In summary, for all cooperation programmes, their activities are concentrated to the largest extent on the TO6 Environment where more than 33% of all resources are allocated to cooperation programmes (Annex 5, Chart 62). Interventions in this area are aimed at protecting and developing cultural and natural heritage and protecting and preserving biodiversity. Project activities address the technical condition and access to natural and cultural monuments, or the development of green infrastructure. All cooperation programmes (with the exception of ESPON, URBACT and Interact III) allocated their resources to support TO6. Approximately one sixth of the total TO6 allocation is Interreg Europe and Interreg Central Europe (ca 18%), and these programmes run ahead of the programming period of other tools to integrate their results into programming. Around 12-16% of TO6 consists of Interreg V-B Danube programmes and Interreg V-A PL-SK, Interreg V-A SK-HU and Interreg V-A SK-CZ cross-border cooperation programmes. Nearly 6% belongs to Interreg V-A SK-AT and the lowest share of TO6, less than 3%, belongs to ENI CBC HUSKROUA.

A significant share (almost 17%) of all resources for cooperation programmes is allocated to TO1 Research and Development that supports cross-border cooperation activities between academic R&D and business, creating cross-border innovation platforms (networks), transferring applied research results into practice and its further commercialization through entities operating in cross-border regions. The largest share of TO1 funds is Interreg Europe (over 35%), almost 29% of Interreg Central Europe resources and less than 25% of Interreg V-B Danube. Interreg V-A SK-AT has over 8% of allocation in TO1 and less than 2% of Interreg V-A SK-CZ.

Another area is TO11, with more than 15% of all resources for cooperation programmes. TO11 is aimed at strengthening institutional capacities and effective public administration with activities that contribute to strengthening links through local initiatives and improving institutional cooperation. This area also includes the development of human resources and strategic planning. In the area of interregional cooperation, all planned resources of ESPON (almost 18% of the TO allocation), Interact III (16.3%) and URBACT (with 33%) are allocated exclusively to this TO. Almost 13% represents Interreg V-B Danube allocation and the rest consists of Interreg V-A SK-CZ, Interreg V-A SK-AT and Interreg V-A SK-HU (about 4, 6 and 10%).

Almost 14% of the total allocation for cooperation programmes is dedicated to the TO7, which supports mainly transport quality and safety activities in selected sections of the road network and aims to improve the interconnection of secondary and tertiary nodes to the TEN-T network and to promote environmentally friendly modes of transport. Interventions aimed at building new and improving existing road border crossings, mainly due to the cross-border mobility of labour, are also an important part of these activities. All cross-border cooperation programmes are participating in this TO, except for the Interreg V-A SK-CZ, the most significant 28% share belongs to Interreg V-A PL-SK, the smallest 5% share belongs to Interreg V-A SK-AT. Non-investment activities in this TO are comprising 23% share of Interreg V-B Danube and 15% share of Interreg Central Europe. In the field of transport, interventions focus on exploiting the potential of the Danube in the original flow as well as the completion of the TEN-T networks, which would unburden the region's transport routes, in particular from truck traffic, which would have beneficial effects on the environment and also accelerate and

financially make the transport of goods faster and more efficient. Development of transport infrastructure by completing Class II and III roads must be implemented with a direct connection to the TEN-T network corridors. In the context of European Territorial Cooperation (ETC), it is also envisaged to finance local roads and bridges as part of operations aimed at enhancing working mobility in the border area. The precondition is to build integrated transport through cooperation between the SR and PL, HU and AT. These investments in road construction will be complementary to other related investments funded by cross-border programmes or other programmes.

Around 9% of resources for cooperation programmes are allocated to TO4 low-carbon economy. These are concentrated in Interreg Europe and Central Europe (65.5 and 34.5%). TO3 Small and Medium Business has a 7% share of the total allocation. Most of these resources (88%) were allocated to Interreg Europe, the rest being financed by the ENI CBC HUSKROUA multilateral programme. 4% of the total allocation is planned for TO8 employment. 64% of Interreg V-A SK-HU is involved in the above sources, and the remaining part is the ENI CBC HUSKROUA multilateral programme. The smallest 1% share of total resources is planned for TO10 Education. Resources are allocated from two programmes, Interreg V-A PL-SK (56%) and Interreg V-A SK-CZ (44%). In this area, cross-border cooperation programmes are focused on activities that will contribute to strengthening vocational and lifelong learning for practical purposes.

More detailed information on allocations within each TO for each cooperation programme is given in Annex 5 (Table 60 and 61).

