



CCI 2014SI16M8PA001

PARTNERSHIP AGREEMENT
between Slovenia and the European
Commission
for the period 2014–2020

July 2014

10 July 2014 – consent by the Council of the cohesion region of Western Slovenia given at the sixth regular session

24 July 2014 – consent by the Council of the cohesion region of Eastern Slovenia given at the first extraordinary session

28 July 2014 – document adopted at the 68th regular session of the Government of the Republic of Slovenia

Contents

- INTRODUCTION 7**
- 1. ARRANGEMENTS TO ENSURE ALIGNMENT WITH THE UNION STRATEGY FOR SMART, SUSTAINABLE AND INCLUSIVE GROWTH 8**
 - 1.1 An analysis of development disparities, needs, and growth potential with reference to the thematic objectives and the territorial challenges 8**
 - 1.1.1 Analysis of development needs, disparities and growth potentials by thematic objectives 20
 - 1.1.1.1 Thematic objective 1: Strengthening research, technological development and innovation .22
 - 1.1.1.2 Thematic objective 2: Enhancing access to, and use and quality of, information and communication technologies 28
 - 1.1.1.3 Thematic objective 3: Enhancing the competitiveness of SMEs, the agricultural sector (for the EAFRD), and the fisheries and aquaculture sector (for the EMFF) 32
 - 1.1.1.4 Thematic objective 4: Supporting the shift to a low-carbon economy in all sectors 40
 - 1.1.1.5 Thematic objective 5: Promoting climate change adaptation, risk prevention and management 44
 - 1.1.1.6 Thematic objective 6: Preserving and protecting the environment and promoting resource efficiency 48
 - 1.1.1.7 Thematic objective 7: Promoting sustainable transport and removing bottlenecks in key network infrastructures 58
 - 1.1.1.8 Thematic objective 8: Promoting sustainable and quality employment and supporting labour mobility 63
 - 1.1.1.9 Thematic objective 9: Promoting social inclusion, combating poverty and any discrimination 71
 - 1.1.1.10 Thematic objective 10: Investing in education, training and vocational training for skills and lifelong learning 78
 - 1.1.1.11 Thematic objective 11: Enhancing the institutional capacity of public authorities and stakeholders and an efficient public administration 89
 - 1.2 A summary of the ex-ante evaluations 97**
 - 1.3 Selected thematic objectives and a summary of the main results expected for each ESI fund 103**
 - 1.4 The indicative allocation of support by the Union by thematic objective at national level 127**
 - 1.4.1. The indicative allocation of support by the Union by thematic objective at national level 127
 - 1.4.2 Information on the Youth Employment Initiative 131
 - 1.4.3 Information on the share of ESF (%) of structural funds (ERDF and ESF) 132
 - 1.4.4 Information on the allocation of technical assistance 132
 - 1.4.5 Total indicative amount of EU support for climate change objectives 132
 - 1.5 The application of horizontal principles 136**
 - 1.5.1 Partnership principle 136
 - 1.5.2 Promotion of equality between men and women, non-discrimination and accessibility 143
 - 1.5.3 Sustainable development 146
 - 1.5.4 Horizontal policy objectives 148
 - 1.6 The list of programmes under the ERDF, the ESF and the YEI, the CF, the EAFRD and the EMFF with applicable framework sums of allocated support for each fund and each year 149**
 - 1.7 Request for the transfer of Structural Funds allocations between categories of regions 152**
 - 1.8 Transfer from the European Territorial Cooperation goal to the Investment for Growth and Jobs goal 152**
 - 1.9 Request for a transfer of technical assistance to the European Commission 152**
 - 1.10 Information on the allocated funds related to the performance reserve 152**
 - 2. ARRANGEMENTS TO ENSURE THE EFFECTIVE IMPLEMENTATION OF CSF FUNDS 155**

2.1	The arrangements that ensure coordination between the CSF Funds and other Union and national funding instruments and with EIB.....	155
2.2	Ex-ante verification of compliance with the rules on additionality	168
2.3	A summary of the assessment of the fulfilment of applicable ex ante conditionalities	168
2.4	The methodology and mechanism to ensure consistency in the functioning of the performance framework.....	168
2.5	Reinforcing the administrative capacity of the authorities involved in the management and control of the programmes	171
2.6	Reduction in the administrative burden for beneficiaries	182
3.	DESCRIPTION OF THE INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT	187
3.1	The arrangements to ensure an integrated approach to the use of the ESI Funds for the territorial development of specific sub-regional areas	190
3.1.1	Community-led local development.....	191
3.1.2	Integrated territorial investments.....	196
3.1.3	Sustainable urban development	196
3.1.4	The main priority areas for cooperation in the field of macro-regional and sea basin strategies.....	201
3.1.5	Integrated approach to addressing the specific needs of geographical areas.....	206
4.	ARRANGEMENTS TO ENSURE THE EFFICIENT IMPLEMENTATION OF THE PARTNERSHIP AGREEMENT AND PROGRAMMES	209
4.1	An assessment of existing systems for electronic data exchange and measures for electronic data exchange	209

LIST OF TABLES

Table 1: Slovenia's contribution to meeting the Europe 2020 Strategy targets – TO 1.....	22
Table 2: Slovenia's contribution to meeting the Europe 2020 Strategy targets – TO 4.....	40
Table 3: Slovenia's contribution to meeting the Europe 2020 Strategy targets – TO 8.....	63
Table 4: Slovenia's contribution to meeting the Europe 2020 Strategy targets – TO 9.....	71
Table 5: Slovenia's contribution to meeting the Europe 2020 Strategy targets – TO 10.....	78
Table 6: Selected thematic objectives and a summary of the main results expected for each Cohesion Policy Structural Fund (ERDF, ESF, CF).....	103
Table 7: Selected thematic objectives and a summary of the main results expected for the EAFRD	117
Table 8: Selected thematic objectives and a summary of the main results expected for the EMFF	124
Table 9: Indicative allocation of support by the Union by thematic objectives at national level for each ESI fund separately (in EUR million) (total Union support, including performance reserve)	127
Table 10: Information on the Youth Employment Initiative programmed under thematic objective 8.....	132
Table 11: Information on the share of ESF (%) of structural funds (ERDF and ESF).....	132
Table 12: Information on the allocation of technical assistance for Cohesion Policy Funds according to regions.....	132
Table 13: Total indicative amount of EU support for climate change objectives (in EUR)	132
Table 14: Indicative amount of funds (CF, ERDF, ESF) for climate change objectives	134
Table 15: Indicative amount of funds (ERDF) for climate change objectives.....	136
Table 16: Framework amounts of allocated support for each Fund and each year (total Union support, including the performance reserve).....	151
Table 17: Information on allocation related to the performance reserve, broken down by CSF Funds and, where appropriate, by category of region, and on amounts excluded for the purpose of calculating the performance reserve (Article 15 (1) (a) (vii) of the CSF)	152
Table 18: Areas where CSF Funds will be used in a complementary manner.....	158
Table 19: Gross fixed capital formation in % GDP.....	168
Table 20: Current number of employees under technical assistance (full-time employments) – OP EMFF 2014-2020	177
Table 21: An overview of the total number of employees required in the context of technical assistance for the implementation of the 2014-2020 programming period	178
Table 22: Skeleton schedule for reducing administrative burden of beneficiaries by envisaged activities ..	183
Table 23: Framework allocation of funds for integrated actions in a sustainable urban development context within the ERDF at national level	199

LIST OF FIGURES

Figure 1: Division of Slovenia into two cohesion regions.....	15
Figure 2: Basic coordination structure in support of the complementary use of CSF Funds.....	165
Figure 3: Basic coordination and OP ECP 2014-2020 implementing structure	166
Figure 4: Representation of rural and urban areas in Slovenia.....	187
Figure 5: The polycentric structure of the urban system and development of wider urban areas.....	198

LIST OF ABBREVIATIONS

NEE AP	National Energy Efficiency Action Plan
AMIF	Asylum, Migration and Integration Fund
ARSKTRP	Agency of the Republic of Slovenia for Agricultural Markets and Rural Development
GDP	Gross domestic product
GVA	Gross value added
GERD	Gross domestic expenditure on R&D
CLLD	Local development led by the community
CNVOS	Centre for Information Service, Co-operation and Development of NGOs
CPP	Commission Position Paper
CSR	Country-Specific Recommendations
ITI	Integrated Territorial Investments
VAT	Value added tax
EIB	European Investment Bank
EC	European Commission
EAFRD	European Agricultural Fund for Rural Development
ESFRI	European Strategy Forum on Research Infrastructures
ESI	European Structural and Investment Funds
EMFF	European Maritime and Fisheries Fund
ERDF	European Regional Development Fund
ESC	Economic and Social Council
ESF	European Social Fund
ETC	European Territorial Cooperation
EU	European Union
EUSAIR	European Union Strategy for the Adriatic and Ionian Region
EUSAR	European Union Strategy for the Alpine Region
EUSDR	European Union Strategy for the Danube Region
EGTC	European Grouping of Territorial Cooperation
PPP	Plant protection products
ICZM	Integrated Coastal Zone Management
ICT	Information communication technology
CEF	Connecting Europe Facility
DRI	Development Risk Index
ISF	Internal Security Fund
PPT	Public passenger Transport
PRO	Public Research Organisation
AECPM	Agri-environment-climate payments measure
CF	Cohesion Fund
LAG	Local Action Group
LEADER	Liaison Entre Actions de Développement de l'Économie Rurale, English: Links between the rural economy and development actions
LIFE	Financial Instrument for the Environment
LDS	Local development strategy
MDDSZ	Ministry of Labour, Family and Social Affairs
MF	Ministry of Finance
MGRT	Ministry of Economic Development and Technology
MIZŠ	Ministry of Education, Science and Sport
MKO	Ministry of Agriculture and the Environment
MNZ	Ministry of the Interior
SME	Small and medium-sized enterprises

MzIP	Ministry of Infrastructure and Spatial Planning
NFP LCO	National Focal Point for Lifelong Career Orientation
NPQ	National vocational qualifications
NDP	National development programme
NUTS	Nomenclature of Territorial Units for Statistics
NGO	Non-governmental organisation
OECD	Organisation for Economic Co-operation and Development
LFA	Less favoured areas
OP ECP 2014–2020	Operational Programme for the Implementation of the EU Cohesion Policy in the period 2014–2020
OP EMFF 2014–2020	Operational Programme for the Implementation of the EMFF in the Republic of Slovenia for the 2014–2020 period
OP HRD	Operational Programme for Human Resources Development for the 2007–2013 period
PSFRA	Potential Significant Flood Risk Area
MA	Managing Authority
RES	Renewable energy sources
CA	Certifying Authority
RDP	Rural Development Programme
PA	Partnership Agreement
IA	Intermediate body
AA	Audit authority
RDA	Regional Development Agency
RDI	Research, development, innovation
SSH	Slovenian Sovereign Holding
SEDB	Slovenian Export and Development Bank
CSF	Common Strategic Framework
SDSS	Spatial Development Strategy of Slovenia
SSS	Smart Specialisation Strategy
CHP	Combined Heat and Power
SVRK	Government Office for Development and European Cohesion Policy
SORS	Statistical Office of the Republic of Slovenia
TO	Thematic objective
FDI	Foreign Direct Investment
TA	Technical assistance
IMAD	Institute of Macroeconomic Analysis and Development of the Republic of Slovenia
BSO	Budget Supervision Office of the Republic of Slovenia
EUE	Efficient use of energy
ESS	Employment Service of Slovenia
FPI	Food processing industry

INTRODUCTION

This partnership agreement (PA) is a strategic document and the basis for drawing from EU funds. The document's structure follows the template and guidelines of the European Commission (EC) on the preparation of the PA. The PA covers all five EU funds governed by the Common Strategic Framework (European Regional Development Fund (ERDF), European Social Fund (ESF), Cohesion Fund (CF), European Agricultural Fund for Rural Development (EAFRD) and European Maritime and Fisheries Fund (EMFF)), and thus seeks to align its content with the content and orientations of the Operational Programmes (OP) for the 2014-2020 period. Slovenia will develop three OPs, i.e. one joint OP for the implementation of the EU cohesion policy, Rural Development Programme 2014–2020 and the Operational Programme for the Implementation of the EMFF in the Republic of Slovenia for the Period 2014-2020. Slovenia will participate in thirteen European Territorial Cooperation (ETC) programmes in the 2014–2020 programming period.

Based on the lessons learned in the 2007–2013 programming period and legislative proposals for the 2014–2020 period, the European Commission prepared the Position of the Commission Services on the development of Partnership Agreement and programmes for the 2014–2020 period, the so-called Commission Position Paper (published on 22 November 2012) for each EU Member State. The latter outlines the country's challenges and main funding priorities, and serves as the framework for preparing the relevant documents and for a dialogue between the Member State and the European Commission. The development of the PA and the OPs closely followed the Commission Position Paper as well as the relevant country-specific recommendations of the Council, which are prepared on the basis of the review of Slovenia's National Reform Programme and Stability Programme.

The Government Office for Development and European Cohesion Policy (Development Policies Division) has been heading the coordination of the PA development at the national level since 1 March 2014. Prior to that date, this task was performed by the Ministry of Economic Development and Technology (Division for Development Planning, Monitoring and Evaluation). The document has been prepared in close cooperation with the Ministry of Agriculture and the Environment, other ministries and key stakeholders. The process of coordinating documents coordination with the EC was carried out at the same time.

1. ARRANGEMENTS TO ENSURE ALIGNMENT WITH THE UNION STRATEGY FOR SMART, SUSTAINABLE AND INCLUSIVE GROWTH

1.1 An analysis of development disparities, needs, and growth potential with reference to the thematic objectives and the territorial challenges

Being a fully-fledged EU Member State, Slovenia is committed to contributing to the Union strategy for smart, sustainable and inclusive growth (Europe 2020 Strategy) in accordance with EU and national legislation. As an EU Member State and Eurozone Member, Slovenia annually confirms the commitment to these targets in the framework of the European Semester¹ with the National Reform Programme and Stability Programme. At the same time, Slovenia has pledged to fulfil the requirements arising from the Stability and Growth Pact, and the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union.

With respect to Country-Specific Recommendations made by the Council on Slovenia's 2014 National Reform Programme² and a Council opinion on Slovenia's Stability Programme for the 2012–2016 period, Slovenia adopted and has been implementing the relevant measures, relating in particular to the following:

- Correcting the excessive deficit by 2015 and reaching the medium-term objective by 2017, permanently correcting fiscal imbalances, safeguarding growth-friendly spending, improving tax compliance.
- Adopting the balanced public finance rule.
- Strengthening the long-term sustainability of the pension system beyond 2020, including through linking the statutory retirement age to gains in life expectancy.
- Upon consulting social partners and in accordance with national practices, preparing a comprehensive social security agreement by the end of 2014 which will ensure that wage developments, including the minimum wage, support competitiveness, domestic demand and job creation. Redefining the minimum wage structure and reviewing the minimum wage adjustment system. Adopting measures to further reduce segmentation in the labour market, especially by addressing the efficiency of incentives for employing young people and elderly workers, and applying civil law contracts. Passing the student work act. Providing priority treatment for young people who are not registered at the Employment Service or enrolled in school by providing these institutions' with suitable capacities. Increasing the employment of low-skilled and elderly workers, adjusting the working environment to longer periods of employment, and focusing resources on need-adjusted measures of active employment policy and improving their efficiency. Eliminating the imbalance between qualifications and needs in the labour market by enhancing the attractiveness of vocational education and training, and by further cooperating with suitable stakeholders in assessing the needs in the labour market.
- Completing the existing action plan for banks on the basis of experience from the bank asset quality review and the stress test from August 2014, including special measures to improve management, supervision, risk management, the procedure of granting loans, and quality and availability of data.

¹ http://www.mf.gov.si/si/delovna_podrocja/evropski_semester/nova_evropska_razvojna_strategija_do_2020/

² http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm

- Further implementing the privatisation process announced in 2013 within the set time limits. Adopting the strategy for the Slovenian Sovereign Holding by clearly prioritising investments within the timetable and definitions stipulated by the Slovenian Sovereign Holding Act from 2014.
- Completing the master plan for restructuring enterprises by the end of 2014, which will include clearly defined priorities and an efficient implementation process, and reduce the length of judicial proceedings at the first level in civil and commercial court cases, including cases within insolvency legislation, and the number of cases waiting for hearings, particularly cases referring to enforcement and insolvency.
- Reducing obstacles to business in Slovenia in key economic areas to make country more attractive for direct foreign investments, especially by speedily deregulating occupations and reducing administrative burdens, including more economical systems for issuing permits. Providing sufficient and independent financing of the Slovenia Competition Protection Agency, and increasing its institutional independency. Rationalising priorities, and ensuring the compliance of the research and development strategy from 2011 and the strategy for Slovenian industrial policy from 2013, also regarding future smart specialisation and transport strategies, and ensuring their rapid implementation and efficiency assessment.
- Taking efficient measures to combat corruption, increase transparency and liability, and introduce external performance assessments and quality control procedures.

Activities in the above-mentioned specific areas will pave Slovenia's way out of the crisis. A detailed description of the implementation of these activities is available under the analysis made per individual thematic objectives which indicates Slovenia's main challenges and needs in the 2014–2020 period that will be addressed by means of ESI funds.

The following part of this chapter provides an overview of the economic trends and challenges with which Slovenia has been confronted in the past few years at national, regional and cross-border level. It is important that we are aware of them, build our action in the 2014–2020 period on them and meet the set targets.

Economic trends and challenges

Global economic and financial conditions dictate policy-making at international and national level. An important factor shaping future policy developments is the reconfiguration of power distribution in the global economy, especially as a result of the increasingly important role of emerging markets and global social challenges, such as demographic trends, climate change and growing environmental pressures.

The economic crisis that Slovenia faces has revealed the structural weaknesses of the Slovenian economy and its relatively low competitiveness *vis-à-vis* EU counterparts and beyond EU, the low technological complexity of parts of industry and a rigid business environment (administrative barriers, inflexible labour market, high tax burden on labour).