Part of the cooperation programmes will also include a number of non-investment, broad-spectrum small-scale projects based on people-to-people microprojects. In the Interreg V-A SK-HU programme, European Territorial Cooperation Associations (ETCA) should act as "intermediate body" within the framework of micro-projects.

Cross-border cooperation programmes complement the ESIF programmes as they intervene in the same TOs. Their action, however, concerns the neighbouring regions and addresses just the areas (transport, nature protection) that have cross-border effects and where the solution on one side of the border would be irrelevant. In this context, therefore, they work as complementary and at the same time bring synergistic effects; these are mainly transport infrastructure projects, environmental projects dealing with areas crossing national borders or cross-border science and research cooperation projects.

On the basis of the Government Resolution No. 497/2011, the Danube Strategy Advisory Group was set up as an advisory body to the National Contact Point (National Coordinator) of the Danube Strategy. The Advisory Group provides the necessary link between the level of the Danube Strategy political leadership and the implementation level. At the level of transnational programmes, a joint National Commission for Interreg V-B Danube and Interreg Central Europe 2014-2020 and macro-regional strategies was established.

4.5.5 Addressing the needs of the geographical areas most affected by poverty

The areas most affected by poverty are inhabited by groups most at risk of discrimination or social exclusion, and they are mainly MRCs. At present, more than 400,000 Roma (8% of the population) live on the territory of the Slovak Republic. In

804 Roma settlements with substandard living conditions, there are approximately 200,000 of them. The most prominent manifestation of MRCs' social disability is poverty and social exclusion, which in Slovakia is very extreme. A large part of the Roma lives in a rural environment with poor housing quality, lack of living space and no basic technical infrastructure (drinking water). They are often located in places contaminated by old ecological burdens. Roma households are also often largely indebted, excluded from the labour market and have limited access to social and healthcare services.

One of the areas where the marginalization of the Roma population is most pronounced is also education. The problem is the low level of education of children in kindergartens, due to financial costs, lack of capacities and support mechanisms and low awareness of the benefits of education. Consequently, pupils from the MRC environment often terminate elementary schools in the ninth grade, which deepens the differences in educational attainment and competencies compared to the majority population. Special schools and classes at the primary level are most attended by Roma children from segregated settlements. One of the reasons for placing children in special schools or special classes is inadequate diagnostics at registration, insufficient control of the state language by children, as well as the non-use of the native Roma language in testing or other special activities in the field of diagnostics.

Marginalization of the Roma in the labour market is caused by several factors. In addition to the lack of competitiveness due to low education, qualification levels and skills, other factors such as discrimination, stereotypes, spatial localization and overall poor living conditions are also underlined. According to the current EU FRA research of 2015, up to 87% of Roma in Slovakia live below the risk of poverty²⁸.

Identification of needs

One of the key conditions for ESIF interventions was the adoption of strategic documents on the implementation of the national strategic policy framework for Roma integration. The Slovak Government approved the "Roma Integration Strategy by 2020" and the Revised National Action Plan of the Decade of Roma Inclusion 2005 - 2015. In 2014, the Atlas of Roma Communities was developed to obtain information and a comprehensive database for the implementation of policies aimed at improving the status of the Roma. In 2016, the updated Action Plans (APs) of the 2016 - 2018 Strategy for Education, Employment, Health, Housing and the new AP in the field of financial inclusion were developed.

The ESIF projects are aimed at reducing inequalities and differences between socially excluded and marginalized groups of the Roma population and the majority. Applying an integrated and comprehensive approach to sites with the presence of separated and segregated MRCs should improve access to quality inclusive and desegregated learning, reduce unemployment rates, promote access to physical and social infrastructure, health care, and higher standards of housing.

For the purposes of social inclusion of Roma citizens, OP HR funds are used through three priority axes: with the sole focus on MRCs, this is PAX5 Integration of marginalized Roma communities and PAX6 Technical equipment in municipalities with

²⁸ Within the EU, the lowest risk of poverty in the Roma population is in the Czech Republic (58%); the risk of poverty of the Roma population in Spain (98%), Greece (96%), Croatia (93%).

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marginalized Roma communities and consequently Pax4 Social Inclusion with, among other things, a defined target group of marginalized groups, including the Roma. In 2016, the implementation of a national project on field social work and a national project on community centres was prepared and, under the lead of the Slovak Ministry of Labour, the implementation of the national programmes of the Field Social Work in Towns I and Support of selected social services of crisis intervention at the community level has been launched from PAX4. The Ministry of the Interior of the Slovak Republic/ Office of the Plenipotentiary of the Government for Roma Communities manages the national programmes Field Social Work and Field Work in municipalities with the presence of MRCs I and Community Centres in towns and municipalities with MRCs - Phase I (PAX5).

Within the OP HR, calls for demand-driven projects have been launched and are being prepared to target "municipalities with MRCs" and could change the situation in the coming years. Calls were launched to promote access to drinking water, construction and reconstruction of kindergartens, construction and reconstruction of community centres. There are planned CLSAF national projects called the Path from the Unemployment Circle, Job Chance, Success in the Labour Market, Through Practice to Employment.

The implementation of other interventions should reverse the negative trends in the Roma living conditions that determine their integration, thus contributing to the achievement of the NRP objectives. In addition to the actions identified in the Action Plans, the so-called "specific recommendations for Slovakia" are to be taken into consideration, recommending to improve activation measures for long-term unemployed and other disadvantaged groups, including personalized services and targeted training; to facilitate the employment of women, in particular by extending the provision of affordable and quality childcare; to improve learning outcomes by increasing the attractiveness of the teaching profession and by enhancing the participation of Roma children from early childhood in the mainstream education.

The untapped potential to support the employment of long-term unemployed MRCs represents the social economy, i.e. such economic activities that bring non-financial social benefits, a lower level of profit than is commercially acceptable. Forms of support for the social economy include the application of the social aspect of public procurement. Social economy entities appear to be a very appropriate tool to support MRCs' employment. Their main purpose is not to make a profit, but to bring non-market social benefits such as increasing the employment of disadvantaged groups, integrating marginalized individuals and communities into the wider society, developing backward regions, etc.

An important tool that can support MRC integration is the social aspect of public procurement. The benefits of social PP are mainly reflected in improving the social status of a marginalized or otherwise socially excluded or disadvantaged part of the population within a given region/area, and creating job opportunities at the place of implementation. This should have a positive impact on integrating those people of the municipality/town/region who are socially excluded for the long term or endangered by social exclusion. Under the PP Act, the contracting authority may determine the specific conditions of performance of the contract, which may include economic, social, environmental, innovation or employment aspects. These conditions represent the obligations that a successful tenderer must take, setting out a certain aspect of the



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execution of the contract. In the case of contracts co-financed by ESIF resources and targeting the Roma, this method is used and will be used in some interventions and calls.

5 Conclusions and Recommendations

5.1 Changes in development needs

Based on the findings, the evaluation answers the first evaluation question related to the change of development needs in the area of economic, social and territorial development of the Slovak Republic compared to the baseline situation since the adoption of the PA SR and the relevance of the expected results of the thematic objectives of the PA SR? Current needs were identified based on an analysis of the current situation. Their comparison with the situation at the time of PA preparation led to the conclusion that, with a few exceptions, there was no significant change in the needs of individual thematic objectives. Majority of both, positive and negative development trends persist and the objectives of ESIF programmes are currently in the same form as originally set. A brief summary of the identified needs and objectives set out in the ESIF programmes is given in Table 2 below.

The most significant shift occurred in two TOs. Thanks to the interventions of the previous programming period, the amount of R&D investments has increased significantly, which has been reflected in one of the main indicators in TO1. While the R&D expenditure was 0.45% of GDP in 2007, it raised to 1.18% of GDP in 2015. However, in relation to the European average, this value is still low and therefore, despite significant progress, support in this area is still required. The significant increase in investment was due to EU infrastructure investment in public, but to a lesser extent, also in the private sector.

The second significant shift was the decrease in unemployment, especially the unemployment of young people. The unemployment rate has decreased, which is not only due to economic growth and demographic development in the country, but also due to measures implemented with the support of OP E&SI and OP HR (PAX2 Youth Employment Initiative). The employment rate of young people (aged 15-24) is increasing and this effect has been reflected in the lower interest in youth employment support under TO8, especially in PAX2 OP HR (Youth Employment Initiative). While the problem of youth unemployment was transformed into the objectives of the programme that has undergone a standard approval process, a number of external factors have largely solved the problem, so at present it is no longer so urgent.

Based on this, it can be noted that significant changes in the development needs of the regions have not occurred and the objectives as originally defined for the individual ESIF programmes remain relevant. When collecting and processing the data, it was confirmed that RDP was incorporated into the structure of the PA and other operational programmes. This also causes problems due to monitoring systems and data collection, which are separate and data cannot be converted to ITMS2014+, so it is necessary to process them manually. The structure, logic and terminology of RDP differs from the OP and the processing of common data for all ESIF programmes is meaningful only for financial data.