Recent trends in competitiveness have been positive, but the total loss of competitiveness has been high since the crisis outbreak. In the first years of the crisis, the Slovenian economy faced problems of indebtedness and financing, as well as a deterioration in **cost competitiveness**, which was the result of rising labour costs (in 2008 and 2010) and an above-average (compared with the EU) decline in productivity (in 2009). Thus in three years, real labour costs per unit of product grew by 9%, but only by 3% in the EU. Most of the improvement after 2010 derived from adjustment of the labour market to reduced economic activity, while economic growth still lagged behind EU trends. Initially, the labour market adjusted by

reducing employment, and since 2011, by speedily reducing labour costs³. In 2013, real labour costs per unit of product exceeded the level in 2007 by only 5.6%, and only by 2.5% in the EU. Considering the impact of the exchange rate, which depreciated between 2010 and 2012, the total loss of competitiveness since the crisis outbreak in Slovenia has fallen⁴, and the impact of depreciation in the eurozone has been even more favourable due to an increased share of external trade flow with countries outside the eurozone.

According to the Development Report 2014 produced by the Institute of Macroeconomic Analysis and Development (IMAD⁵), **higher economic growth and preservation of prosperity in the medium term require fundamental structural changes**. The first condition to revive the economic activity is to restore access to finance. In this area, important movements have been achieved in the past year (recapitalisation of the two largest public banks, commencement of the transfer of non-performing bank assets to the Bank Asset Management Company). The efficient implementation of fiscal consolidation and stabilisation of conditions in the finance sector are essential for establishing a stable macroeconomic environment. The activities Slovenia should undertake to address this are linked to delivering on the country-specific recommendations made by the Council.

Economic growth in the years before the crisis relied primarily on favourable trends in the international community and **easy access to finance**. The high dependency of banks on foreign funding sources and their significant exposure to individual economic sectors caused massive liquidity pressures in the banking system. Due to the operation of automatic stabilisers, the postponement of consolidation, and other attempts to save the banking sector and certain state-owned enterprises through capital injections, the deterioration in conditions was amongst the worst in the EU. The above-mentioned issues in the finance system virtually paralysed any financing of the Slovenian economy, and, due to the deteriorating perception of Slovenia in international financial markets, further restricted access to finance that was indispensable for economic recovery. In 2013, Slovenia undertook some delayed structural reforms, positive changes in competitiveness and the first signs of economic recovery were also noticed.

The stabilisation of the banking system began in 2013 with the implementation of a bank asset quality review and stress tests. On this basis, the state recapitalised banks and began transferring non-performing bank assets to the Bank Asset Management Company. Progress in stabilising the banking system and serious intents to withdraw the state from the economy were also approved by international financial markets, which contributed to the reduced yield on Slovenian government bonds at the end of 2013.

Despite high cost pressures, and the unfavourable geographical and product structure of exports, the decline in Slovenia's **export competitiveness ended** in 2013. Following a significant export slowdown in 2012, exports in 2013 increased by 2.9%, and imports by 1.3%. Correspondingly, the current account balance of payments recorded a surplus of 6.5% of GDP. Imports in emerging markets have been increasing recently, but Slovenia's share remains relatively small; the share in the global market increased in 2013 for the first time since the onset of the crisis.

Furthermore, Slovenia is struggling with an inappropriate production structure with a relatively low share of technologically most advanced products compared to countries whose exports seem to be recovering more rapidly. Domestic demand declined significantly in 2012; household consumption was down by 4.8%, government consumption by 1.3% and fixed capital formation by 8.3%. Given continued negative trends in

³ In 2012, public sector pays were reduced under the influence of measures to balance public finances and the growth in wages in the private sector also levelled off.

⁴ In the first nine months of 2013, the real effective exchange rate deflated by relative labour costs per unit of product exceeded in Slovenia the level from 2007 by 1.6%, while in most eurozone countries it was even lower than in 2007.

⁵ IMAD, Development Report 2014. Acquired at http://www.umar.gov.si/fileadmin/user_upload/publikacije/pr/2014/POR_2014.pdf

the labour market, restrictive pay and employment policy in the public sector, and continued rationalisation of public spending, the demand of both households and the state will decrease in the future. On the other hand, investments are projected to decline considerably less than in the previous four years (by 1.6%).

With reduced uncertainty in the international environment and at home, GDP is expected to increase by 0.5% in 2014 owing to the further strengthening of growth in exports and a slower decline in household consumption, according to the Spring Forecast of Economic Trends (IMAD, 2014)⁶. The anticipated acceleration of economic recovery in Slovenia's main trading partners will have a positive effect on the growth of exports, which will again be driven primarily by exports of high-technology products. In the domestic environment, the commencement of banking system stabilisation improved the government's access to finance and helped reduce uncertainty among economic agents. Along with the slower deterioration in the labour market than in the previous two years, a further substantial slowdown in declining private consumption is expected. On the other hand, the recovery will be dragged down by continuing difficulties in accessing finance for the indebted corporate sector and the necessary fiscal consolidation. Public investments in particular will help maintain the previous year's level of investment. In the next two years, GDP growth will steadily increase amid the anticipated faster economic recovery in the international environment, further banking system stabilisation and fiscal consolidation, and the commencement of corporate restructuring. It will continue to rely primarily on export growth, but for the first time since the onset of the crisis we also expect a modest positive contribution from domestic consumption. Furthermore, investment activities are expected to pick up, particularly in the housing sector and in plant and machinery.

Foreign direct investment (hereinafter referred to as 'FDI') is an important element that can contribute to enhancing Slovenia's global economic integration. Slovenia has still not succeeded in joining countries which are attractive for FDI. Therefore, efforts to increase Slovenia's visibility as a location for foreign investment, as well as to reduce the constraints caused by the unfavourable business environment should be constant. Despite a relatively low share of FDI in GDP compared with other EU states, FDI nevertheless does play an important role in the Slovenian economy. Enterprises with FDI accounted for 4.5 % of all enterprises in Slovenia at the end of 2012, but accounted for 19.8% of the capital, 23.2% of the assets and 21.7% of employees in all entrepreneurial activity. In particular, these enterprises were successful in terms of international trade, where they accounted for 40% of the exports and 43.1% of the imports of the Slovenian entrepreneurial sector. Nevertheless, support for inward FDI should be enhanced, as the 2010–2012 period saw EUR 36.2 million spent on this purpose, of which 94.5% were financial incentives. According to foreign investors, a better business environment and gradual reduction in the numerous administrative barriers would significantly improve Slovenia's market for FDI.

Conditions in the labour market continued to deteriorate in 2013. Due to a general slowdown in economic activity and a massive transition to inactivity in 2013, unemployment increased by 0.8% in 2012 according to the statistics of national accounts and is even expected to increase by 2.3% in 2013. **Unemployment** in Slovenia has significantly increased since 2008 and the gap from the Europe 2020 target has increased: in the 20–64 age group employment stood at 68.3% in 2012 (by 4.7% less than in 2008), 66.9% in the cohesion region of Eastern Slovenia and 69.8% in the cohesion region of Western Slovenia. Although employment was higher in the cohesion region of Western Slovenia, it dropped more sharply in the cohesion region of Eastern Slovenia.⁷ Women's employment in 2012 fell to 64.6%, although it is still higher than the EU-28 average. The employment rate of men has decreased since 2008, standing at 77.4% to

⁶ Spring Forecast of Economic Trends 2014, IMAD, March 2014, http://www.umar.gov.si/publikacije/single/publikacija/zapisi/pomladanska_napoved_gospodarskih_gibanj_2014/1/

⁷ Eurostat.

71.8%, which is below the EU-28 average; the employment rate of men saw the greatest decline in the cohesion region of Eastern Slovenia, i.e. by 4.6 percentage points from 2008 to 2012 (in the cohesion region of Western Slovenia by 3.1 percentage points), while the cohesion region of Western Slovenia recorded a 4.8 percentage points decline in the employment rate of women from 2008 to 2012 (3.1 percentage points in the cohesion region of Eastern Slovenia).⁸ Educational attainment has an important effect on the employment figures. Higher education levels go accompany higher employment rates. The employment rate of low-skilled workers stood at 46.4% (men 40%, women 29.2%) in 2012, whereas the EU-28 average was 52.2%.⁹ On the other hand, unemployment has persistently grown. The number of registered unemployed individuals is anticipated to exceed 120,000 by 2015, but later decline. **Registered unemployment** was 13.5% at the end of 2013 (ESS¹⁰). According to the Employment Service of Slovenia (ESS), 59% of the unemployed were registered in the cohesion region of Eastern Slovenia at the end of 2013. The decline in unemployment is expected to be lower in 2014 than in 2013 due to the modest growth in economic activity; recovery will be only gradual in the following two years due to the characteristic delay in the labour market response. Unemployment is expected to increase slightly in 2014 and then gradually start declining in the following two years.

According to Eurostat projections, the **working age population is estimated to start declining** as early as beyond 2015¹¹, and low productivity will have to be enhanced, so that the declining working age population figures does not have negative repercussions on economic growth. Furthermore, this trend will inevitably result in a higher economic dependency ratio. Projections for Slovenia anticipate rapid population ageing,¹² which calls for an adjustment of the healthcare and long-term care systems to demographic and other changes in the environment. The economic crisis has undermined material the prosperity that people have enjoyed so far. Following a downward trend for five years, disposable income per household was over 9% lower in real terms in 2013 than in 2008.¹³ The **risk of poverty** remained in 2012 at a relatively low level in comparison with other European states (Slovenia: 13.5%, EU-28: 17.0%), but the risk has been increasing more rapidly since the onset of the crisis in Slovenia than on average in the EU, especially among the unemployed, elderly and multiple-children households. Material deprivation in Slovenia declined in 2012 (by 0.3 percentage points to 16.9%), while severe material deprivation increased (by 0.5 percentage points to 6.6%). Both levels are approximately at the 2008 level¹⁴, but several other material prosperity indicators have been worsening.¹⁵ The social consequences of the on-going economic crisis which are reflected in the labour market, and growing social inequalities and the gradual breakdown of social cohesion, as well as demographic changes put Slovenia in a position that requires confrontation with future challenges and the prompt delivery of tailored solutions.

The fall in **gross domestic product** in 2013 (-1.1%), which was primarily due to the growth in the last quarter, was significantly lower than in 2012; growing **exports** and less of a decline in domestic consumption contributed to this. Exports in 2013 were also a factor which positively contributed to the change in GDP, and export growth strengthened along with the economic recovery in the main trading partners. The fall in **domestic consumption** was lower in 2013 than in 2012. A modest growth in investments was detected for the first time in four years due to an investment in a large-scale energy facility and an increase in financial assets of the state at the end of the year, while private investments

⁸ Eurostat.

⁹ Eurostat.

¹⁰ http://www.stat.si/novica_prikazi.aspx?id=6059

¹¹ European Commission; Working Paper 3/2013; Jorg Peschner and Constatinos Fotakis; Growth Potential of EU Human Resources 2013, page 22, graph 10b: Starting years of decline of total population and working age population, convergence scenario.

¹² http://ec.europa.eu/economy_finance/publications/european_economy/2011/pdf/ee-2011-4_en.pdf, page 196.

¹³ IMAD, Development Report 2014, page 62. Acquired at http://www.umar.gov.si/fileadmin/user_upload/publikacije/pr/2014/POR_2014.pdf

¹⁴ IMAD, Development Report 2014, page 180. Acquired at http://www.umar.gov.si/fileadmin/user_upload/publikacije/pr/2014/POR_2014.pdf

¹⁵ http://www.stat.si/novica_prikazi.aspx?ID=5743

declined according to IMAD. Along with a slight decline in disposable income in real terms, the decline in private consumption slowed, while government expenditure declined slightly.

Compared with other EU Member States, the Slovenian economy relies heavily on the consumption of raw materials, notably on account of the structure of the processing industry. This translates into low **material and energy productivity**, another reason for the poor competitiveness of the economy, and an important challenge for additional investments, particularly in SMEs. The burdening of the environment has been declining due to deteriorating economic conditions, and certain trends towards a more sustainable reduction in environmental pressures may be detected. The fall in greenhouse gas emissions in 2012 by 2.8%¹⁶ was particularly due to the slowdown in economic activity. This was largely due to reductions in the energy sector and households, and the decline in industrial emissions which began in 2006 and then continued. The energy intensity in processing activities whose export competitiveness is affected by energy costs has been declining more rapidly than the EU average. The impact of environmental taxes on the competitiveness of the economy remains relatively low, since most environmental taxes burden households. Despite the implementation of measures to preserve **biodiversity**, the loss of **biodiversity** could not be halted due to ever-rising pressures generated by various activities.¹⁷

Slovenia's competitiveness is severely undermined by **distrust of the rule of law**, which has been confirmed by World Bank data.¹⁸ A country founded on the rule of law is a pre-condition for the functioning of all systems of that country. There is a widespread negative perception in Slovenia regarding the implementation of legislation, and trust in the rule of law and its institutions, which also affects healthy economic competitiveness and social development.

The overview of Slovenia's development in the past years shows that Slovenia's **shift from strategic objectives in economic, environmental and social areas** during the on-going crisis was caused by the inadequate and inefficient implementation of key strategic policies. Against the backdrop of persistent crisis and significantly changed international conditions, Slovenia needs to reflect on a new, inclusive and sustainable development-oriented model that will equally take on board economic, environmental, social and cultural dimensions of development, and anticipated future challenges, while pursuing the EU 2020 Strategy development policies that underline the shift to a circular, low-carbon economy in terms of competitiveness and environmental awareness. Above all, prudent yet rapid action and strategic decision-making are called for to help Slovenia find its way out of the crisis. With this in mind, Slovenia has initiated the preparation of new strategic documents for 2014 and beyond.

The next three areas have been recognised as key factors for economic development in the framework of priorities already identified during the preparation of strategic documents covering the period beyond 2014: **research, development and innovation, small and medium-sized enterprises, and employment**. Development should be based on improving the efficiency of all resources used, whether human, financial or natural, as well as on a fair distribution of burdens and benefits from increased employment. It is of paramount importance that all sides acknowledge their roles and contribute to delivering common objectives through synergy measures.

Regional development

¹⁶ IMAD, Development Report 2014, page 71. Acquired at http://www.umar.gov.si/fileadmin/user_upload/publikacije/pr/2014/POR_2014.pdf

¹⁷ http://www.mko.gov.si/fileadmin/mko.gov.si/pageuploads/podrocja/narava/analiza_strategije_biotske_raznovrstnosti_porocilo.pdf

¹⁸ World Bank Governance Indicators 2011.

Dispersed and size-heterogeneous territorial structures are characteristic of Slovenia. There are as many as 212 municipalities in Slovenia which have distinctive heterogeneous features but are brought together into twelve statistical regions at the NUTS 3 territorial level without established administrative structures. Limited finances require a focus on key priorities and the complementarity of development policies to create synergies.

National legislation sets out the development integration of municipalities in the development regions, and the joint preparation of strategies and cooperation in delivering projects. According to the OECD Territorial Review of Slovenia 2011, the implementation of the EU Cohesion Policy should focus on reducing the number of larger functional areas so as to provide critical mass of development potential to efficiently integrate the network of cities with the adjacent rural areas and stand as a trustworthy partner of the country during the enactment of the principle of multi-level territorial governance. 'Bottom-up' development initiatives which are traditionally well developed in Slovenia need to be confronted with clear and coherent national development policies. Due attention should also be given to reducing disparities between different territorial levels and geographical areas that have differing specific characteristics. The partnership principle at regional level is realised by regional development councils which support the formation of development partnerships between municipalities and the economic and non-governmental sectors. Funds in the 2014–2020 period will be intended to strengthen these development partnerships in order to implement measures which correspond to recognised special territorial challenges and needs.

Statistical regions tended to keep pace with the average EU development level in the period 2005–2008, with Central Slovenia even surpassing it; the economic crisis abruptly stopped this progress in 2009 and 2010. Compared to 2005, Koroška's lag behind the EU average increased the most. In 2010, Central Slovenia boasted GDP per capita 2.1 times higher than the economically weakest Pomurska region, which is slightly less than in 2009 (1:2.2) and the same as in 2005. Compared to other Member States, the extreme values of GDP per capita between the two regions are among the lowest at the NUTS 3 level. The relative dispersion of GDP per capita as one of the indicators of regional disparities in 2010 fell to 22.4%, a fall of 0.4 percentage points over 2009, and has increased by 0.6 percentage points since 2005 (Development Report 2013, IMAD).

Regional development in Slovenia in the 2007–2013 period received EU and national support. A specific priority under the Operational Programme for Strengthening Regional Development Potentials was dedicated to regional development, providing particularly for funding public infrastructure that was indispensable to the development of particular areas.

34% of ERDF funds within the Operational Programme for Strengthening Regional Development Potentials (OP SRDP) were dedicated to the fourth development priority: the development of regions in order to reduce development disparities between the latter at the NUTS 3 level. The evaluation of this priority of the OP SRDP (OIKOS, 2013)¹⁹ addressed its suitability, compliance, performance, and effectiveness, and the sustainability of planning and implementation.

The objectives were exceeded in environmental infrastructure, since twice as many people than originally planned acquired a safer water distribution system and sewer connection of higher quality. The construction or modernisation of 27 kindergartens is also underway (3% of the total number of kindergartens). Economic infrastructure (land intended for economic development) and the number of projects implemented in the Natura 2000 sites recorded the worst results.

¹⁹ <http://www.eu-skladi.si/ostalo/vrednotenja/op-rr-4.rp-razvoj-regij/view>

The implementation of the priority 'Development of regions' targeted investments in the development and enhancement of local and regional potential. The funds were distributed across the following areas: economic and educational infrastructure, transport infrastructure, environmental infrastructure, development projects in special protection areas and tourism-oriented areas, urban area development and social infrastructure.

The high number of operations dispersed the impact on indicator changes and the attainment of the objectives. Consequently, the orientation in complementarities, development and enhancement of local and regional potential reduced the number of operations targeting the integration of target groups and development of products or services for synergy effects and their breakthrough in foreign markets. The lower number of measures intended to achieve this breakthrough hampered the possible external competitiveness of regions; however, approved operations may improve the regions' advantages in the future.

The evaluation further suggested that in future funds should first and foremost be invested in the functioning and provision of services rather than in physical assets at all levels. Local and regional resources will thus be made useful and the regions' competitiveness will be enhanced. However, the evaluation nevertheless suggested that investments in economic and public infrastructure are still very much needed in certain areas. In future, funds should be allocated to operations or development potential, their integration and market launch, so that their underlying advantages are harnessed for development opportunities.