Table 2 Trends in TO development versus targets set in ESIF programmes

TO	Trends in the development		Objectives set in the programmes
	+	-	
1	<ul style="list-style-type: none"> • growth in R&D expenditure, • increase of RD&I support from national sources (APVV, tax concessions) 	<ul style="list-style-type: none"> • number of innovating SMEs, • cooperation with enterprises, • employment in knowledge-intensive services, • stagnation of the quality of international cooperation, in R&D (publications, community programmes), • location of universities and SAS in international rankings, • slow implementation of RIS3 reforms 	<ul style="list-style-type: none"> • expanding research and innovation infrastructure and RD&I capacities, supporting competence centres • support for business investment in R&D, creation of interconnections and synergies between enterprises, R&D centres, networking, clustering • promoting innovation, cooperation and development of a knowledge base in rural areas • strengthening the link between agriculture, food production and forestry with research and innovation, improving environmental management and performance
2	<ul style="list-style-type: none"> • low rate of software piracy, • cellular coverage, • home computer and internet equipment, • use of ICT in the business sector, • share of ICT in GDP, • foreign trade with ICT services 	<ul style="list-style-type: none"> • low penetration by broadband internet, • electronic public services, • digitization of the healthcare system 	<ul style="list-style-type: none"> • increasing broadband internet coverage • increasing innovation capacity of SMEs in DE • improving the quality, standard and availability of eGovernment services for entrepreneurs and inhabitants • improving the overall availability of public administration data/ open data • improving digital skills and inclusion of disadvantaged individuals • modernization and rationalization of public administration by means of ICT • rationalizing the operation of information systems using eGovernment cloud • increasing cyber security in society
3	<ul style="list-style-type: none"> • quality of business environment, • SME profitability rate, • labour productivity per worker in agriculture and food industry 	<ul style="list-style-type: none"> • share of innovative SMEs, • developing new business models, • agrarian export of raw materials, • labour shortages, • integration of production and trade 	<ul style="list-style-type: none"> • promotion of entrepreneurship - business incubators • development and application of new business models of SMEs, products and services, growth in the markets • improving the performance of agricultural holdings • generational exchange • improving the economic performance of forestry • increasing the competitiveness of primary producers • support the risk management of agricultural holdings • improving the competitiveness and viability of aquaculture enterprises, organizing markets, investing in the processing and marketing sectors

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TO	Trends in the development		Objectives set in the programmes
4	<ul style="list-style-type: none"> reducing greenhouse gas emissions, higher share of RES, higher share of biofuels, improving energy efficiency, reducing energy consumption 	<ul style="list-style-type: none"> the consistency between sustainable growth and sectoral targets in the development of RES (the problem of sustainable consumption of biomass, biogas) problem in the production of 2nd generation biofuels 	<ul style="list-style-type: none"> support for the production and distribution of energy from renewable sources promoting energy efficiency, smart energy management and the use of renewable energy in public infrastructures, including public buildings and the housing sector support for low carbon strategies for all types of territory, support for multimodal urban mobility Promoting the use of highly efficient KJET supporting the sequestration of carbon dioxide in agriculture and forestry
5	<ul style="list-style-type: none"> better data and statistics processing and their link to landscape management, established crisis management systems, early risk identification systems and increased capacity in addressing crisis 	<ul style="list-style-type: none"> preventive measures based on landscape retention capacity such as flood and landslide prevention, threats to biodiversity, low rate of implementation of agri-environmental measures 	<ul style="list-style-type: none"> support for investments in climate change adaptation, addressing specific risks, disaster prevention restoration, conservation and enhancement of biological diversity improving water management, including management of the use of fertilizers and pesticides preventing soil erosion and improving its management
6	<ul style="list-style-type: none"> detachment of economic growth from resource consumption, drop in water consumption, reduction of waste generation, reducing the volume of waste water discharged into surface water 	<ul style="list-style-type: none"> waste recycling rate lags behind the EU average, high share of landfilling, decrease of agricultural land, unfavourable status of habitats of European significance, unsustainable commercial forestry activity 	<ul style="list-style-type: none"> investing in the waste and water management to meet the requirements of the environmental acquis protection and restoration of biodiversity and soil adoption of measures to improve the urban environment, reduction of air and noise pollution protection and restoration of aquatic biodiversity
7	<ul style="list-style-type: none"> increase in the length of the motorways, 	<ul style="list-style-type: none"> regional disparities in the length of motorways, lower quality of railways 	<ul style="list-style-type: none"> removing bottlenecks in railway infrastructure, improving technical conditions for operation, improving service quality removing bottlenecks in road infrastructure, increasing the attractiveness and accessibility of public transport improving the quality of services provided in the public port in Bratislava improving the security and accessibility of TEN-T road infrastructure and regional mobility
8	<ul style="list-style-type: none"> reducing unemployment unemployment rate among young people aged 15-24 has 	<ul style="list-style-type: none"> differences in labour supply between regions, gender segregation, declining labour supply 	<ul style="list-style-type: none"> integration of young people, including those at risk of social exclusion, and young people from marginalized communities access to employment for long-term