Appropriate transport infrastructure, which facilitates access to the TEN-T network, enhances the mobility of the population and promotes economic development, plays an important role in balanced regional development. Suitable transport infrastructure is considered a sine qua non for a balanced regional development.

Slovenia and its regions have an opportunity to concentrate their measures on activities that best exploit their regional development specialisation. The evaluation thus recommends that measures target activities that correspond to regions' needs with a view to specialising both regions and the joint action of the state through the operational programme, in particular regarding supporting for regions and their actions.

The regional dimension will be taken into account in the process of setting priorities in the preparation of the Smart Specialisation Strategy. Regions have already identified areas where they see their greatest potential for future development (in the framework of regional development plans), which will be taken into account as important input information when determining investment areas. The extent to which the regional dimension is taken into account will thus largely depend on where explicit market orientations are identified in conjunction with Slovenian comparative advantages that promise long-term prospects.

In the new programming period beyond 2014, Slovenia will be divided into two cohesion regions at the NUTS 2 level, i.e. the more developed cohesion region of Western Slovenia and the less developed Eastern Slovenia.

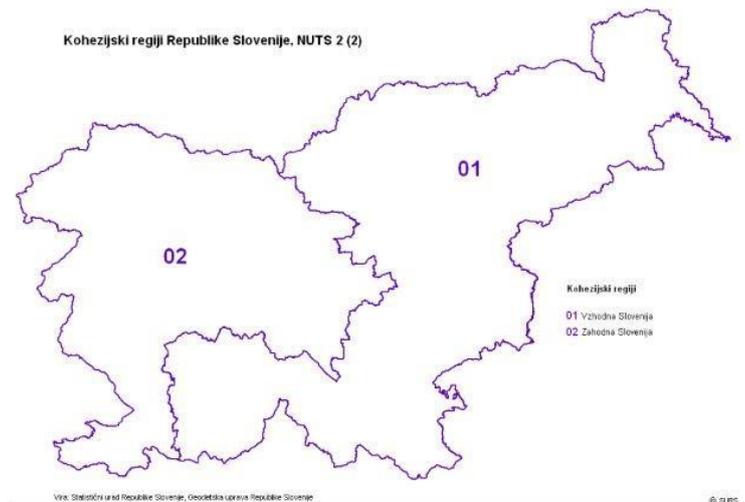
Figure 1: Division of Slovenia into two cohesion regions

The cohesion region of Eastern Slovenia

has 8 statistical regions (Pomurska, Podravska, Koroška, Savinjska, Zasavska, Spodnje-posavska, Jugovzhodna Slovenija

and Notranjsko-kraška) with a total area of 12,212 km².

The cohesion region of Western Slovenia comprises 4 statistical regions (Central Slovenia, Gorenjska, Goriška and Obalno-kraška) with a total area of 8,061 km².



Source: SORS, Surveying and Mapping Authority of the Republic of Slovenia

The latest available data (from 2010) reveal that development problems are more concentrated in the cohesion region of Eastern Slovenia, which reached only 82.7% of the Slovenian average GDP in 2010, while the cohesion region of Western Slovenia has slightly fewer problems, reaching 119.5% of national average GDP in the same year.

Since Slovenia is divided into two cohesion regions for the 2014–2020 programming period, regional development is monitored for each of these two regions, while the territorial dimension of development is monitored for each of the twelve statistical regions for which indicators for measuring the development level of a region at the national level are used for statistics. Monitoring indicators for the 2014–2020 programming period will also be provided at the NUTS 2 level.

The cohesion region of Western Slovenia²⁰ extends from the Alps, across the Karst and partially the Dinaric Alps as far as the northernmost part of the Mediterranean. Triglav National Park, the only national park in Slovenia, is located in the Alps, the north and north-west of which end in Slovenia. The south-western edge of the region extends to the 47 km of coastline on the Adriatic Sea. This region is also the location of two European transport corridors, and its infrastructure network has two large hubs: Koper with the international Port of Koper, and Ljubljana, the capital, with the international Ljubljana Jože Pučnik Airport.

The population in Western Slovenia tends to achieve higher educational levels and a higher labour force participation rate, as well as lower unemployment. Average salaries are higher and the share of service activities and expenditures spent on research, development and innovation are higher. This advantage can to a large extent be attributed to the fact that Ljubljana, the capital, has witnessed considerable development, whereas the regions adjacent to Ljubljana and other NUTS 3 level regions in this cohesion region differ hardly at all from the cohesion region of Eastern Slovenia in terms of the development issues faced. The contribution of services to GVA accounts for 75%, which stems from the fact that the majority of government institutions and a large share of business, research and innovation activities are located there. The service sectors provide 37% of all jobs in the region. However, an area in this part of Slovenia, Posočje,

²⁰ www.stat.si/pub.asp

is known to be extremely earthquake-prone, and has the worst accessibility to the motorway network and important urban centres in the whole of the country.

The population of the cohesion region of Western Slovenia is concentrated primarily around the capital of Ljubljana, other urban centres and along the coast. Remote hilly and mountain areas are for the most part unpopulated. Population growth is more rapid than in Eastern Slovenia, thanks to natural growth and immigration. The cohesion region of Western Slovenia has a population of 968,728.

The **cohesion region of Eastern Slovenia**²¹ lies at the junction of the Alps, the Pannonian Plain and the Dinaric Alps, which is reflected in its diverse landscape: the north-western Alpine part lowers towards vine-growing hills in the east on the edge of the Pannonian Plain and to the south to the karst-like Dinaric Alps. Sparsely populated border areas and vast forest areas make the population density below the national average. The total population of the cohesion region of Eastern Slovenia is reported at 1,083,768.

As far as the economy is concerned, this region is considered less developed. It is characterised by agricultural activity, as it comprises more than 70% of Slovenia's agricultural holdings and the majority of agricultural land. Nevertheless, agriculture contributes modestly to GVA. Industry, combining traditional and modern branches (mining, textile, automotive, pharmaceutical and electrotechnical activities), provides a much greater contribution (approximately 40%). This region plays an important role in supplying energy to the country, as the majority of energy infrastructure is located here, in addition to the only nuclear power plant. Industry provides the majority of jobs, accounting for 44% of total jobs in the region.²² Several regions in this part of Slovenia have poor accessibility to motorways and large urban centres: Šaleška dolina, Koroška, Bela krajina, Kočevsko and Haloze. Enhancing accessibility may improve the quality of life in these areas, and help reduce the overburdening of larger regional centres caused by daily migration patterns in the long term.

At the NUTS 3 level, statistical regions differ in their development. Considering GDP per capita in the standard levels of purchasing power, and in comparison with the average in the twenty-seven EU Member States in 2011, the most developed of all statistical regions was Central Slovenia (with an index of 118) and the least developed was Zasavska (with an index of 56). Thus GDP per capita in 2011 was highest in the Central Slovenia statistical region (EUR 24,649), followed by Obalno-kraška (EUR 18,819) and Goriška (EUR 16,340), while it was lowest in the Zasavska statistical region (EUR 11,794).

The national targets under the 2014–2020 cohesion policy will be attained by means of integrated regional projects with synergy effects, which will improve the competitiveness of regions and Slovenia as a whole. The role of urban areas as generators of regional development and projects of integration of rural and urban areas also represents a challenge to be addressed in this context. Likewise, the strengthening of regional development institutions and social capital will be of great importance, as well as support for the establishing development partnerships between municipalities and the economy and non-governmental sector.

Structure of rural and urban areas

Cities and other urban settlements constitute the backbone of the Slovenian settlement system. Through their urban lifestyle, they cover the majority of Slovenian populated areas and connect urban centres in a typical polycentric system. Slovenian towns and urban settlements are small compared to European cities.

²¹ www.stat.si/pub.asp

²² <http://www.stat.si/doc/pub/REGIJE-2013.pdf>

Medium-sized and small Slovenian towns have a comparative advantage in terms of quality of life, combining the natural and urban environment, and links with the rural hinterland. The wealth of urban areas provides opportunities for the development of towns themselves and is an advantage facilitating an improvement in the competitiveness of Slovenian regions.

Slovenia is characterised by a large number of small settlements (over 6,000), with 90% of all settlements having fewer than 500 inhabitants; only seven towns have populations exceeding 20,000, which together account for about a quarter of the total population. Urban centres (on Slovenia's scale: definition according to the Spatial Development Strategy of Slovenia - SDSS) consist of larger and medium-sized towns which constitute the skeleton of a polycentric system which gives an important support to its functional hinterland.

The concentration of the population in Slovenian towns is now estimated at slightly over 50%, while the rate of suburbanisation is above average. Towns and urban settlements are employment centres, since most jobs are located in the urban areas in which 94% of the people are active working population and where 70% have secondary or higher education. Urban areas grow faster and their living space is therefore exposed to more pressures. Since the first census in Slovenia, the overall population has grown by 27%, and the number of residents living in towns and urban areas by as much as 60%.

Most municipalities in Slovenia are in sparsely populated areas; the municipalities of Ljubljana and Maribor fall within densely populated areas, while the remaining areas are so-called intermediate areas. These differences call for a comprehensive approach which takes into account the specific characteristics of the urban and wider hinterland areas.

Cities/towns have an important role in the economy as hubs of connections, innovation, creativity and services. In economic development, the competitive role of urban centres, i.e. towns, calls for a high-quality and attractive working and living environment which as a location is generally well incorporated into traffic flows, has high availability of services, is tailored to the needs of modern life and takes into account external factors, in particular, climate and demographic changes. Increased flow of capital and trade increases the flow of people, goods, services and ideas. Productivity in urban areas is generally higher; however, Slovenian towns have recently shown signs of stagnation. Some functional areas of major centres are growing at the expense of population concentration and higher daily migration in the direction of the motorway network, especially by car. This has resulted in increases in the carbon footprint, a deterioration in the air quality in towns due to the growth of personal and transit traffic, and intensified pressures on space, *inter alia* on the highest quality agricultural land.

In addition to towns and urban areas, rural areas also play an important role in Slovenia. Rural areas and their problems are included among the most important subjects of EU and national policies²³. These areas cover 90% of the territory of wider Europe (EU-27) and over 60% of the population live in them. Development disparities between individual rural areas are great; therefore, the main objective of development programmes is to reduce disparities, and ensure their sustainable development in the economic, social and environmental fields.

European territorial cooperation and macro-regional strategies

Slovenia lies at the crossroads of Southern, Central and Eastern Europe, the Adriatic Sea and the Alps. Geographically, this is a junction of the Adriatic Sea, the Alps, the Dinaric Alps and the Pannonian Plain.

²³ http://www.stat.si/tema_splosno_upravno_podezelje_predstavitev.asp

Slovenia has been actively participating in the implementation of the EU Strategy for the Danube Region (EUSDR) and the planning of the EU Strategy for the Adriatic and Ionian Region (EUSAIR) and the EU Union Strategy for the Alpine Region (EUSAR) so as to create synergies in a wider setting and contribute its own capacities to the development of territorial partnerships while having an array of common elements and challenges in the area of transport, labour mobility, climate change adaptation, environmental protection, water and natural disaster management and protection, tourism, cooperation in R&D, resource efficiency, low-carbon society and strengthening of administrative capacities.

Slovenia boasts a long-standing tradition of transnational territorial cooperation. Numerous positive experiences have helped us focus on the active creation of a 'natural bridge' between Central Europe and South-Eastern Europe, and Western Balkans. In its transnational programmes, Slovenia strives to actively support the programmes of macro-regional strategies.

Slovenia supports the implementation of the EUSDR and has been involved in it since its inception. As an active member, Slovenia coordinates two priority areas, i.e. 'to improve mobility and multimodality – road, rail and air links', which is coordinated by the ministry responsible for infrastructure and spatial planning, and 'to step up institutional capacity and cooperation', which is coordinated by the Centre of Excellence in Finance. Improving mobility and multimodality will be supplemented by including water transport links (maritime and river transport).

The Danube region is an important international river basin and ecological corridor. This undoubtedly requires a regional approach to nature conservation, spatial planning and water management. Due to major problems with the intake of untreated wastewater and fertilisers, and run-off, the Danube and its tributaries are heavily polluted. Great floods and droughts are also occurring with increasing frequency. Risk management (prevention, promptness and effective response), maintaining water and soil quality, and biodiversity require high-quality, regular and long-term cooperation and information exchange. All these challenges in the Danube region and two other macro-regions at the cross-section of which Slovenia is located were taken into account during the preparation of development plans.

Regional connection in research and innovation is also significant, and the Danube region is a completed geographical area with supplementary resources. Thus connections in the Danube region are focused primarily on joint research and innovation activities, and international networks of large and medium research infrastructure, which is essential for the long-term competitiveness of Slovenia and the region as a whole.

As a maritime country strongly committed to the Mediterranean space, Slovenia actively participates in preparing the draft EUSAIR and its action plan, which is based on four pillars: maritime, transport, environmental and tourism. Along with Bosnia and Herzegovina, Slovenia is a coordinator of the environmental pillar of EUSAIR 'Preserving, protecting and improving the quality of the environment'. Slovenia ratified the Protocol on integrated coastal zone management in the Mediterranean (ICZM), and will actively participate in its implementation, as well as join activities that provide support to the efficient planning of activities at sea. The Slovenian-Italian-Croatian Commission for the Protection of the Adriatic Sea and the Coastal Areas against Pollution will oversee and ensure the sustainable development of shared Adriatic Sea.

In December 2013, the European Council invited the European Commission to elaborate an EU strategy for the Alpine region by June 2015. The key added value of the Strategy lies in the harmonious development of mountain and plain areas with large urban centres in the Alpine region. The Strategy will focus on three pillars: research, economic development and innovation; transport and other infrastructure; the

environment, and natural and cultural resources. Slovenia will deliver projects that contribute to the joint objectives of the EU strategy in the framework of implementing cohesion policy programmes. The country also wishes to participate within the scope of the pillar of innovation and economy, which is inextricably linked with the proposed areas of sustainable mobility and resource management.

Considering the length of external borders and the fact that most of Slovenian citizens live in border areas, territorial cooperation is recognised as a key instrument supporting the development of border areas. In this context, cross-border cooperation is of special strategic importance due to the development interests of national minorities. The details of Slovenia's actions under cross-border cooperation will be provided in the European Territorial Cooperation programmes.

Slovenia will participate in the following 13 European Territorial Cooperation (ETC) programmes in the 2014–2020 programming period:

- four cross-border: Slovenia–Italy, Slovenia–Hungary, Slovenia–Croatia, Slovenia–Austria;
- five transnational: Alpine Space, Central Europe, Adriatic-Ionian, Mediterranean and the Danube Region;
- four interregional: INTERREG EUROPE, INTERACT, ESPON and URBACT.

Slovenia and the neighbouring countries have established task forces to prepare future cross-border cooperation programmes. The key targets and priority areas for the cooperation of border Slovenian regions were identified on the basis of an analysis of the needs and potential of these regions (see section 3.1.4), which will be subject to coordination during the coordination process with the relevant stakeholders from the neighbouring countries at the regional and local level. Furthermore, Slovenia has been actively involved with other eligible countries in preparing interregional and transnational cooperation programmes. In this context, priority objectives and orientations will be laid down on the basis of the analysis of achievements, potential and cooperation with stakeholders.

The interregional programme INTERREG EUROPE 2014–2020 will provide a setting to encourage Slovenia to improve regional development policies by exchanging, disseminating and transferring experience, knowledge and best practices between European regions which will contribute to the better implementation of cohesion policy programmes. Projects and knowledge platforms that contribute to the development of policies in the areas of research, technological development and innovation, of stepping up of SME competitiveness and support the shift to a low-carbon economy in all sectors of the economy and of environmental protection and resource efficiency will be essential for the country.

1.1.1 Analysis of development needs, disparities and growth potentials by thematic objectives

The chapter presents an analysis of Slovenia's development needs, disparities and growth potential, and on this basis, identifies the investment priorities to be financed by ESI funds, taking into account eleven²⁴ thematic objectives common to all five EU funds as a joint contribution to meeting the EU 2020 Strategy targets: inclusive, smart and sustainable growth.

²⁴ **Thematic objectives are as follows:** strengthening research, technological development and innovation; enhancing access to, and use and quality of, ICT; enhancing the competitiveness of SMEs, of the agricultural sector (for the EAFRD), and of the fishery and aquaculture sectors (for the EMFF); supporting the shift to a low-carbon economy in all sectors; promoting climate change adaptation, risk prevention and management; preserving and protecting the environment, and promoting resource efficiency; promoting sustainable transport and removing bottlenecks in key network infrastructures; promoting sustainable and quality employment and labour mobility; promoting social inclusion, combating poverty and any discrimination; investing in education, training and vocational training for skills and lifelong learning; enhancing the institutional capacity of public authorities and stakeholders, and efficient public administration.

The analysis covers all the identified priority areas to be financed from ESI Funds, and is divided into eleven thematic objectives that will be supported in the new programming period by measures and projects, and are discussed in detail in the operational programmes. The Operational Programme for the Implementation of the European Cohesion Policy will include eleven thematic objectives; the Rural Development Programme will have eight thematic objectives (TO 1, 2, 3, 5, 6, 8, 9 and 10) and the Operational Programme for the Implementation of the EMFF will have four thematic objectives (TO 3, 4, 6 and 8). Complementarities between particular programmes and funds are discussed in section 2.1.

The analysis outlines the contribution of each thematic objective to meeting the Europe 2020 Strategy targets, taking into account the relevant Council recommendations for Slovenia, and the set of priority investments that has been aligned with the Commission Position Paper. It further elaborates on coordination and complementarities between the policies, thematic objectives and funds, as well as cooperation between different territorial levels and their integration.

The selection of priority investments was based on lessons learned in the 2007–2013 programming period, and on the European Commission requirements for concentration and a result-oriented approach to delivering the best possible objectives and results that will show the extent of Slovenia's contribution to growth and jobs at the EU level in the 2014–2020 programming period.

1.1.1.1 Thematic objective 1: Strengthening research, technological development and innovation

Table 1: Slovenia's contribution to meeting the Europe 2020 Strategy targets – TO 1

Europe 2020 smart growth target	Current situation in Slovenia	National 2020 target in the NRP
Total private and public investment in research and development amounting to 3% of EU GDP	2. 636% (2012)	3%

Investment in research and technological development is a key factor for boosting competitiveness and the creation of an innovative environment in the country, while enhancing innovation capacity, in turn, improves the efficiency, quality and availability of public services.

The thematic areas under TO 1 will receive support under the ERDF and the EAFRD. R&D activities in enterprises will be promoted by deploying both reimbursable and non-reimbursable funds. The ERDF and EAFRD funds will be available throughout Slovenia.

Characteristic of both cohesion regions are predominant SMEs which create high added value in niche markets; therefore, it is important to set up an investment base for their RDI with strong support from the academic environment, which will have to be more systematic in the cohesion region of Eastern Slovenia. Development holders are also large enterprises whose share is higher in the cohesion region of Western Slovenia, which may be attributed to the location of large enterprises in Central Slovenia and the capital, where their critical mass is very high. Greater dispersal of activities is also characteristic of this region.

A situation analysis under TO 1 revealed the following key needs: to market RDI (products and services) in domestic and foreign markets; develop high-tech and environmentally-friendly products/services; promote RDI in enterprises; create a supportive environment for research projects to fit the economy; integrate top development staff in RDI in the economy; strengthen development cores in smart specialisation; create linkages between the academic and research communities and the economy (enterprises, institutes etc.) to transfer knowledge into the economy and raise the qualifications of enterprises; create a favourable environment and conditions to increase private and foreign investment in RDI in Slovenia; design the missing research and innovation infrastructure to enhance research excellence, improve qualifications and knowledge for transferring knowledge to the market and commercialisation. Transferring RDI results into practice in agriculture, forestry and the food processing industry and strengthening knowledge and innovation in rural areas are likewise essential.

SITUATION IN THE SLOVENIAN RESEARCH AND INNOVATION SYSTEM

Analyses of the Slovenian research and innovation system have shown numerous strengths and weaknesses. The strengths comprise, *inter alia*, the scientific quality of the research potential and infrastructure, integration in the international setting, the reputation of the research system and a high share of corporate investment in research. The weaknesses and most pressing national challenges are reflected in the fragmentation and lack of cooperation between the relevant development and innovation actors to facilitate the transfer of knowledge and its application, an inefficient knowledge triangle, and in particular the lack of concentrated investment and research and innovation activities in areas where the country and its regions boast comparative advantages. Moreover, the economic crisis has only emphasised the lack of budget funds to sustain existing national research and innovation activities.

The funds spent on R&D in Slovenia are rapidly approaching the national reform programme target of 3%, and in 2012, surpassed the EU average. Investment intensity in R&D in Slovenia ranked sixth in the EU in 2011.²⁵ In terms of gross domestic expenditure on R&D (GERD) in 2012, most funds for RDI were contributed by enterprises (61.2%), followed by general government sources (31.5 %). Compared to 2011, most funds in gross domestic expenditure on R&D (GERD) were allocated to the business sector (73.9%), followed by the general government (14.3%) and the higher education sector (11.8%). The share of expenditure on RDI in GERD in the private non-profit sector was negligible. Foreign investments have recently become an important funding source for RDI in Slovenia. They amounted to EUR 62.8 million, or 7% of total sources in GERD in 2011²⁶.

Expenditure in 2012²⁷ showed that the ratio between the share of regional GDP intended for RDI at the NUTS 2 level favoured the cohesion region of Western Slovenia, while the situation is different regarding the share of economic resources in GERD²⁸, where the ratio favoured the cohesion region of Eastern Slovenia. The ratio between the shares of national resources in GERD favours the cohesion region of Western Slovenia, which may be attributed to the fact that the percentage of researchers in this cohesion region is significantly higher (75.5%) than the share of researchers in the cohesion region of Eastern Slovenia. Despite the disparities between the regions in the 2008–2012 period, favourable trends in indicator changes in the cohesion region of Eastern Slovenia in all categories, except in the share of economic resources of enterprises in GERD, can be seen.

A comparison of innovation systems across the EU puts Slovenia among the ‘innovation followers’ and reveals that the country’s innovation performance slightly declined in the last year. Despite strengthening certain innovation performance factors during the crisis (enhanced RDI investment, human capital enhancement²⁹), the progress made in certain areas was too slow (intellectual property, transfer of knowledge to enterprises, efficient use of ICT in enterprises or public sector) or even fell behind (innovation activity), which has been reflected in below-average added value per employee. While certain innovation policy measures nevertheless have had good results in terms of an increased number of patents or scientific publications, others perform worse as regards the application of new knowledge through the sale of new products and services in domestic and foreign markets. Investments in non-technological innovation have also decreased considerably.³⁰

The evaluation of measures for the promotion of R&D activities in the economy and knowledge institutions (2007–2011, for the period until 2013)³¹ revealed that the targets set for the innovative integration of science, culture, research and technology were achieved and that, above all, strong linkages were formed between the academic sphere and the economy. The evaluation recommended that institutional aspects of innovation policy be improved, as they failed to reach the desired level, which should be addressed in the future. It further pointed to considerable untapped innovation potential. Its activation would require intensified interaction between those responsible for instruments and users during the preparation of the bases for measures, and the reduction in systemic losses, friction and idling due to the lack of intersectoral

²⁵ http://ec.europa.eu/research/innovation-union/pdf/state-of-the-union/2012/countries/slovenia_2013.pdf

²⁶ http://www.stat.si/novica_prikazi.aspx?id=5120

²⁷ http://pxweb.stat.si/pxweb/Dialog/varval.asp?ma=2372410S&ti=&path=../Database/Ekonomsko/23_raziskovanje_razvoj/04_izbrani_kazalniki/10_23724_kaz_raz_razv_dej/&lang=2

²⁸ Gross domestic expenditure on RDI.

²⁹ The combination of technological investments and human capital investments will enjoy cross-financing when the needs will be identified at the project level. The entire topic of support to human capital is covered by TO 10.

³⁰ http://ec.europa.eu/enterprise/policies/innovation/files/ius-2013_en.pdf

³¹ Evaluation of measures to support R&D activities in the economy and knowledge institutions, MK Projekt, October 2012, <http://www.eu-skladi.si/skladi/crpanje-evropskih-sredstev/studije-in-vrednotenja/studije-in-vrednotenja-za-programsko-obdobje-2007-2013/vrednotenja-2007-2013/operativni-program-krepitev-regionalnih-razvojnih-potencialov>

connectedness. Systematic efforts should be made to expand innovation activities in enterprises, civil society organisations and public administration institutions.

Slovenia's past investments in RDI created a relatively R&D-supportive environment in certain areas; however, further attention should be given in the new programming period to the more efficient use and enhancement of research infrastructure in accordance with the Research Infrastructure Development Plan and the Smart Specialisation Strategy, and full exploitation of knowledge and its commercialisation. In 2014, an overview of the existing research equipment that received public funding will be undertaken, and the list will be annually updated. The existing research infrastructure (financed from national and EU funds) and the existing partnerships between institutions will become stepping stones on which to build infrastructure and institutional links in the national and EU setting, which will support initiatives from priority areas as defined by the Smart Specialisation Strategy, which will be open for further pooling of potentials and their integration under coordinated structures. In the international setting, the coordinated strengthening of smart specialisation capacity will include linking on the basis of Joint Technology Initiatives (JTI), ERA.net, Eureka, Joint Programming Initiatives (JPI) and similar, and linking of research organisations through knowledge centres in the national setting and through Horizon 2020 instruments in the EU setting (teaming for excellence, twinning, ERA-chairs). Such a concentration of research capacities will help improve R&D governance through the incorporation of new forms into the existing R&D environment (linking of institutions). The R&D system will thus achieve synergies between key sources (national, Structural Funds, Horizon 2020) and provide solid input to building the European Research Area, and raise the competitiveness of the Slovenian and the European economy. This will significantly improve the use of research infrastructure, eliminate the unnecessary costs of buying the same equipment, and facilitate access to state-of-the-art equipment in the economy.

In doing so, Slovenia will build on its advantages pinpointed during the development of the Smart Specialisation Strategy which will identify the investment areas as a means to addressing key social challenges. The continuous identification of needs, trends and societal challenges and subsequent upgrade of instruments will be vital in the process.

During the preparation of the Smart Specialisation Strategy from April to June 2014, a new round of public events to double check investment areas was completed. In June, a new version of the SSS was prepared which includes an amended SWOT analysis, a vision with strategic objectives, focused priorities, an elaborated set of measures to support these priorities, and a monitoring mechanism. On 1 July 2014, the new version was officially sent to the Government of the Republic of Slovenia for inter-ministerial harmonisation. Following its harmonisation, the Government of the Republic of Slovenia is expected to approve the SSS in September 2014.

Investment areas will target development partnerships formed between knowledge institutions and enterprises that have definite potential for a market breakthrough. Development partnerships in tune with the Smart Specialisation Strategy orientations are the base for integration and seeking synergies between the economy and research organisations. The investments will thus pursue the orientations set out by the SSS. Also, all projects requiring co-financing by the state from the Horizon 2020 programme will have to be coordinated with the SSS.

In addition to investments in development partnerships, investments should target research infrastructure in specialisation areas, which will enhance Slovenia's international competitiveness, and foster research cooperation and participation in new international projects. This would facilitate the establishment of regional partnership structures for projects under ESFRI (European Strategy Forum on Research Infrastructures) and other infrastructures at the international level, and cooperation with comparable centres of excellence and similar research infrastructures.

Spurred by investments in R&D, high development levels of RDI will be reflected in an improved technological base of the economy and higher added value per employee owing to technological and non-technological innovations.

INNOVATION POLICY

Deriving from the OECD Reviews of Innovation Policy: Slovenia (OECD, 2012), Slovenia should first and foremost address the following issues: improving the framework conditions for innovations; strengthening the human resources base for science, technology and innovation; improving governance of the innovation system and general governance; the alignment of policies and specific policy instruments; the management of universities and public research organisations; performance of evaluations; strengthening of innovations for the business sector; the reinforcement of links within the innovation system; work on critical mass; excellence and the relevance of public research, and improving the benefits of internationalising R&D activities and innovation.

Another of Slovenia's objective is to increase the share of innovation-active enterprises, which stood at 49.4% in the 2008–2010 period, 3.5 percentage points below the EU average. The share of these enterprises was higher in processing activities (54.4%), while it only reached 44.7% in service activities. New technologies generate an array of opportunities for innovations in all economic activities; however, service enterprises tend to engage in non-technological innovations almost three times as much as in technological innovations. While certain innovation policy measures do produce good results in terms of increased numbers of patents or scientific publications, others perform worse as regards the application of new knowledge through the sale of new products and services in domestic and foreign markets. Investments in non-technological innovation have also decreased considerably.³² Against the backdrop of serious contractions of technologically less complex and less competitive branches of processing activities during the crisis, the share of technologically complex branches grew considerably in the 2008–2010 period and surpassed the EU average. However, the technological structure of goods export still lags behind the EU average³³, which should be improved in the future.

There is still considerable room for improvement in searching for opportunities for joint investments of national and international sources in the field of RDI, in particular in smart specialisation. Better cooperation between domestic and foreign (large) enterprises with SMEs and start-ups should be established in order to help SMEs integrate into global value chains and facilitate their internationalisation.

Eco-innovations and the development of integrated solutions are also important elements for attaining higher added value. Specific data on Slovenia's performance as regards eco-innovations reveal that, on the whole, Slovenia does achieve above-E-27-average figures, but has a considerable shortfall regarding the environmental impacts of eco-innovations (material and energy productivity), investments in eco-innovations, and particularly the results of eco-innovations.³⁴ No system-wide incentives target eco-innovations which would sensibly supplement general incentives for RDI and entrepreneurship. Based on the aforementioned, R&D activities in enterprises in the field of eco-innovations should be supported in the future as well, their contribution kicking in to the development of new technologies, processes, products, services, etc.

³² http://ec.europa.eu/enterprise/policies/innovation/files/ius-2013_en.pdf

³³ http://www.umar.gov.si/fileadmin/user_upload/publikacije/pr/2013/POR_2013s.pdf

³⁴ http://www.eco-innovation.eu/index.php?option=com_content&view=article&id=485&Itemid=73

SUPPORTIVE ENVIRONMENT FOR RESEARCH AND INNOVATION

It is imperative to provide and establish a supportive environment for research and innovation which facilitates the suitable use of the research capacity of researchers and highly qualified experts, especially regarding suitable connections between research and business sectors, and the transfer of accumulated knowledge to market-oriented activities.

Slovenia must increase the number of researchers and developers in the economy (in line with the NDP 2013–2014)³⁵, and promote efficient inter-institutional and inter-state mobility for researchers who are vital to the research environment, to stimulate research, development and innovation in the economy and public research organisations for the needs of the economy, establish an innovation-friendly environment which facilitates the implementation of efficient development projects in the economy and research institutions, as well as closer cooperation and experience/knowledge exchange between the economic and academic areas. Measures were taken in the past to improve this cooperation. However, the need arose for additional synergies and links in common topics, which will mean a combination of measures with regard to the needs of business entities and the academic environment (innovation policy as a whole). The emphasis will be on the complementarity and joint preparation of measures by the ministry responsible for the economy and technology and the ministry responsible for science. In this manner, target-oriented activities addressing the common needs of all innovation policy actors involved will be supported to avoid the dispersal and fragmentation of ESI measures/funds.

The key elements are the research and innovation capacity of researchers, developers and research departments, research infrastructure, the harmonisation of higher education and research and innovation environment, and an entrepreneurial and creative culture and environment.

In line with the RISS orientations and the recommendations of external experts when preparing the Smart Specialisation Strategy, Slovenia will improve the RDI governance system and thus create the conditions for more efficient public investments in this field. The focus will be on creating conditions to maximise the stability of the system's operation, which will be further influenced by a clearer allocation of roles to the different institutional stakeholders. It will make further efforts to pursue simplifications of application procedures, reduce administrative burdens and prevent overlapping. Targeted concentration of investment areas and enhanced links between scientific and research environments and the economy will facilitate the involvement of representatives of the economy in the preparation and implementation of innovation policies. The latter will help coordinate both private and public investments in this field. Long-term efficiency and the development of the RDI system will depend on the integration and coherence of the education and scientific and research system with the innovation system, whereby high efficiency will become the key criterion and where the participating organisations will have to provide notably competitive funding.

Researchers among persons regularly employed in RDI (a total of 21,343) accounted for 59% (9,093) in 2012. The share of females regularly employed in RDI was 36% (7,700) and the share of female researchers accounted for 36% of all researchers (12,578). The volume of work carried out by regularly employed researchers and outsourcers in RDI in 2012 expressed in full-time equivalents equals 15,333 full-time working persons, of whom 9,093 were researchers. The data on the total number of researchers suggest that their number increased considerably in the business sector in 2011, with Slovenia exceeding the EU average (2010: 44.9%) in terms of the business sector's share of the total number of researchers by 6.5 percentage points.³⁶

³⁵ http://www.vlada.si/fileadmin/dokumenti/si/projekti/2013/Vlada_AB/NRP10-05-2013_s_prilogami.pdf

³⁶ SORS, R&D activity, Slovenia, November 2012

As many as 78% of all those employed in RDI come from the cohesion region of Western Slovenia. The smallest difference between both cohesion regions in RDI is recorded in the business sector, where the ratio stands at 68% : 32% in favour of Western Slovenia, while in the higher education sector the ratio is 84% : 16%.³⁷ Investments in the sector more or less coincide with the ratio, since 70% of all funds were invested in RDI in 2011 in Western Slovenia, of which 64% in the business sector and 82% in higher education.³⁸ Nevertheless, the top three exporters in 2012 are in the cohesion region of Eastern Slovenia.

Researchers from the business field may significantly contribute to better competitiveness with their knowledge and international connections. The number of researchers and other employed persons in the R&D sector has been steadily increasing for the last five years. The favourable trend of a growing share of researchers in the business sector and a growing share of individuals holding a doctorate in natural sciences and technical sciences³⁹ was stimulated by certain measures of the state (young researchers, young researchers in the economy, interdisciplinary groups, enlargement of R&D units in enterprises). Development projects should focus on applied research, thus improving its usefulness, which is particularly important for SMEs, as they usually do not have their own development units or research groups.⁴⁰

Development projects carried out by researchers, developers and research units within the economy will continue to enjoy support in accordance with the NDP 2013–2014.⁴¹

RESEARCH, DEVELOPMENT AND INNOVATION IN AGRICULTURE, FORESTRY AND THE FOOD PROCESSING INDUSTRY

Innovations with a horizontal character affect all rural development policy priorities. The main obstacle to the development of agriculture, forestry and the food processing industry is the weak transfer of knowledge and innovation into practice. Closer and interactive cooperation between researchers and end users of knowledge in the aforementioned fields would facilitate more efficient knowledge and innovation transfer. The situation analysis revealed that this cooperation was weak, novelties and new technological knowledge were insufficiently tested in practice, the supply of applied knowledge in Slovenia was limited, and the transfer to practice was poorly organised. Lack of private initiative and coordinated work of all institutions contributes to these problems and reduce efficiency. Challenges in innovations are reflected in the technological field, as well as in environmental protection and climate change adaptation. The situation analysis revealed insufficient qualifications and availability of specialised counselling regarding the protection of natural resources, climate change adaptation and animal welfare.

An on-going evaluation of the Rural Development Programme (RDP) 2007–2013 has revealed that innovation-driven activity relies on computer literacy and use of the Internet which are more common among young heads of agricultural holdings, and the country intends to support generational renewal

³⁷http://pxweb.stat.si/pxweb/Dialog/varval.asp?ma=2364109S&ti=Zaposleni+v+R%2DR+dejavnosti+po+sektorju+zaposlitve%2C+poklicu+in+kohezijski+regiji%2C+Slovenija%2C+letno&path=../Database/Ekonomsko/23_raziskovanje_razvoj/02_raz_razvoj_dej/02_23641_zaposleni/&lang=2

³⁸http://pxweb.stat.si/pxweb/Dialog/varval.asp?ma=2364214S&ti=Bruto+doma%2E8i+izdatki+za+R%2DR+dejavnost+po+sektorjih+izvedbe+in+kohezijiskih+regijah+%281000+EUR%29%2C+Slovenija%2C+letno&path=../Database/Ekonomsko/23_raziskovanje_razvoj/02_raz_razvoj_dej/01_23642_izdatki-fin/&lang=2

³⁹ The number of doctors of natural and technical sciences registered more favourable trends than the EU average levels in the 2005–2010 period. This trend stopped in 2011 when the number and share of doctors of natural and technical sciences in total number of doctors declined (IMAD, Development Report 2013, p. 42).