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TO	Trends in the development		Objectives set in the programmes
	dropped significantly (excluding those with elementary and lower secondary education)		<ul style="list-style-type: none"> unemployed and support for labour mobility equality between men and women in all areas, including in the area of access to employment, career advancement modernization of labour market institutions stimulating the promotion of sustainable employment and job creation in the cultural and creative industry facilitating the diversification, establishment and development of small businesses and job creation
9	<ul style="list-style-type: none"> number of people at risk of poverty or social exclusion has declined 	<ul style="list-style-type: none"> poor living conditions of MRCs below standard 	<ul style="list-style-type: none"> active inclusion to promote equal opportunities and active participation and to improve employability improving access to affordable, sustainable and quality services promoting physical, economic and social regeneration of deprived communities in urban and rural areas support for social enterprises support for childcare services up to three years of age at community level modernization of healthcare infrastructure to integrate primary healthcare, institutional facilities increasing employment rate locally by supporting entrepreneurship and innovation supporting local development in rural areas transition from institutional to community care (deinstitutionalisation of the social services system)
10	<ul style="list-style-type: none"> increase in investment in universities, abolition of lower-quality study departments at universities, support for dual education, 	<ul style="list-style-type: none"> higher proportion of early school leavers, poor results in PISA ratings, low share of population involved in life-long learning 	<ul style="list-style-type: none"> reducing and preventing early school leaving improving vocational education and training systems and their quality improving the quality, efficiency and access to tertiary and equivalent education improving access to lifelong learning increasing the gross training of children in kindergartens increasing the number of pupils in secondary vocational schools in practical training
11	<ul style="list-style-type: none"> low public spending per capita 	<ul style="list-style-type: none"> high share of employment in the public administration, corruption and inefficient government bureaucracy, low efficiency of the 	<ul style="list-style-type: none"> improved quality of systems and optimized PP processes modernized HR and increased staff competencies transparent and effective application of PP rules and consistent application

TO	Trends in the development	Objectives set in the programmes
	judiciary system, construction and territorial proceedings	of the 3E principles <ul style="list-style-type: none"> • increased efficiency of the judiciary system, quality and enhanced independence of the judiciary system

5.2 Status of priority implementation

The second evaluation question concerned the gross effects of the implemented interventions within the thematic objectives of the PA in relation to the objectives of the Europe 2020 strategy, the fulfilment of the National Reform Programme and the fulfilment of specific recommendations of the Council for the SR. As indicated in the introduction of the evaluation, the effects of interventions cannot be evaluated at the current stage of implementation. A visible shift is only at the level of several outputs in RDP, OP II, OP QE and OP HR programmes. Progress in the implementation of the TOs was monitored only through intermediaries, through financial indicators that were related to calls/invitations, or contracted projects and resources disbursed. In this respect, TO6 and TO7 with the largest infrastructure projects from the OP QE and OP II or TO8 with several national projects with a higher budget from OP HR are the best performing OPs. It is not possible to assess the contribution of the ESIF to meeting the climate change targets or the Europe 2020 objectives. However, it can be said that the interventions in the previous programming period contributed to the achievement of these objectives and that the objectives of the Europe 2020 strategy, the tasks of the National Reform Programme of the Slovak Republic or the Council recommendations are reflected in the relevant programmes of the ESIF.

The processing of project indicators in relation to the results has not yet been possible, as the implementation of the ESIF is only starting to take place. However, in the future, indicators need not be included in the monitoring system to evaluate the results. In many cases, outcome indicators are set to follow outputs, not results, and do not allow them to measure achievement of goals. At the level of thematic objectives, rather contextual indicators are relevant in relation to the Europe 2020 strategy, the NRP and the Council recommendations. For this reason, we also offer a proposal to monitor the fulfilment of the thematic objectives, resp. their indicators at this level.