⁴⁰ Development Report, IMAD 2013, p. 40.

⁴¹ National Reform Programme 2013–2014, 2013, p. 25.

targeting heads of agricultural holdings under thematic objective 3. Intensive investments for strengthening the knowledge and innovation base in rural areas, and the efficient transfer thereof into practice through close, interactive and target-oriented cooperation between various actors in the chain of knowledge/information/innovation transfer present a challenge for the 2014–2020 period.

The selected measures will be used to establish missing links between research and practice, facilitate access to specialised counselling and improve the qualifications of people employed in agriculture, forestry and food processing. Specialised counselling and the transfer of specific know-how into the agricultural sector will be supported in the context of promoting innovations and knowledge base development in rural areas. Emphasis will be given to the transfer of specialised know-how pertaining to organic farming and other above-standard agricultural practices that contribute to conservation and the sustainable management of natural resources (preservation of biodiversity, especially in sensitive Natura 2000 areas, preservation of water and soil quality), climate change mitigation and above-standard animal husbandry respecting animal welfare requirements. As part of the Cooperation measure, various forms of cooperation between various research and expert institutions and end users of knowledge will be promoted, with an emphasis on the operation of operational groups of the European Innovation Partnership. Thus links between science and practice would be re-established or strengthened, which would contribute to the more effective transfer of knowledge and feedback of information on the identified needs from agricultural practice to research, and better application and durability of the results would be provided.

Measures under thematic objective 1 of the RDP 2014–2020 also contribute to attaining the EUSDR objectives regarding counselling on issues related to mitigating climate change, promoting the use of more sustainable energy, implementing the flagship initiative of the Innovation Union in the Europe 2020 Strategy in the countries of the Danube region, and improving the competitiveness of rural areas, particularly of agriculture, by promoting entrepreneurship in rural areas, supporting innovations and cooperation in the agricultural sector, and by supporting the diversity of the economy in rural areas.

1.1.1.2 Thematic objective 2: Enhancing access to, and use and quality of, information and communication technologies

Slovenia has been persistently slipping behind other EU Member States for more than a decade in the level of information society development, which is negatively reflected in other development areas. The country underestimated the role of information and communication technology (ICT), and therefore invested far too little and in a non-systematic way in the development of an information society compared to counterpart countries.

Thematic areas under TO 2 will receive support under the ERDF and the EAFRD. The ERDF and EAFRD funds will be available throughout Slovenia⁴². Considering the existing data on the number of households, the ratio regarding the number of households between both cohesion regions does not differ significantly, while the development problem in both cohesion regions is the same. A uniform approach and target-oriented measures in electronic communication policy should also be preserved at the national level.

⁴² The calculation of the number of households reveals that there are 53.7% households in the eastern region and 46.3% in the western region. It was established that the ratio regarding the number of households in white areas in an individual region does not differ significantly from the ratio regarding the number of households. Thus it was assessed that the ratio regarding the number of households in white areas is 55% in the east and 45% in the west.

Measures under thematic objective 2 of the RDP 2014–2020 also contribute to attaining the EUSDR objectives regarding the development and implementation of strategies for better availability and acquisition of information and communication technologies in the Danube region.

Based on the situation analysis made under TO 2, the need was recognised for investments in the development of broadband infrastructure in areas where it has not yet been constructed and where no commercial interest in its construction exists. Thus TO will also support the establishment of spatial information infrastructure.

DEVELOPMENT OF BROADBAND INFRASTRUCTURE IN RURAL AREAS

Modern global trends are underpinned by the development of the information or digital society. This requires a high-performance electronic communications network infrastructure that provides quality access to the Internet for all, and ensures high transmission speeds for the use of advanced interactive multimedia e-services, over the top content (OTT), etc. Accessible broadband infrastructure reduces the digital divide and increases the involvement of individuals in contemporary social movements. Studies point to a correlation between the growth of broadband connections and economic growth, as well as to positive effects on employment and productivity. The OECD established in its study that a direct correlation exists between broadband growth and GDP – a 10% rise in broadband connectivity results in GDP growth ranging between 0.9% and 1.5%.⁴³ Another study suggests that the use of broadband boosts productivity and the innovation-driven activity of enterprises.⁴⁴

Regarding electronic communications broadband infrastructure, DAE (Digital Agenda for Europe) contains two main objectives:

- all residents to have broadband above 30 Mbps by 2020,
- 50 or more per cent of all households to subscribe to an internet connection with a speed over 100 Mbps.

Considering the aforementioned facts, Slovenia needs fast and ultra-fast internet access at competitive prices throughout the country. The objective is to provide all households in the country with a broadband internet connection with a speed over 100 Mbps by 2020.

The basic indicator showing the level of development of information society infrastructure in a country is the broadband penetration rate (share of households with a broadband connection). According to the DAE Scoreboard, Slovenia falls below the EU average (Slovenia 74%, EU 76%). Slovenia registered 26.5% broadband subscribers per 100 inhabitants in 2013, which also put it behind the EU average (29.37%). Standard fixed broadband availability in 10 EU Member States exceeds 99%, while 73.6% ranks Slovenia among the last four Member States in this respect. Availability slightly above 10% in rural areas places Slovenia at the tail-end of all member States.⁴⁵ Connection speed also leaves a lot to be desired. The share of broadband above 10 Mbps in Slovenia is 38.9% (EU 64%), and the share of broadband above 30 Mbps amounts to mere 5.8% (EU 18%).⁴⁶ Slovenia's shortfall has become pronounced in the past few years and has grown rapidly.

⁴³ The Impact of Internet in OECD Countries, OECD, 2012, <http://dx.doi.org/10.1787/5k962hhgpb5d-en>

⁴⁴ Franklin, M., P. Stam in T. Clayton (2009), "ICT Impact Assessment by Linking Data", Economic and Labour Market Review, 3(10), 18–27.

⁴⁵ <https://ec.europa.eu/digital-agenda/sites/digital-agenda/files/DAE%20SCOREBOARD%202013%20-%20SWD%202013%20217%20FINAL.pdf>, str.

⁴⁶

⁴⁶ Scoreboard: <http://digital-agenda-data.eu/charts/country-ranking-table-on-a-thematic-group-of-indicators#chart={'indicator-group':'bbquality','ref-area':'SI','time-period':'2013'}>

In the 2007–2013 programming period, the EAFRD funds supported the projects of three municipalities in Pomurje where broadband infrastructure has not yet been constructed and there is no commercial interest in its construction.

The planning of the development of the broadband infrastructure should take into account the dispersed settlement pattern of Slovenian rural areas. Potential private investors, i.e. electronic communications operators, consider such dispersal as the main impediment to designing sustainable business models in rural areas. Slovenia used ERDF and EAFRD funds to co-finance broadband infrastructure in white rural areas without such infrastructure in the 2007–2013 financial perspective, but operators show no interest in investing their own resources. Despite past investments, basic broadband infrastructure is still not available to about a third of Slovenia's citizens, or to 260,000 households, virtually all of which are located in rural areas. Therefore, the country should seek to ensure public and private investments that improve the feasibility of private business models for future investments in these areas. Otherwise, Slovenia could well compromise its development opportunities and put at risk the polycentric development of the country. EAFRD's measure 'Basic services and village renewal in rural areas' will provide support exclusively for investments in broadband infrastructure in accordance with Article 20 (1) (c) of Regulation (EU) No 1305/2013.

The applicable Broadband Network Development Strategy in the Republic of Slovenia sets out 90% broadband coverage allowing for fibre to the home (FTTH) or comparable high-performance broadband connections by 2020. In addition to the mapping of broadband availability which will help specify areas where operators do not provide access to broadband infrastructure and show no commercial interest, Slovenia has been preparing a new electronic communications strategy which will include an ambitious plan to provide all households in the country with broadband at or above 100 Mbps by the end of 2020. The new Electronic Communications Act (ZEKom-1) includes certain solutions that will cut investments in the overlapping of infrastructure, facilitate the search for co-investors and spur intersectoral assistance from other public utilities in the area of electronic communications. Mobilisation of public funds will attract private investments for the joint achievement of the objectives.

ESTABLISHING SPATIAL INFORMATION INFRASTRUCTURE

The eProstor project programme will be implemented with ERDF funds to monitor space and real property management efficiently. This programme will establish a common infrastructure for the spatial information and spatial information system, and renew the real property record system. At the end of the eProstor project programme (whose estimated value will be determined on the basis of an independent audit), the most important information on the condition of space will be collected in one place, be easily accessible and comprehensible, as well as connected and standardised, and a uniform information infrastructure for spatial information will be established. Spatial planning procedures, construction and real property management will be improved. Based on the spatial information collections established and improved procedures, the electronic acquisition of a building permit (eGraditev), preparation of spatial acts (ePlan) and recording of real property will be established.

The implementation of these tasks will provide opportunities to eliminate structural deficiencies and administrative barriers in spatial planning and construction, which will enhance the efficiency of public administration. The eProstor project programme will have a positive effect on the establishment of a favourable environment for foreign and domestic investments, since increased transparency and efficiency in spatial management and construction will be ensured. A speedier investment cycle will also be facilitated, which will boost economic growth in the country and contribute to long-term economic development and people's welfare. The implementation of the eProstor project programme will promote investments of enterprises in innovation and research, since the operational and technical execution of tasks will need to attract new technologies and several organisations from the private sector. Easily

accessible spatial information and services based on such information will encourage enterprises to develop new, innovative services.

1.1.1.3 Thematic objective 3: Enhancing the competitiveness of SMEs, the agricultural sector (for the EAFRD), and the fisheries and aquaculture sector (for the EMFF)

The promotion and development of entrepreneurial activity and subsequent strengthening of the competitiveness of enterprises is essential to propel Slovenia's economic growth and development. To this end, Slovenia should create appropriate conditions for financing entrepreneurial activity, as well as to establish a good business and supportive environment for existing enterprises and start-ups. The country's growth and competitiveness also depend on the export capacity of enterprises with high added value.

The ratio between the number of enterprises in the west and east is stable, and no major discrepancies in added value, net income from sales in foreign markets, the number of employees, etc. can be detected. Enterprises' access to finance, indebted enterprises, and a low level of entrepreneurial activity and internationalisation are key obstacles to the growth and development of SMEs in both cohesion regions.

Thematic areas within this thematic objective will be financed under the ERDF, EAFRD and EMFF, and will be available for the whole of Slovenia (for more details see Chapter 1.4). Under this thematic objective, investments in SMEs operating in tourism will contribute to the objectives of EUSAIR Pillar 4 – Sustainable Tourism. Measures under thematic objective 3 of the RDP 2014–2020 also contribute to attaining the EUSDR objectives regarding improved competitiveness of rural areas, in particular agriculture, by promoting entrepreneurship in rural areas, supporting innovations and cooperation in the agricultural sector, and by supporting the diversity of the economy in rural areas.

Based on the situation analysis, the following key requirements are essential in the context of TO 3: link measures to support the establishment, growth and development of enterprises (financial and non-financial); higher added value of products and services; make better use of knowledge and knowledge-based end-products and services; create a favourable supportive environment for the establishment, start-up and monitoring of operations of new enterprises; improve conditions for access to finance; increase the export capacity of enterprises and improve opportunities to enter global value chains; improve business environment; increase material and energy efficiency; enhance access to green growth measures; develop and enable restructuring of the food processing industry, agriculture and the fisheries sector, including through the promotion of sustainable forms of farming and forest management; improve the energy efficiency of agricultural holdings and food processing plants, and support subsequent reductions in greenhouse gas emissions.

SMALL AND MEDIUM-SIZED ENTERPRISES

The main objective of enhancing the competitiveness of small and medium-sized enterprises (SMEs) is to promote the creation of new enterprises and boost the growth and development of existing ones, which is essential for the promotion of economic growth and creation of jobs. At the same time, creativity, innovation and entrepreneurship should be strengthened, and an appropriate business and supportive environment should be created to facilitate the establishment and development of enterprises. Also, fostering cooperation between enterprises and knowledge institutions in joint projects with clearly articulated market targets and synergies between RDI activities merits due attention in this context. Business counselling services (e.g. for resource efficiency, design of new products and/or services and business models, enhancement of competences and capacities, promotion of entrepreneurship-driven culture, socially responsible entrepreneurship and internationalisation of business) are also paramount for ensuring the enhanced growth of SMEs. Measures in these areas will help stimulate innovation, creativity and entrepreneurship, and support the development of enterprises, thereby contributing to increasing added value, and creating and safeguarding jobs.

As elsewhere in the EU, SMEs in Slovenia comprise the majority of enterprises (SMEs: 99.8%, micro-enterprises 92.8%). The contribution of SMEs to employment, which stands at 70.6% (against 67.5% in the EU) and the contribution of SMEs to gross value added, which stands at 63% (against 58.4% in the EU) are above the EU-average. The number of high-tech SMEs in Slovenia surpasses the EU-average, but their added value in the economy is the same as the EU average. Slovenian SMEs are successful in providing green products and services in the market; however, they have found access to public support measures for investments in resource efficiency hindered.⁴⁷

The ratio in the number of enterprises remains stable in both cohesion regions; 44% of enterprises were registered in the cohesion region of Eastern Slovenia in 2011, with the same percentage for employees that generated merely 38% of total revenue, which indicates that the added value created in Eastern Slovenia was lower than in Western Slovenia.⁴⁸ The ratio in gross value added at basic prices in the 2009–2011 period slightly improved in favour of Eastern Slovenia, accounting for 44% in 2011 (Western Slovenia 56%).⁴⁹

The cohesion region of Eastern Slovenia has a labour-intensive structure of activities and production activity, with relatively low added value, whereas a capital-intensive structure of activities, but with relatively low added value in production activity is characteristic of the cohesion region of Western Slovenia.

High growth and job creation is found among a limited number of enterprises. Innovative and emerging enterprises in Slovenia have enormous untapped potential to propel economic growth and create added value. Therefore, efforts should be made to boost the start-up of new enterprises with high growth potential and promote the development of innovative and emerging enterprises by improving the system of access to capital and finance, training, mentorship and other supportive services, as well as improving the legislative and institutional framework. The 2014–2020 financial perspective will see a balanced approach to support newly-established enterprises, where areas identified in the Smart Specialisation Strategy will be taken into account as these have the most potential to increase added value and improve market performance in global and domestic markets. Some 547 enterprises were classified as emerging in Slovenia in 2010 (the ratio Western Slovenia versus Eastern Slovenia standing at 327 : 220) in terms of the number of employees, and in terms of turnover, 938 enterprises were categorised as emerging (Western Slovenia versus Eastern Slovenia: 526 : 412).⁵⁰ In both cohesion regions, the share of employees in such enterprises falls below 1%. Between 2008 and 2010, almost two thirds of emerging enterprises in terms of employees, which employed ten people, were scattered over three statistical regions – Central Slovenia, Podravje and Savinjska. Most enterprises with at least one employee were newly-established in the Central Slovenia statistical region between 2008 and 2010. The number of new enterprises with information and communication activities is highest by far in the Central Slovenia statistical region.⁵¹

⁴⁷ http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2012/slovenia_sl.pdf

⁴⁸ http://pxweb.stat.si/pxweb/Dialog/varval.asp?ma=1418806S&ti=Podjetja+po+kohezivskih+in+statisti%E8nih+regijah%2C+Slovenija%2C+letno&path=../Database/Ekonomsko/14_poslovni_subjekti/01_14188_podjetja/&lang=2

⁴⁹ http://pxweb.stat.si/pxweb/Dialog/varval.asp?ma=0309202S&ti=Regionalna+bruto+dodana+vrednost+po+dejavnostih+v+osnovnih+cenah%2C+teko%E8e+cene%2C+Slovenija%2C+letno&path=../Database/Ekonomsko/03_nacionalni_racuni/30_03092_regionalni_rac/&lang=2

⁵⁰ http://www.stat.si/novica_prikazi.aspx?id=5420

The country will strive to facilitate access to finance for young and innovative firms, while combining refundable (e.g. guarantees for bank credits, microcredits, etc.) and non-refundable resources (e.g. interest rate subsidy, etc.). Due attention will be given to emerging enterprises. The latter, according to the latest available data for the 2008–2012 period, reported to number 3,725, accounted for a mere 2.8% of all enterprises, but generated 36% of earnings before interest and tax (EBIT), 22.7% of total operating income and 19% of total added value, and provided jobs for 15.4% of total employees.

In addition to finance, young and innovative enterprises will benefit from other types of support, especially in start-up phases, but also in later phases of their growth and development. The support will encompass professional services (training, mentorship, individual counselling) provided by the entities of an entrepreneurship-supportive environment (e.g. university incubators, technological parks, etc.) and other support services offered to start-ups, as well as to existing young, innovative and emerging enterprises.

ACCESS TO FINANCE

The key factor hindering SME growth and development in Slovenia is access to finance, as SMEs find it more and more difficult to obtain loans, while the latter, to make matters worse, are more expensive than those provided to large business entities by banks.⁵² Moreover, a large number of enterprises are over-indebted, and business assets are severely deteriorating. The volume of loans to the non-bank sector decreased considerably in 2012. The same trends are indicated for 2013.^{53, 54} Facilitating access to finance with existing instruments, and alternative and innovative forms has thus become essential to promoting SME growth and development; therefore, special attention will be placed on the development of financial instruments.

Financial instruments in Slovenia are implemented by a number of institutions: funds, the Slovenian Development Bank, venture capital funds and other financial intermediaries. The consequence is the dispersal and duplication of financing, and non-transparency of measures for beneficiaries. A transparent ESIF implementation system will bring together the relevant financial intermediaries and ensure an integrated approach to financing projects/measures. Apart from the use of the instruments in support of investments in SMEs, in particular innovative SMEs, financial instruments will be used for other purposes (e.g. RDI, training, business processes, energy and material efficiency, etc.) and, in addition to traditional forms of enterprise (companies and sole traders), for other forms of conducting a business activity, whereby a combination of both reimbursable and non-reimbursable funds will be used to finance the measures. At the financial instrument level, funds under different European funds will be combined (ERDF, ESF, EAFRD). A number of financial instruments will be identified in accordance with the gap analysis for Slovenia. Therefore, synergy effects and linkages to measures supported under other thematic objectives (1, 4, 6, 8, 9 and 10) will be ensured in order for TO 3 objectives to contribute to the objectives of those thematic objectives.