5.2.1 The proposed indicators

The proposal of indicators is based on the procedure described in the methodological section of the report. The basic prerequisite for the design of the indicators, apart from the condition that they have to meet the basic SMART²⁹ criteria for the indicators, was their availability. This means that such an indicator is already existing indicator of the EU 2020 strategy or of the national priorities set out in the NRP, or is part of a set of indicators in the ESIF programmes, or it belongs to regularly statistically monitored data published by the Statistical Office of the Slovak Republic or another international institution.

The number of indicators can be further reduced. They are listed by priority in the report submitted. Indicators resulting from the Europe 2020 strategy are binding for the

²⁹ S-specific, M-measurable, A-achievable, R-relevant a T-time bound.

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Slovak Republic and are automatically included in the proposed indicators. The indicators of national priorities for R&D, ICT and Employment were also included in the group of recommended / proposed indicators. We have replaced other indicators of national priorities with indicators that will allow easy monitoring of the implementation of the thematic objectives. Key is mainly to complement the indicators for those TOs where no indicators are set either in the Europe 2020 strategy or in the national priorities. The proposed additional indicators provide a more comprehensive view of the area and the possibility to monitor those, depends on the likelihood of their future use.

Since the newly proposed indicators do not have a target value, it is appropriate to set this value to approximate the average value of the EU28 indicator in the year in question. Table 3 lists the main and additional recommended indicators (the Europe 2020 indicators are highlighted and marked in blue, those that are taken from the NRP are lighter blue). A more detailed description of the indicators is in Annex 6, which also shows the current state of achievement of the proposed indicators compared to the average of the EU countries.

Table 3 List of proposed TO indicators

TO	The Europe 2020, NRP indicators	Design of indicators for TOs	Design of additional indicators
1	<ul style="list-style-type: none"> Invest 1.2% of GDP in research and development Quotations 70 % (100 = EU average) Hi-tech export 14 % in total export 	<ul style="list-style-type: none"> Share of total expenditure on R&D on GDP (%) Share of corporate expenditure on R&D on GDP (%) Employment in knowledge-intensive services (% of total employment) Number of patent applications per 1 billion. GDP in PPP Share of Hi-tech exports on total exports (%) 	<ul style="list-style-type: none"> Share of SMEs introducing product or process innovation (%)
2	<ul style="list-style-type: none"> eGovernment 71.7 % 	<ul style="list-style-type: none"> eGovernment - Percentage of individuals aged 16 - 74 using the Internet to communicate with the public administration (%) Mobile broadband deployment (mobile broadband penetration per 100 inhabitants) 	<ul style="list-style-type: none"> Percentage of SMEs selling goods and services online Percentage of inhabitants selling goods and services online
3	<ul style="list-style-type: none"> Doing Business 15 (the World Bank ranking) Product Market Regulatory Index 1.2 (Point Rating) 	<ul style="list-style-type: none"> Share of enterprises with innovation activity (%) Gross value added per 1 worker in € in the agriculture and fisheries SMEs survival rate after two years (%) 	<ul style="list-style-type: none"> Share of SMEs innovating from internal sources (%) Share of SMEs with product or process innovation (%) Share of SMEs with marketing or organizational innovations (%)
4	<ul style="list-style-type: none"> Reduce greenhouse gas emissions (beyond the ETS) so that they do not exceed the level of 2005 by over 13% Increase the share of energy from RES in gross final energy consumption to 14 % Achieve the cumulative 	<ul style="list-style-type: none"> GHG emissions (CO2 equivalent Gg) Renewable Energy Sources (%) Energy Efficiency (2005 = 100) 	<ul style="list-style-type: none"> Share of energy from renewable sources in all modes of transport (%) GHG emissions in industry and services (% change compared to 2005) GHG emissions in households (% change