A holding fund was established within the Slovene Enterprise Fund in the current financial perspective for the purpose of financing SMEs. The funds were allocated to a financial instrument, a guarantee fund for bank loans with interest rate subsidies, and to the design and implementation of the following pilot instruments: the development of venture capital funds, microcredits, seed and start-up credit lines, which helped us gain invaluable experience in this field.

⁵² http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2012/slovenia_sl.pdf

⁵³ http://ec.europa.eu/enterprise/policies/industrial-competitiveness/monitoring-member-states/files/ms-compet-report-2013_en.pdf

⁵⁴ Bulletin of the Bank of Slovenia, May 2013; <http://www.bsi.si/iskalniki/bilteni.asp?Mapald=229>

STRENGTHENING ENTREPRENEURSHIP

The evaluation of the implementation of entrepreneurship and competitiveness policy in the 2004–2009 period showed that the recipients of incentives were carefully selected in all areas and that their performance was above-average before and after the receipt of the incentive. Nevertheless, the analysis underlined that the results were limited and mostly short term. The best results were noted in terms of the increase in employment, salaries and sales. Modest results occurred mainly in the field of increasing productivity and export capacity, which is the result of the objectives, which were set in such a manner in the preparation of the operational programmes and individual measures. A reduced efficiency of incentives was in some ways also the result of certain shortcomings in the Slovenian business environment and the functioning of institutions where Slovenia is at a disadvantage as compared with other countries.⁵⁵

A culture of entrepreneurship should be advocated; social attitudes to entrepreneurship should be changed, and creativity, ambition and innovativeness should be stimulated in order to achieve more positive effects in embracing entrepreneurship. An adequate supportive environment is especially important in this process. According to different entrepreneurship indicators, Slovenia is close to the bottom of the monitored countries. Slovenia has a wide range of entities to form a supportive environment for entrepreneurship and innovation, the joint mission of which is to provide comprehensive support services for enterprises and entrepreneurs with the aim of facilitating access to information, counselling, training, and in some cases also the necessary infrastructure and mentoring. The services of individual entities differ, since each type of entity provides specialised services tailored to the target groups. In practice, we face insufficient cooperation of the entities involved and inconsistent support for enterprises and entrepreneurs. Consequently, emphasis will be given to eliminating these shortcomings and raising the quality of the services offered, and their regular adjustment to enterprises' new trends and needs.

In 2012, entrepreneurial activity regained some strength after a three-year decline; however, Slovenia remains in the lower half of EU Member States in terms of the creation of new enterprises. Early-stage entrepreneurial activity and the share of entrepreneurs with business continuance both grew slightly. The shift in new and emerging enterprises in 2012 could be attributed to enhanced self-employment subsidies disbursed during the crisis, as the number of recipients grew considerably in the 2009–2011 period. It should also be noted that 1.4% of the adult population stopped pursuing entrepreneurial activity, which is 14.4% of all entrepreneurial activity. As much as 11% discontinued operations due to retirement (the EU average is approx. 7%).

The main development challenge in both cohesion regions is to complete and adjust the existing supportive environment which, considering the special needs of each cohesion region, will contribute to enhancing entrepreneurial activity, boosting the productivity and competitiveness of existing innovative enterprises and encouraging the emergence of new ones, with an emphasis on high-tech enterprises which will develop technologies, products and services in fields defined for Slovenia in the SSS. In the cohesion region of Eastern Slovenia, more attention will have to be paid to linking support institutions for knowledge and qualification transfer, and centralised service provision. In both cohesion regions, the activation of the existing business infrastructure will also be important, and where suitable and required, the construction of new infrastructure to develop economic activities in individual regions at the NUTS 3 level, and a contribution to the networking of various economic development operators, also by promoting public-private partnerships.

INTERNATIONAL COOPERATION

⁵⁵ http://www.mgrt.gov.si/fileadmin/mgrt.gov.si/pageuploads/DPK/CRPi_2010/Koncno_porocilo_CRP_konkurencnost.pdf

In order to create higher added value and enhance international competitiveness, it is important to promote integration into global value chains, provide counselling for enterprises, and advocate creativity, and innovative approaches and design. Integration between different areas is particularly important with a view to encouraging innovative cooperation, integration and operation models. In this context, it is paramount to create an efficient supportive environment for Slovenian companies wishing to expand to international markets or seeking to diversify their presence in new foreign markets. Most Slovenian enterprises from industrial sectors still find themselves positioned in the lower half of the global added value chains of foreign enterprises.

Since 2007, Slovenian market shares have fallen both worldwide and within the EU.⁵⁶ Considering the EU average, Slovenian SMEs do seem to be more internationalised; however, data suggest that most of the revenue from foreign markets is generated by large enterprises, whereas micro enterprises, which account for as many as 90% of the Slovenian economy, generate a mere 10% in foreign markets. An important part of the geographical markets on which Slovenian exports focus does not fall within emerging markets. In 2012, most of Slovenia's exports in goods went to EU markets (69.1 % of all exports), whereas exports to other countries remain more or less at the same level.⁵⁷ The share of exports in GDP in 2012 accounted for 73%, while the share of revenue in foreign markets accounted for 31.8% of total revenue (2011 data). The share of exports by SMEs amounted to 33.1% in 2012. In terms of exporting services, Slovenia targets EU markets (72% of all service exports in 2011). The market share of Slovenian service exports remained modest in these markets and declined during the crisis (by 3.5%), with the exception of travel service providers, who managed to increase their share in the EU market in the 2008–2011 period, even though the demand in the EU shrank in that period.⁵⁸ The entire tourism activity attributes to 40% service exports. The analysis of competitiveness and international orientation of early-stage entrepreneurs shows that as many as 32% of emerging and new entrepreneurs in Slovenia plan to shift their activity to international markets (more than 25% of customers abroad).⁵⁹

This segment of the Slovenian economy is particularly important and the coming financial period should give more attention to stimulating Slovenian enterprises to seek opportunities in foreign markets, diversify their operations and integration with the aim of achieving positive multiplier effects. Important levers facilitating the internationalisation of enterprises are embodied by the support for priority areas in smart specialisation areas. In the context of horizontal measures in support of the internationalisation of enterprises, projects will receive support if they contribute to greater added value in the export of goods and services as well as improving the business environment for more successful international operations.

At the NUTS 3 level, the highest share of goods exchange between Slovenia and other countries in 2012 was contributed by enterprises with their head offices in the Central Slovenia statistical region, i.e. 27.5% of the total value of exports and 47.9% of the total value of imports. Enterprises from the Central Slovenia statistical region contributed most to the value of Slovenia's trading with other EU Member States and countries which are not Member States. In 2012, these enterprises exported EUR 3.1 billion in goods to EU Member States and EUR 2.1 billion in goods to other countries; they also imported EUR 7.2 billion in goods from EU Member States and EUR 2.4 billion from other countries.⁶⁰

⁵⁶ http://www.umar.gov.si/fileadmin/user_upload/publikacije/pr/2013/POR_2013s.pdf

⁵⁷ Statistical Office of the Republic of Slovenia

⁵⁸ http://www.umar.gov.si/fileadmin/user_upload/publikacije/pr/2013/POR_2013s.pdf

⁵⁹ Neznane priložnosti: GEM Slovenija 2012, 19 April 2013

⁶⁰ <http://www.stat.si/doc/pub/REGIJE-2014.pdf>

In relation to the Smart Specialisation Strategy, demonstration and pilot projects, and approaches to internationalisation will be supported through joint investments in knowledge, technologies and capital, thereby utilising the potential of emerging markets on the one hand and avoiding the potential risks caused by a relatively high share of Slovenian exports to EU markets, where the economic recovery is slow. The measures will be linked to support provided under thematic objective 1, thus helping to bridge the gap between research and the market, and knowledge institutions and business, and facilitating the inclusion of enterprises in international value chains. Furthermore, access to finance for SMEs will be made easier, and funds will be provided by EU programmes such as Horizon 2020, COSME and other relevant programmes targeting SMEs at the EU level. SMEs will be encouraged to take part in calls for proposals under the LIFE programme, especially concerning the environment, resource efficiency and the top levels of waste management hierarchy.

ENHANCING THE COMPETITIVENESS AND PRODUCTIVITY OF ENTERPRISES

In addition to enhancing the competitiveness of SMEs and promoting the establishment of new enterprises, as well as strengthening the growth and development of the existing ones, it is important to strengthen the healthy core represented by the industry as the generator of innovation, growth and employment to preserve and increase the competitiveness of the economy. Industry, in the narrow sense of processing activities, accounts for 20% of total added value. Since the crisis, productivity measured by value added per employee in the processing sector, has stood at around 60% of the EU average. Low productivity is also a result of the inadequate integration of science, research and development with entrepreneurship (lack of an effective knowledge triangle), and inadequate targeting of products for services that combine integrated solutions with technological and non-technological innovations.

In comparison with other EU Member States, the material productivity of the Slovenian economy is lower than the EU average, while energy consumption is high, although this is encouraged by the fact that the latter has been reduced in the most export-oriented sector of the economy (processing activities), where energy costs significantly affect competitiveness. Taking into account the expected upward trend in prices of raw materials and energy, and pressures on the environment, Slovenia must, in addition to labour productivity and efficiency, significantly improve material and energy productivity, and achieve synergy effects of such investments to enhance the competitiveness of enterprises, reduce the environmental burden and create (green) jobs. Therefore, in terms of promoting the growth and development of enterprises, special attention will be given to measures that contribute to increasing the material and energy efficiency of enterprises combined with measures targeting eco-innovations under thematic objective 1, and to promoting a systematic approach to designing green products, services and developing new business models (thus contributing to the delivery of thematic objectives 4, 6, and 7).

PERFORMANCE AND SUSTAINABILITY OF AGRICULTURAL HOLDINGS AND GENERATIONAL RENEWAL

Agriculture is one of the most important economic sectors from the aspect of securing the appropriate level of self-sufficiency in food and providing numerous non-commodity public goods, as well as being closely intertwined with the food processing industry, although it accounted for only some 2.5% of added value and only 1.2% of Slovenian GDP and 8.4% of total jobs in 2011, combined with hunting, forestry and fishing according to the national accounts' data.

The structural characteristics of Slovenian agriculture, particularly its low labour productivity, the unfavourable size structure of agricultural holdings and fragmentation of holdings reduce the efficiency of the use of productive resources in agriculture and hamper speedier development. Promoting the restructuring process remains a key challenge for Slovenian agricultural policy. In terms of the average size of agricultural holdings and productivity, Slovenia lags behind the EU-27 average by half, and is one of the Member States with the least favourable structure of agriculture. In 2010, the average agricultural holding used 6.4 ha of utilised agricultural area and reared 5.6 of livestock units. A similar gap is also found in

income per unit of labour, which is still much lower in Slovenian agriculture at only approx. 50% of the EU-27 average, which indicates the low level of labour productivity. The main reasons for this are the unfavourable size structure of agricultural holdings, the age and educational level of owners of agricultural holdings, the fragmentation of holdings, distance from market centres, non-collaboration, persistently low degree of specialisation and a high proportion of less favoured areas. Slovenian agriculture is also characterised by low economic and environmental efficiency, and high exposure to climate change. In the framework of monitoring the Rural Development Programme 2007–2013 in achieving the objectives of the agro-industry and forestry competitiveness, labour productivity in agriculture in 2009 fell as a result of deteriorating economic conditions and a related contraction in investments in agriculture and food production. This picked up in 2010 and 2011, which may be attributed, *inter alia*, to the impact of investments already made, since projects approved at the beginning of the 2007–2013 programming period were completed in this period. In the 2014–2020 programming period, support should be given to investments which promote the technological development of agricultural holdings, improve the size structure and arrangement of land, and to investments in the establishment or modernisation of irrigation systems. The key measure to reduce greenhouse gas and ammonium emissions in agriculture is fixed capital formation (e.g. investment in the arrangement of storage capacities for manure, the erection of small biogas devices on livestock rearing holdings, purchase of special machinery for the rational use of nitrogen, insertion of liquid manure into soil, etc.). The arrangement of agricultural infrastructure, particularly infrastructure to consolidate agricultural land, which may reduce CO₂ emissions, may also contribute to reducing greenhouse gas emissions.

The average age of farm holders was 57 years in 2010 and has not changed since 2000. The age structure in relation to the unfavourable educational structure of farm holders does not provide an adequate basis for promoting development and increasing the productive capacity of farms, which requires the acquisition of more specialised know-how. Therefore, generation renewal and appropriate investments in agricultural holdings are the key measures needed in the 2014–2020 programming period for the required restructuring and to increase the competitiveness of Slovenian agriculture. It is necessary to encourage young people, especially highly educated members of agricultural households, to undertake agricultural activities and take up full-time employment on agricultural holdings. Generational renewal will affect inventiveness, educational attainment and ICT-supported production processes, and contribute to fulfilling thematic objectives 1 and 10.

INTEGRATION AND MARKET ORIENTATION OF PRODUCERS, AND PROCESSING, MARKETING AND DEVELOPMENT OF AGRICULTURAL PRODUCTS

A low level of market-oriented activity is typical of Slovenia, as only 40% of family farms allocate the bulk of their output for sale. Weak links, in particular between producers participating in quality schemes, prevent agricultural holdings from increasing their market participation. Forestry similarly faces such issues of cooperation and integration, the latter being particularly problematic due to the extremely unfavourable, highly fragmented ownership structure of privately owned forests. Private owners act as isolated individuals in the market.

More efficient and effective market integration may represent a great development opportunity and result in the better exploitation of productive factors; this may particularly be a window of opportunity for small agricultural holdings with a low market orientation, as this facilitates entry to the market and increases the added value of products, thus securing an additional source of income. These factors would enable agricultural holdings to be more successfully integrated in the wider local economy.

The measures under this priority area target: support for horizontal and vertical cooperation between stakeholders along agro-industry and forest-wood chains; the creation of added value for agricultural and forest-wood products; the participation of primary producers in quality schemes; the promotion of above-

standard animal husbandry that respects animal welfare requirements; greater market orientation by promoting the establishment and functioning of producer groups and organisations in agriculture and forestry; the development of local markets and short food supply chains, and promotion in local markets.

ENERGY EFFICIENT AGRICULTURE, FORESTRY AND THE FOOD PROCESSING INDUSTRY

Agriculture and agriculture-related sectors directly depend on the availability and quality of natural resources, and this has direct reverse effects on the preservation status of natural resources due to the activities of these sectors. Greater energy and environmental efficiency is realised through investment measures, particularly fixed capital formation. This measure will be used to stimulate investments in improving the environmental efficiency of agricultural holdings and food-processing plants by encouraging greater energy efficiency in these plants and the use of renewable energy sources, by arranging wastewater treatment plants, and additionally on agricultural holdings, by stimulating investments in special machinery which reduces the use of plant protection products or fertilisers. More rational use of water will also be stimulated by investing in technologies for saving and rationally using water, reservoirs, technological modernisation of irrigation systems, etc. Energy efficiency contributes to reducing greenhouse gas and ammonium emissions, and thus mitigates climate change and improves air quality. The shift to energy-efficient, low-carbon agriculture and food processing will pave the way to the rapid spread of innovative technological solutions and will help improve the competitiveness of both sectors, which makes a contribution to thematic objective 4.

COMPETITIVE DEVELOPMENT OF THE SLOVENIAN FISHERIES SECTOR

Although small, the fisheries sector (commercial sea fishing, aquaculture and processing) is of great economic importance for certain parts of Slovenia. The analysis of the fisheries sector in Slovenia revealed that the sector's competitiveness was rather weak for various reasons: it is small sector in terms of the number of enterprises and production; the fishing fleet is generally old; fisheries resources shared by several states have declined; a lack of exchange of knowledge and best practices in all sub-sectors; the fragmented nature of the aquaculture sector, lack of organisation, etc. The 2007–2013 financial perspective saw the promotion of marketing fishery and aquaculture products, notably through marketing local products, and raising awareness of the positive effects of consuming fish and shellfish, with a focus on advertising campaigns. The analysis of the fisheries sector, conducted in preparation for the 2014–2020 financial perspective, showed that the supply and consumption of local fishery products (from the sea and aquaculture) are still dispersed and poor. The catch has been far from adequate for the demand of Slovenian consumers recently and the country has to resort to import to a large extent. The situation is better in aquaculture, but 100% self-sufficiency is still achieved only in shellfish farming. Slovenia has thus far failed to promote the active integration of primary producers in the marketing chain (either by establishing brands, adding value to products, marketing local products or building retail outlets within fish farms). Producers (fishermen, fish farmers) have not invested enough in the promotion in local markets. The interest of fish farmers in breeding new species in aquaculture and environmentally-friendly fish farming could be greater.

In light of the above, it would be sensible to support: the promotion of the fisheries sector and investments targeting new marketing approaches in commercial sea fishing, aquaculture and the processing industry; investments in the development of subsidiary activities that contribute to diversifying the income of fishermen and fish farmers, as well as investments that add value to, and improve the quality of, fishery and aquaculture products; increasing energy efficiency and improving working conditions. The aquaculture sector should have the support for investments to increase production and investments in new technologies, while its enhanced competitiveness would be achieved by strengthening cooperation between existing educational institutions and the scientific research sphere (water management, chemistry, maritime studies, transport, zootechnics, biology, veterinary medicine and food technology),

and the sector. Therefore, opportunities for future support can be identified in research for new technologies and management practices for resource efficiency.

Slovenia has only a few establishments exclusively engaged in processing and marketing freshwater and sea fish. The Administration of the Republic of Slovenia for Food Safety, Veterinary and Plant Protection issued licences to 24 establishments handling fishery products, mainly to small enterprises and one larger enterprise. Due to small production volumes and dependence on raw material imports (sea fish), the Slovenian fish processing sector finds it hard to compete with larger processing establishments in the EU. The next financial perspective 2014–2020 will see support for the construction of processing plants on fish farms with a view to adding value to existing products or creating new products, as well as support for investments leading to new or improved processing procedures for fishery and aquaculture products.