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TO	The Europe 2020, NRP indicators	Design of indicators for TOs	Design of additional indicators
	energy efficiency target of the SR by 2020 of 26,565 GWh (95,634 TJ), equivalent to 2.29 Mtoe		compared to 2005)
5		<ul style="list-style-type: none"> • Number of persons living in the area with flood risk (number) • Share of agricultural and forest area with implemented agri-environmental measures from the total area of the SR (%) • Percentage of coverage of occupied territory secured by the early warning system (%) 	<ul style="list-style-type: none"> • Duration of an emergency response • Areas of current erosion on agricultural land
6	<ul style="list-style-type: none"> • EPI score 76.1 	<ul style="list-style-type: none"> • Productivity of sources €/kg • Recycling of municipal waste (%) • Share of domestic food production (%) • Surface water consumption in industry (mil m³/year) 	<ul style="list-style-type: none"> • Energy intensity (kgoe/€) • Index of eco-innovations
7		<ul style="list-style-type: none"> • TEN-T Core Infrastructure Completion Rate (%) • TEN-T Core Railway (Conventional) Infrastructure Completion Rate (%) • Share of renewable energy in fuel consumption in transport (%) • Percentage of electrified railway lines 	
8	<ul style="list-style-type: none"> • Employment rate in the 20-64 age group, 72% by 2020 • Long-term unemployment rate (% of the active population over 15) 	<ul style="list-style-type: none"> • Employment rate (15-64 years, %) • Unemployment rate (15-64 years, %) • Long-term unemployment rate (%) • Unemployment rate among young people aged 15-24 	<ul style="list-style-type: none"> • Unemployment rate among Roma population aged 15 - 64
9	<ul style="list-style-type: none"> • Reducing the number of people at risk of poverty or social exclusion in the number of at least 170 thousand 	<ul style="list-style-type: none"> • Rate of poverty or social exclusion • Poverty risk rate • Rate of serious material deprivation 	<ul style="list-style-type: none"> • Share of children from MRCs in the age of 3-6 years who have completed pre-school education • Share of MRC households with access to drinking water • Unemployment rate among Roma population aged 15 - 64
10	<ul style="list-style-type: none"> • Reduce the rate of early school leaving from the current 6% • Increase the percentage of 30 - 34-year-old with completed tertiary education to at least 40% • PISA average score achieved 	<ul style="list-style-type: none"> • Early school leaving • Share of the graduates in the 30-34 age group 	<ul style="list-style-type: none"> • Percentage of the population aged 25-64 who participated in lifelong learning • Share of children aged 5 in kindergartens (%)

TO	The Europe 2020, NRP indicators	Design of indicators for TOs	Design of additional indicators
	(505)		
11	<ul style="list-style-type: none"> Corruption 68.4% 	<ul style="list-style-type: none"> Share of Public administration, defence and compulsory social insurance staff in total employment (%) 	<ul style="list-style-type: none"> Time needed to settle a case in legal, civil and commercial cases (1st level)

5.3 Implementation of the CLLD, SUD and RITS strategies from the ESIF

Evaluation of the implementation of the CLLD, SUD, RITS objectives on the territory of the SR and specifically in the regions facing demographic challenges and permanent or natural handicaps as well as the contribution of ESIF interventions to the MRCs integration was also part of the evaluation (third evaluation task). Equally as for other tasks, it was not possible to assess the results, yet. As far as disadvantaged regions are concerned, the Partnership Agreement deals only with the geographic areas affected by poverty, which is largely the area occupied by MRCs and these often overlap with the least developed districts. Taking into that there have been no results, yet, it is not possible to assess the real contribution of the ESIF to MRC integration. However, the evaluation identified several areas that require attention.

In general, the strategies reflect the basic objectives with a view to support the development of local economies, combat poverty and social exclusion, develop community life and civil society, and build capacity in the regions. An integrated regional development approach using the financial resources of individual ESIF programmes is the best option that should allow for optimal management and positive synergy effects. However, a more detailed analysis of the strategies suggests certain risks that need to be corrected in time, to meet the original aims.

The preparation of strategies takes place at different levels, in different quality and the coordination mechanisms, which would establish a unified methodical approach and set priorities in terms of strategic management at national level, is not visible. This discrepancy was visible, for example, when RITS and IROP indicators were compared (sections listed in Annex 8), which should show full consistency in coordinated intervention planning. The table shows that this is not the case in practice.

The strategic part of RITS BSK takes into account the results of multi-criteria analysis. This has already reflected the effort to assess the priorities in the various sectors as objectively as possible. For each area, a list of applicants was created according to the priorities established on the basis of statistical data and the so-called Investment Efficiency Index. This information provides the applicant with important information. If this value is low, they know they would waste resources on the preparation of projects that do not have the chance to succeed. In other regions, potential applicants can find the information on the Investment Efficiency Index value on the programme's website.

The definition of RITS investment priorities is so far applied only in the IROP, other ESIF programmes that are complementary in their interventions are obviously unlikely to use this analysis when assessing project applications, and probably do not know whether such an index or RITS exists. It can be assumed that in such a setting the whole process of regional development is practically uncoordinated and tends to repeat deficiencies from the previous programming period. It can therefore happen that projects, which are not strategically important and sustainable, but for various reasons wanted by municipalities, can succeed. In their programmes, MAs/IBs mostly deal with priorities at national level, but do not have detailed knowledge of local or regional priorities in the various supported areas.