The innovative capacity of the fisheries sector relies on the competitiveness of the sector, and is currently estimated to be weak. The study of the state and potential of the aquaculture sector commissioned by the Ministry of Agriculture and the Environment draws similar conclusions for the aquaculture sector. There have been only individual efforts in the field of aquaculture in this respect, and no increase in interest in research in the fisheries sector has been seen in the scientific research sector. Most of the research carried out so far has been financed by national resources on the basis of targeted research projects. The reasons for the lack of research capacity in the fisheries sector probably relate to the absence of inputs (information, finance), weak cooperation between individual research institutions, poor guidelines from the state administration regarding needs, and the weak cooperation of individual research institutions with the fisheries sector. Cooperation between individual sub-sectors (commercial sea fishing, aquaculture and processing) and consumers or the market to achieve higher added value for products and new products is likewise underdeveloped. Technological progress in the sector may be achieved only through support for research and innovation in the sector (e.g. introduction of new aquaculture techniques) which would enhance competitiveness. Innovation and technological development in the context of blue growth should be promoted to exploit the potential of the sea for economic development. In this context, suitable coordination and synergies between various economic activities at sea and along the coast, and cross-border cooperation or cooperation with the relevant countries may be ensured, which is of great importance in addressing cross-border impacts. Priority investments identified in the context of this thematic objective should be sensibly linked and complemented with topics under thematic objective 1 (link to research institutions) as well as thematic objective 6 (integrated maritime policy).

1.1.1.4 Thematic objective 4: Supporting the shift to a low-carbon economy in all sectors

Table 2: Slovenia’s contribution to meeting the Europe 2020 Strategy targets – TO 4

Europe 2020 sustainable growth target	Current situation in Slovenia	National 2020 target in the NRP
20% greenhouse gas (GHG) emissions reduction compared to 1990	Emissions in non EU-ETS sector 11.5% (2012)	GHG emissions in areas not included in the trading scheme of emission coupons (transport, agriculture, waste removal, households and services) may increase by 4% by 2020 compared to 2005
20% share of energy from renewables in gross final energy consumption	20.2% in 2012	Increase the share of renewables in gross final energy consumption to 25%
20% increase in energy efficiency	Mid-term target for 2011 achieved: 4.9% savings in energy end-use	Increase the efficient use of energy

Slovenia's shift to a low-carbon society and simultaneous pursuit of the objectives of reliability and competitiveness call for radical changes in terms of energy management. An integrated transition to a low-carbon economy should pool energy efficiency measures, the use of renewables, the development of smart electricity grids and measures promoting sustainable mobility. The proposed investment measures will be covered by integrated transport strategies, plans regarding air quality in city centres, and strategies for sustainable urban development. Important investments under this thematic objective will seek increasing the energy efficiency of agricultural holdings and food processing plants, while agricultural and wood biomass will play a key role in fostering the use of renewables (RES).

Funding areas will receive ERDF and CF support in both cohesion regions through a uniform approach and through a combination of both reimbursable and non-reimbursable funds, along with resources under the EAFRD. It is reasonable to exploit RES in places with technical capacities, while the needs for investments in efficient energy use are extensive in both cohesion regions.

Slovenia's coordinated approach to delivering priority investments related to energy policies and transport, agriculture, research, development, entrepreneurship and employment will respond to the key needs identified under thematic objective 4: improve energy efficiency (higher energy savings) in public and private sector building stock; increase the use of RES; reduce energy poverty; develop and deploy smart grids and improve air quality, particularly in urban areas; encourage the use of alternative types of fuel for transport purposes; upgrade and increase the use of public transport; promote the efficient use of renewables, including the promotion of commercial sea fishing and aquaculture.

ENERGY EFFICIENCY (EFFICIENT USE OF ENERGY)

Energy imports in Slovenia in the last two years amounted to over EUR 2 billion (electricity excluded), which accounted for 7% of GDP in 2012. Coupled with low economic growth, the share is still growing, and peaked last year compared to the period after 2000. Measures paving the way towards greater energy efficiency are crucial at this point. Therefore, the country is pursuing a long-term vision to reduce emissions from the buildings to levels near zero by 2050, while maintaining low levels of energy consumption in buildings that are primarily covered by renewables. Special attention will be paid to support for deep renovation of buildings. Investments in the efficient use of energy have a significant multiplier effect as they are considered to be employment-intensive.

In the field of efficient energy use, Slovenia is committed to reaching a 9% energy saving in the 2008–2016 period and, in accordance with the recent energy efficiency directive, to increase energy efficiency by 20% by 2020. The Action Plan for Energy Efficiency was adopted by the Government of the Republic of Slovenia in January 2008 to achieve the first objective, but will have to be updated into a more ambitious plan. The implementation of the Action Plan for Energy Efficiency will help reduce energy consumption by 4,300 GWh in 2016, reducing the total annual cost of energy by about EUR 500 million. The cohesion funds under the Operational Programme of Environmental and Transport Infrastructure Development for the Period 2007–2013 (OP ETID) primarily targeted the co-financing of energy renovation of public buildings. Estimates based on project documentation reveal that energy costs of renovated buildings will be at least EUR 1.6 million lower or a total of EUR 10 million annually beyond 2015, respectively. The financial impact is indeed considerable, but could be even three times higher if the share of subsidising energy renovation decreases and substantial private investments are attracted. Only a small number of public buildings have been subject to energy renovation in the current financial perspective. Therefore, the 2014-2020 period will see

incentives targeting an extensive programme of energy renovation of public buildings, with the simultaneous development of financial mechanisms to foster the entry of private capital and an increased role of energy suppliers to promote and implement energy efficiency projects.

Despite current investments in the energy renovation of buildings, renewable energy sources and efficient use of energy, both cohesion regions are still in great need of such investments to be continued and upgraded.

The energy renovation of buildings may provide contribute to addressing the issue of energy poverty, which constantly increased in Slovenia in the 2000–2010 period, given that the percentage of household income spent on energy for households from the first income quintile group rose from 13.1% to 17.4%; 6% of households in Slovenia could not afford to keep their homes properly heated in 2010 (SORS, 2012).

The best savings in households can be made on heating and electricity consumption. An array of measures in this segment has proven to be cost-efficient, but their delivery is hampered by a lack of investment funds, and lack of consumers' understanding of the opportunities for, and advantages of, energy efficiency.⁶¹

RENEWABLE ENERGY SOURCES (RES)

Slovenia is to achieve the national overall target for the share of energy from renewable sources in gross final consumption of energy in 2020, which stands at 25% (20.2% in 2012) in accordance with the Directive on the promotion of the use of renewable energy sources (RES), and at least a 10% target for energy from renewable sources in transport. The fulfilment of this obligation and achievement of the objectives for energy efficiency and renewable energy sources are interdependent.

In terms of RES and energy consumption by sectors, the objective for heating is being achieved, whereas in terms of electricity consumption, the country has to do some catching up with the plan, the lag being primarily attributed to the delay in investments in new plants.⁶² The Slovenian support scheme to promote electricity produced from RES at the end of 2013 included 3,575 power plants, with a total nominal output of 497.3 MW, which accounts for about 14% of all installed capacities in Slovenia. From January to December 2013, 1,036 new plants with a total nominal output of 119.5 MW entered the system, the majority being solar plants. It is estimated that 2,500 new jobs were created annually through investments in these plants. The support scheme for electricity remains the major instrument for delivering on the RES targets; however, to achieve improved cost-efficiency, improve the stability of operation and secure finance, as well as to increase the roll-out of low-cost technologies, it is essential to revise the scheme and adapt it to market conditions.

The share of electricity generated from RES in gross final energy consumption will increase to 40% by 2020. Support for investments for the construction of RES power plants (wind energy, solar energy and small hydro power plants) will complement the existing supporting feed-in scheme in order to achieve the targeted share of renewables. This measure will gradually lead to the balanced exploitation of the currently insufficiently tapped potential of renewable energy technologies.

The 2014–2020 financial incentives will target the construction of heating systems (geothermal, solar thermal collectors, wood biomass boilers, biomass district heating) and increased use of renewables for electricity generation. These incentives will be in line with the requirements of the directive on national

⁶¹ http://www.energetika-portal.si/fileadmin/dokumenti/publikacije/AN_URE/AN_URE2.pdf

⁶² Evaluation of the Operational Programme of Environmental and Transport Infrastructure Development for the Period 2007–2013 (OP ETID)

emission ceilings for certain atmospheric pollutants and the package of measures for cleaner air in Europe, since the construction of new individual wood biomass systems will not be promoted in areas with remote systems already implemented or brownfield areas with high air pollution.

The improved energy efficiency of the housing stock will lie at the heart of future energy policy on heat supply. The ambitious shift to low-carbon resources will take place in parallel in the form of the accelerated introduction of RES-powered systems for combined heat and power generation (CHP systems). In order to realise the 2020 target on the share of renewable energy sources in gross final energy consumption for heating (33% target by 2020), Slovenia will need to promote the full exploitation of wood biomass, and solar and geothermal energy as a priority, and use biomass in high-efficiency CHP systems and in district heating systems. To improve investments, emphasis will be given to energy contracting projects of district heating with CHP, cooperatives, etc.

SMART ENERGY NETWORKS

Smart grids make an important contribution to cutting GHG emissions and to efficient energy use, allow for the development of advanced products and services, and the creation of jobs, and open up possibilities in particular for SMEs (according to certain estimates, the global market of smart networks is now one of the most rapidly growing markets). These enterprises offer positions for highly qualified personnel and create high added value.^{63, 64} Based on the aforementioned, in terms electricity distribution, Slovenia will support the deployment of smart distribution systems with the roll-out of active networks and metering systems providing for remote data transmission to increase energy efficiency and the use of renewable energy sources. Electricity suppliers will carry out pilot projects of smart meter roll-outs in the 2014–2020 period. Research and projects will be supported under thematic objective 1, which will provide basic orientations at the national level conducive to improving the performance of the existing electricity network, the possibility of the active participation of the demand side and dispersed generation, as well as the introduction of new advanced services for consumers on a low-voltage electricity network throughout the whole of Slovenia.

SUSTAINABLE MOBILITY

The current situation of public passenger transport in Slovenia is extremely poor. The number of public transport passengers has been declining steadily year-on-year. A significant decline in the number of road and rail passengers was recorded in the 2007-2011 period⁶⁵. In contrast, the number of registered personal vehicles grew by 5.9%⁶⁶ in the same period, which places Slovenia among the countries with the highest share of passenger cars per inhabitants, i.e. 521 passenger cars per 1,000 inhabitants. At the same time, Slovenia records a large share of household expenditure spent on transport, ranging from the purchase of vehicles to their maintenance. In 2010, household expenditure on transport accounted for 13.9% of all household expenditure (source: SORS, 2011), which places Slovenia at the top of EU Member States (source: Eurostat). The current vignette system works in favour of using personal vehicles instead of relying on public transport, which is further sustained by transport allowances. The pilot deployment of a single integrated ticket, subsidised travel for pupils and students and 'park and ride' systems in the 2007–2013 period improved public passenger transport services and helped end the downward trend in passenger numbers. The deployment of measures in all sectors recording top passenger flows and ensuring accessibility by public transport or delivering conditions for sustainable mobility, including measures fostering walking and cycling as modes of transport, will help increase the number of public transport passengers. This will provide equal conditions for all groups of citizens.

⁶³ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0202:FIN:SL:PDF>

⁶⁴ <http://www.smartgrids.si/index.php/sj/o-tehnoloski-platforni>

⁶⁵ Source: SORS, 8/2012

⁶⁶ Source: SORS, 2011 Yearbook, Ministry of Infrastructure and Transport

Densely populated areas face extensive air pollution due to industrialisation and emissions from residential combustion sources. Emissions generated by the transit of goods and increased use of private cars further affect air quality, lead to an increase in the carbon footprint, noise pollution in urban areas and harm citizens' health. The exposure of the urban population to PM₁₀ exceeded the EU-27 average⁶⁷ in 2011, while even worse results were recorded for pollution with ground-level ozone⁶⁸. The number of days when PM₁₀ concentrations exceeded the limit values in 2012 fell compared to the preceding year and was recorded only in winter. The largest source of pollution in the past two years have been private fireplaces, which could be attributed to the fact that households are opting to burn firewood instead of fossil fuels (oil, gas) as it is more affordable.⁶⁹ The most pressing issue in this respect is poor air quality in Ljubljana, Celje, Maribor, Zasavje, Murska Sobota, Kranj and Novo mesto. Against the backdrop of the ever-growing volume of transport, Slovenia has been confronted with high noise pollution levels. Transport has exposed as much as 20% of the total population to noise pollution, particularly in urban areas and settlements along major roads.

In order to reduce GHG and PM₁₀ emissions from traffic in urban areas, the country intends to design integrated transport strategies which will determine priority measures regarding sustainable mobility and which will be financed from the CF and ERDF, and provide support for creating favourable infrastructure conditions for the functioning of integrated public passenger transport and upgrading means of transport to meet high environmental standards. The development of integrated sustainable and accessible urban mobility will be supported through investments in the use of smart information systems and advanced traffic management systems, and in the promotion of mobility management.

In order to step up the development of eco-mobility, investments will also target the construction of charging stations in larger towns if the measures are justified and included in integrated transport strategies. This measure will contribute to attaining the 10% targeted share of RES in transport, while increasing Slovenia's attractiveness for development investments through the establishment of an alternative fuel vehicle infrastructure.

Slovenia's contribution to the Europe 2020 targets on reducing CO₂ emissions could take place through green urban logistics, reflected in increased efficiency, intermodality, the sound management of urban demand for goods and services, and the use of environmentally-friendly vehicles and fuels.

1.1.1.5 Thematic objective 5: Promoting climate change adaptation, risk prevention and management

The different climate zones and forms of land relief that meet in Slovenia make the country prone to various natural disasters and extreme events. It is also due to climate change that we face increasingly frequent and devastating natural disasters and massive losses and damage. The first European Commission report⁷⁰ on the progress regarding disaster risk assessment in 2012 treated 13 disaster risks in the Republic of Slovenia. The report concludes that earthquakes (measures will not receive support by ESI Funds) and floods represent the greatest risks. The statistics on damaging events during the 2005–2008 period show

⁶⁷ <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsdph370>

⁶⁸ <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsdph380>

⁶⁹ http://kazalci.arso.gov.si/?data=indicator&ind_id=565

⁷⁰ Revised Progress Report on Disaster Risk Assessment of the Republic of Slovenia, Administration of the Republic of Slovenia for Civil Protection and Disaster Relief, 2012

that the greatest damage is associated with weather phenomena (SORS, 2013⁷¹). Thunderstorms occur throughout the country, being most destructive in the north-east, while wildfires pose the greatest threat to the sub-Mediterranean south-west. Climate change has also affected the agriculture and forestry sectors, both of which need to adapt accordingly.

Funding areas that will enjoy support in order to achieve the thematic objective will receive funds from the Cohesion Fund, the ERDF and EAFRD. In terms of territorial division, the CF and EAFRD will provide support throughout the whole of Slovenia, whereas the ERDF funds will be made available only in the cohesion region of Eastern Slovenia.

The measures supported under this thematic objective contribute to the EUSDR environmental pillar—environmental risk management and are intended for protection against destructive events such as floods and industrial accidents, which also have negative cross-border effects. The measures also contribute to attaining the EUSDR objectives regarding environmental protection in the Danube region (restoring and maintaining water quality, and preserving biodiversity, landscape and soil and air quality). The RDP 2014–2020 measures contribute to attaining the EUSAID objectives regarding preserving, protecting and improving the quality of the environment.

Based on the analyses made, key investment needs were identified under thematic objective 5 as follows: structural and non-structural flood protection measures⁷²; system-wide arrangements for climate change adaptation; appropriate risk assessments for major natural and other disasters; establishment of appropriate systems for flood prevention, flood forecasting and warning; adaptation of agriculture and forestry to climate change, the preservation of biodiversity and promotion of sustainable use of natural resources.

REDUCING FLOOD RISKS

Extreme hydrological events have become more fierce and frequent in recent years, particularly due to climate change. The number and distribution of high waters over recent years show that hydrological extremes have become more frequent and pronounced throughout Slovenia. In addition to human lives lost during floods (there were at least 7 deaths as a result of floods in the 2007–2010 period), the estimated direct damage⁷³ caused by major floods in the last 10 years in Slovenia amounted to approximately EUR 730 million (VAT not included), while in the past 25-year period major floods in Slovenia caused approximately EUR 1,500 million in damage (Government of the Republic of Slovenia, 2012). The National Reform Programme 2013–2014⁷⁴ identified investment needs in 61 areas of potential significant flood risk⁷⁵ where extreme floods may cause severe damage to human health, economic activity, public infrastructure, cultural heritage and the environment.

In accordance with the Danube Basin and the Adriatic Sea Basin Management Plan, the 2007–2013 programming period saw the implementation of certain measures to ensure greater flood protection in the

⁷¹ http://pxweb.stat.si/pxweb/Dialog/varval.asp?ma=2708901S&ti=&path=../Database/Okolje/27_okolje/05_Nesrece/27089_ocenjena_skoda/&lang=2

⁷² The table listing the 61 identified areas of potentially significant flood risk, non-structural flood protection measures and structural measures (regularly updated), and providing links to flood risk and flood hazard maps for 38 areas (in line with the relevant directive) is available at: <http://www.mko.gov.si/fileadmin/mko.gov.si/pageuploads/podrocja/voda/opvp/OPOPO.xls> or <http://www.mko.gov.si/fileadmin/mko.gov.si/pageuploads/podrocja/voda/opvp/OPOPO.pdf>

⁷³ Summarised from the Ex-ante evaluation of flood risk in the Republic of Slovenia (Ministry of Agriculture and the Environment, 2011) and data on flood damage 2012

⁷⁴ http://www.vlada.si/fileadmin/dokumenti/si/projekti/2013/Vlada_AB/NRP10-05-2013_s_prilogami.pdf

⁷⁵ These areas were identified on the basis of the Report on the determination of areas of potential significant flood risk in the Republic of Slovenia and the monitoring of activities of flood management in these areas, available at: http://www.mko.gov.si/fileadmin/mko.gov.si/pageuploads/podrocja/voda/porocilo_OPVP.pdf

wider area of the Republic of Slovenia. As a result, certain emergency measures are already being implemented along the Savinja and Drava rivers in order to provide essential protection for people, public infrastructure and the economy. The 2014–2020 programming period will thus witness the continuation of integrated measures aimed at risk management and reduction in most endangered areas of potential significant flood risk and the allocation of funds to spur new integrated solutions to the issue of flooding in accordance with the legal framework of Directive 2007/60/EC on the assessment and management of flood risks and related maps of areas of potential significant flood risk for Slovenia⁷⁶. These solutions will encompass both structural and non-structural flood protection measures, with an emphasis on infrastructure representing the backbone of the so-called green infrastructure at Natura 2000 sites. In search of synergies, linkages will be made between the implementation of structural and non-structural measures and measures pursuing the improvement of the hydromorphological status of waters, which will result in improved water status or help prevent the water status from deteriorating. Support will also be given to measures for monitoring water levels and for the establishment of an appropriate flood forecasting system in areas of potential significant flood risk where these still have not been developed. Furthermore, appropriate information-awareness-raising systems will be set up or upgraded in the area of flood risk management and prevention, and material technical means to respond to floods provided.