The CLLD strategy, compared to RITS, can cover very similar, though somewhat broader spectrum of activities and their selection is determined by local needs. Within the CLLD, the same methodology as with the RITS based on statistical data, does not apply to the strategy. The likely division line is given by the size of the project. However, overlaps may occur mainly between Action Plans (APs) of the least-developed districts and other programmes. APs indicate planned activities of very different scope and do not have any border lines in relation to the ESIF. In addition to IROP and RDP, resources are expected from other programmes, including cross-border cooperation programmes.

Many of the AP activities are repeated in all districts, and plan to build a number of training centres or guidance centres to prepare ESIF projects, which duplicate already existing centres and activities of the Regional Development Agencies. It is obvious that, given the complexity of the preparation and management of ESIF projects, the demand for advisory centres of this type is considerable and they are well founded. However, it can be assumed that in a coordinated system the provision of this type of service could be more efficient and managed, so that potential applicants have the same scope and content of the information provided. Despite the preferential access to ESIF³⁰ funding for the least developed districts, none of the programmes has selection criteria that would favour applications for identified projects in the least developed districts during the project evaluation itself.

The impact of the ESIF interventions on Roma integration in 2014-2020 cannot be assessed, given the current fund disbursement phase. In addition to some major OP HR projects (such as Field Social Work), programme-level calls are only being prepared and launched. However, given the prepared financial allocations and the direct targeting of investments within each IP, it is possible to expect a significant impact on improving the living conditions of the Roma. This would, among other things, also mean the smooth implementation of the Europe 2020 objective on social inclusion. However, based on the experience of MRC interventions' evaluation in the previous programming period, the need for close monitoring of implementation appears to be an imperative, so that individual interventions dedicated to Roma and are in reality supporting this target group.

5.4 Recommendations

In the light of the conclusions of the evaluation, we recommend:

³⁰ <http://www.nro.vlada.gov.sk/pomoc-najmenej-rozvinutym-okresom/>

- consider whether it is necessary to include RDP in the ESIF programmes in the same structure as other OPs. If the RDP is to be included in these reports then the RDP and ITMS2014+ monitoring systems should be set up in such a way that all the RDP data needed in the same structure can be automatically converted and transferred to ITMS2014+. If this option is not realistic then it is better to deal with RDP reporting alone and use only financial information of RDP for the overall ESIF evaluation.
- consider the use of the indicators proposed for each TO, either in the precise form proposed by this report, or with a slight adjustment, according to the needs of the ESIF management structures at national level. The same applies to the proposed complementary TO indicators.
- consider adjustment of result indicators at the next OP revision whenever these indicators currently monitor outputs (e.g. OP HR). We suggest using the experience from the previous programming period in the review not only to set relevant indicators to measure the achievement of specific objectives but also to set the target values of these indicators optimally and realistically. In the previous period where this experience was missing, therefore many indicators were set unrealistically and often did not reach the planned target values or, on the contrary, exceeded these values several times.
- review and reassess both the initial and target values of the IROP and RITS indicators to form a coherent and logical set that will allow subsequent objective evaluation of the strategies and the programme itself. Even in this case, the values of indicators from the previous programming period will be useful. We recommend active cooperation with MA or IB programmes that manage and/or managed similar types of interventions.
- use the Investment Efficiency Index not only for the preparation of RITS projects but also for other programmes that support the same or similar types of activities, or where it is possible to objectively determine the index value in a similar way, while taking into account regional specifics and clearly define priorities. However, it is essential that the determination of the index value (calculation and benchmarking) is done in a transparent manner and with the participation of relevant partners. If appropriate, the index could "replace" the newly introduced two-round process when selecting projects. It could save resources and time while minimizing unnecessary preparation of applications for applicants who do not have the chance to succeed and at the same time it would save the MA/IB work with the assessment of proposals.
- consider the coordination mechanism that works best at this stage when framework documents of the various instruments of integrated development (RITS, CLLD, AP of the least-developed districts) are already approved. While the division line between RITS and CLLD will be the size of the project, AP activities do not have clearly defined division lines, and these may be differently intertwined with other tools. In this respect, we recommend one coordinator for each AP, who will communicate and coordinate their activities towards all ESIF programmes and other APs in order to avoid duplication of different interventions.

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- create a coordinated system of consulting centres covered by OP TA so that at least all ESIF-funded centres provide the same quality services in terms of scope and content.
- special attention should be paid to monitoring interventions for MRCs. This recommendation builds on past experience that has indicated the use of officially declared resources to address MRC problems but often also in areas with a minimum number of MRC residents.