SETTING UP A SYSTEM FOR CLIMATE CHANGE ADAPTATION

Slovenia has not yet adopted a comprehensive strategy on climate change adaptation (unlike 15 most developed EU Member States). This hampers the planning of sectoral policies and compromises Slovenia's resistance to climate change effects. Therefore, Slovenia will prepare a comprehensive assessment of the risks and opportunities brought by climate change. In doing so, Slovenia will identify the most vulnerable sectors and design synergy measures of adaptation to, prevention and management of, risks and link them with the relevant spatial planning measures. Furthermore, Slovenia is to produce in the coming period an assessment of major natural and other disaster risks, which will be the basis for a national disaster risk assessment.

CLIMATE CHANGE IMPACT AND ADAPTATION OF AGRICULTURE THERETO

Closely and directly interdependent on weather and climate, agriculture is among the most vulnerable sectors affected by extreme weather phenomena. Climate change has both negative and positive effects on agriculture. Experts attribute the positive impact mainly to the increased concentration of carbon dioxide in the atmosphere (greater photosynthesis and hence bigger products) and to the rise in temperature (longer growing period, more opportunities to grow heat-sensitive plants, a shift in vegetation belts), which, however, are potentially accompanied by negative impacts (smaller products and poor quality due to premature ripening, increased damage due to spring frost affecting tender new growth and blossom). Among the negative impacts of climate change, experts warn about the increased frequency and longer duration of spring and summer droughts (smaller products due to increased evapotranspiration and drought stress). The most critical is the increase in potential evapotranspiration in areas that are least irrigated and subject to intensive farming (the southern part of Primorska and north-eastern Slovenia). In these areas, evapotranspiration has increased by more than 15% in the last forty years and in some parts of Primorska by even more than 20%. Extreme weather events cannot be prevented, but we can prepare to face them through agricultural production in different ways: we opt for varieties and activities that are less vulnerable, areas that are less exposed, foster the raising of plants in greenhouses, implement preventive activities (hail nets, crop irrigation and sprinkler irrigation systems), and try other means to avoid damage.

⁷⁶ http://www.mko.gov.si/fileadmin/mko.gov.si/pageuploads/podrocja/voda/karta_obmocij_OPVP.pdf

According to the situation analysis, soil in Slovenia is generally well supplied with organic matter which is primarily a consequence of the use of agricultural land with prevailing grasslands and the fact that a relatively large quantity of manure is used on arable land and permanent crops. Pedological maps show that on 86.2% of agricultural land, the organic matter content is above 2% and on 30.9% of agricultural land above 4%. Nevertheless, some parts of Slovenia require greater attention in terms of preserving and increasing organic matter in soil. The erosion of soil, particularly water and wind erosion, is another phenomenon that occurs locally, depending on relief, vegetation, soil type and climatic characteristics. In Slovenia, the annual loss of soil as a result of erosion stands at approximately 4 tonnes per hectare.

Numerous indigenous and traditional breeds of domestic animals and varieties of agricultural plants that are adapted to specific local environmental conditions have developed in Slovenia. Unfortunately, they have been endangered on account of the intensification of agriculture in recent decades.

Following the objective of delivering the environmental function of agriculture and preserving the cultural landscape, the RDP 2014–2020 measures will target agri-environment-climate payments that promote the target-oriented introduction or further deployment of agricultural practices that contribute to the preservation of natural resources, biodiversity, cultural landscape and its features, as well as to mitigating climate change and adapting agriculture thereto. Special attention will be given to areas that are important for preserving biodiversity (ecologically important areas of specific grassland habitats, grassland habitats of butterflies and litter-raking forests, central areas of the occurrence of extensive humid meadow bird species, most vulnerable grasslands within Natura 2000 sites and the central area of where bears and wolves occur). Furthermore, redirection to organic farming or its implementation, being important for the protection of natural resources, will also receive support. The latter comes as a response to the growing demands of society to use environmentally-friendly farming methods, as well as the growing demand for high-quality products. Improving soil management, and reducing the input of plant protection products and fertilisers are also considered major intervention areas to preserve the quality and productive capacity of soil, and manage erosion. An emphasis will be put on introducing above-standard production technologies.

The promotion of carbon sequestration in agriculture and forestry under the EAFRD will not be implemented separately, as carbon sequestration is achieved through the promotion of sustainable forms of farming in the framework of the AEC measures. The importance of protecting and preserving the original characteristics and the genetic variability of indigenous and traditional breeds of domestic animals and varieties of agricultural plants has been recognised in the context of rural development programmes for the 2004–2006 and 2007–2013 periods. The need to promote the preservation of indigenous breeds of domestic animals, and indigenous and traditional varieties of agricultural plants through the deployment of above-standard farming methods, also in the light of climate change adaptation, as it involves more resilient breeds and varieties, will also receive all the requisite attention in the coming period.

1.1.1.6 Thematic objective 6: Preserving and protecting the environment and promoting resource efficiency

In line with the Water Framework Directive, ensuring high-quality water is paramount. Water must be managed in a sustainable manner, and pollution by organic, nutritional and hazardous substances must be reduced. Losing natural habitats endangers wild animal species and plant varieties, and affects the general quality of the environment. The most threatening factors are ecosystem fragmentation, intensive use of soil and expansion of urban areas. The objectives of nature conservation areas, such as the Natura 2000 sites, may be attained only by suitably considering ecological requirements.

The responsible and sustainable use of resources and preservation of biodiversity are the conditions for ensuring quality living and further economic development.

The selected funding areas will enjoy support under all four EU Funds (CF, ERDF, EAFRD and EMFF) and the funds will be available throughout the whole of Slovenia.

The measures supported under this thematic objective will contribute to the environmental pillar of the Danube region macro-strategy of restoring and maintaining water quality, and preserving biodiversity, landscape and soil and air quality, and to the EUSAIR pillar regarding preserving, protecting and improving the quality of the environment. The RDP 2014–2020 measures under thematic objective 6 also contribute to attaining the EUSDR objectives regarding environmental protection in the Danube region (restoring and maintaining water quality, and preserving biodiversity, landscape and soil and air quality). They further contribute to attaining the EUSAIR objectives regarding preserving, protecting and improving the quality of the environment.

A situation analysis conducted under thematic objective 6 showed that investments needs exist in the following priority areas: to improve water quality and drinking water supply; the sustainable management of water resources; to improve hydromorphological status of waters and environmental status of marine waters; set up a system for Natura 2000 network management, and invest in the rational and prudent use of urban areas and harness their development potentials; promote sustainable development of agriculture and sustainable soil use; promote organic farming and efficient implementation of agri-environmental measures; foster the sustainable development of the fisheries sector; and set up a system of integrated river basin and coastal area management.

According to SORS⁷⁷, the funds intended for investments in environmental protection as a share of regional GDP throughout the 2007–2011 period were higher in the cohesion region of Eastern Slovenia than the Slovenian average. In view of all investments in this region, the share of funds intended for investments in environmental protection was also well above the Slovenian average in this cohesion region in the same period, except in 2008. Regarding the ratio between joint investments in environmental protection, investments in this period were systematically higher in the cohesion region of Eastern Slovenia than in the cohesion region of Western Slovenia.

Past investments of the CF and ERDF funds in environmental infrastructure significantly improved the situation in this field. Nevertheless, the needs in both cohesion regions are still great, especially regarding

⁷⁷

the fulfilment of EU regulations, as Slovenia will have to deal with legal actions for violating the Community *acquis* if it fails to fulfil these regulations.

At the NUTS 3 level, the most funds in environmental protection were invested in 2011 by the Savinjska statistical region (25.9%) and the least by the Spodnjeposavska statistical region (0.3%). In 2012, the most water for households from public water supply was supplied in the Gorenjska region (51 m³ per capita) and the least in Koroška (23 m³ per capita).⁷⁸

INFRASTRUCTURE IN THE WATER SECTOR

Slovenia faces a huge demand for the construction of appropriate infrastructure for the drinking water supply. The equipment rate for water supply network has improved, as the length of the network, and the number of connections and consumers have increased. Nevertheless, two pressing issues persist in certain cases, i.e. the quality of drinking water in supply systems and massive water losses. According to data obtained from regular drinking water monitoring, ensuring microbiological safety is a problem in smaller systems, which is coupled with high concentrations of certain chemical pollutants in drinking water.⁷⁹ Therefore, the construction of the necessary water supply infrastructure (new systems and reconstruction of the existing ones) will be the number one priority in the future programming period, with a view to providing an efficient, good-quality and reliable drinking water supply in areas where public supply systems have not yet been built or are inappropriate; the country will thus provide for the supply of safe drinking water in line with the Drinking Water Directive (98/83/EC). Funds will also be allocated to measures seeking the active protection of water resources and setting up of systems to monitor drinking water quality and passive protection methods.

Despite making extensive investments in the construction of wastewater collection and treatment infrastructure, Slovenia's equipment rates are not meeting the expected targets. In accordance with the Council Directive on urban waste-water treatment (91/271/EEC), Slovenia has to provide an appropriate discharge and treatment system in all agglomerations above 2,000 PE by 31 December 2015 in accordance with Article 3 of the Directive through the connection of the population to the public sewage system, except where the establishment of a sewage system is not justified either because it would produce no environmental benefit or would entail excessive costs. Such cases allow for treatment via individual or other appropriate systems which achieve the same level of environmental protection.⁸⁰ The implementation of infrastructure projects in the 2007–2013 period will help equip almost 50% of agglomerations above 2,000 PE with environmental infrastructure. Other agglomerations and their equipment with environmental infrastructure will be realised in the future within the scope of investments of national importance and with the available funds. The need to develop measures to speed up the construction of infrastructure for wastewater discharge and treatment has also been recognised by the NRP 2013–2014⁸¹. Investments in the 2014–2020 financial perspective will concentrate on the construction of these systems. Special attention will be devoted to projects which imply their readiness to implement and present potential non-implemented project phases if required and appropriate.

QUALITY OF WATERCOURSES

⁷⁹ http://www.ivz.si/Mp.aspx?ni=115&pi=5&_5_Filename=attName.png&_5_MediaId=6910&_5_AutoResize=false&pl=115-5.3

⁸⁰ The Republic of Slovenia has initiated a debate with the European Commission on a special agreement on the extension of the above deadline.

⁸¹ http://www.vlada.si/fileadmin/dokumenti/si/projekti/2013/Vlada_AB/NRP10-05-2013_s_prilogami.pdf

In terms of the quality of watercourses, 59 (38.1%) of surface water bodies in Slovenia do not achieve a good ecological status or good ecological potential, whereas a good chemical status is recorded for almost 95% of surface water bodies. A poor chemical status is observed in 7 water bodies.⁸² The main obstacles hindering the attainment of targets for surface waters by 2015 are enrichment with nutrients and organic substances, the altering of habitats as a result of hydromorphological changes, pollution by other specific pollutants in the Danube river basin and pollution of water bodies of coastal waters with priority substances and certain other pollutants in the water area of the northern Adriatic.

Hydromorphological pressures compromise the achievement of a good water status. Therefore, investments in the next financial perspective will be made in measures to improve the hydromorphological status (restoration of watercourses, including the improvement of passages for aquatic organisms) and will be appropriately combined with measures related to flood protection (especially green infrastructure) that are planned within the framework of thematic objective 5 and measures implemented in the context of activities aimed at improving biodiversity.

Appropriate solutions to enhance the drawing of EU funds (both under the structural funds and in the framework of the programmes LIFE and ETC) will have to be identified to achieve a good water status and good status of the marine environment. In light of the wide variety of potential beneficiaries of these funds, they should be provided with capacity building to be able to apply for funds at calls for proposals, and it is also necessary that strategic documents (e.g. Water Management Plan, Marine Environment Management Plan, Reducing Flood Risk Plan and Programme of Measures of Natura 2000 sites) clearly define priority measures for the next period in order for the invested funds to have the maximum effect.

EFFICIENT RESOURCE MANAGEMENT

Slovenia is witnessing a downward trend in waste generation, mainly on account of a massive reduction in the volume of construction waste and the fact that certain waste types were reclassified as by-products, which is our future objective, particularly in light of the shift to a circular economy. The amount of municipal waste has also declined and the majority of waste is deposited in landfills, although the trend has likewise been falling. The municipal waste recycling rate has been growing, and Slovenia is on the right track to meet the municipal waste recycling targets by 2020 laid down by the Waste Framework Directive.⁸³ The decreasing trend in the reduction of waste generation cannot be attributed to measures seeking the prevention of waste generation, as the programme for waste generation prevention has not yet been drafted and, consequently, the relevant measures pursuing fully the objective of waste generation prevention have not yet been adopted. The systemic reasons accounting for a relatively high percentage of waste disposal comprise, *inter alia*, a low environmental tax on pollution of the environment due to waste disposal, as this does not have a sufficiently dissuasive effect to change certain behaviour patterns⁸⁴. Therefore, suitable changes will need to be adopted in this area. Another challenge for Slovenia will be to increase the share of composting biodegradable waste, since the 2009 data for Slovenia show that the country is well below the EU-27 average (EU-27 over 15%, Slovenia less than 5%)⁸⁵ (Eurostat, 2011). The NRP 2013–2014 recognises the need to develop measures to help the area of waste management become a development opportunity for the creation of green jobs and the transition to a society with closed-loop cycles (NRP 2013–2014)⁸⁶.

⁸² http://kazalci.arso.gov.si/?data=indikator&ind_id=346

⁸³ Municipal waste management in Slovenia, European Environment Agency, February 2013

⁸⁴ In 2010, it amounted to EUR 11/tonne in Slovenia in the NL it was above 100 EUR/tonne; in the UK, it currently stands at around EUR 70/tonne, and the government is planning to increase the tax to around 100 EUR/tonne.

⁸⁵ http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=File:Municipal_waste_treated_in_2009_by_country_and_treatment_category,_sorted_by_percentage,_2011.PNG&filetimestamp=20110708153221

⁸⁶ http://www.vlada.si/fileadmin/dokumenti/si/projekti/2013/Vlada_AB/NRP10-05-2013_s_prilogami.pdf

It is estimated that the investments which have been completed or are ongoing will provide Slovenia with sufficient capacities to process mixed municipal waste and dispose of residual waste. The new financial perspective will see the completion of facilities financed in the 2007–2013 financial perspective under thematic objective 6 only if necessary. Within the scope of thematic objectives 1 and 3, the country will promote eco-innovations, technological upgrading, and the development of new products/services and business models that pursue waste reduction and the enhancement of the competitiveness of enterprises thanks to improved material efficiency, and support the transition to a circular economy.

IMPROVING THE SYSTEM FOR IMPLEMENTING LEGISLATION IN THE WATER AND WASTE SECTORS

Regarding the construction of environmental infrastructure, the implementation of planned projects in general failed to meet the schedule due to poorly or untimely prepared investment documentation and complications related to the execution of public procurement procedures. Time-consuming coordination processes between the municipalities involved either delays in the launch of procedures or result in less comprehensive solutions which are, in turn, less cost-efficient, as they are not complex enough, which creates pressures on the final consumer. Lengthy administrative procedures related to spatial planning, and the acquisition of lands and permits are also huge obstacles. Moreover, the crisis has aggravated the situation, as contractors and beneficiaries in the area of environmental infrastructure construction are facing liquidity issues and, particularly in the construction sector, many contractors have gone bankrupt. The Managing Authority has already launched certain measures to accelerate the drawing of EU funds in this financial perspective; however, in the next financial perspective, these measures will have to be further upgraded and new system-wide solutions designed (especially in the execution of public procurement procedures, spatial planning, land acquisition and issue of relevant permits). In terms of environmental infrastructure construction, efforts will be made in the new financial perspective to allow for awarding refundable funds for infrastructure construction and monitoring of average costs per unit, which will enhance cost-efficiency.

Support will be given to projects for a comparative evaluation of the performance of providers of public utility services, the improvement/upgrade of certain databases, or for improved interoperability of existing IT systems in the area of implementing the Directive on urban wastewater treatment, and water management.

URBAN RENEWAL

Cities are essential to the successful implementation of the Europe 2020 Strategy and will shape the future economic, social and spatial development of the Union, but only if they can constantly adapt to new challenges (climate, demographic, environmental, global, etc.), successfully connect with their hinterland, and impose control of the use and quality of public space and building stock. The development opportunities offered by cities clash against the pressing issues, as they struggle with a high carbon footprint, which is primarily created by traffic and buildings (each of which contributes at least 40%).

The sprawl of settlements into new areas places a burden on the environment due to soil sealing, while brownfield sites in urban areas remain undeveloped. As a result of the abandonment of activities, including industrial, Slovenia has recorded 979 hectares of brownfield sites larger than 1 hectare (Faculty of Arts et al., 2012).⁸⁷

The number of different types of brownfield sites is probably even higher, but these are not properly registered. The complex nature of the issue of urban centre development will require an integrated approach through urban development projects targeting efficient spatial use, raising the quality of the environment and security of life in cities, reducing the carbon footprint (energy renovation, sustainable mobility), and social inclusion. In brownfield urban sites, measures in the areas of Ljubljana, Maribor and Celje will receive priority support if the towns select measures in their sustainable urban strategies as urban projects related to urban renovation.

Another pressing problem of Slovenian urban areas is poor air quality, as all urban centres in Slovenia, with the exception of Primorska, are exposed to excessive air pollution, particularly by PM₁₀. Slovenia has made progress in the last year in designing policies and measures to reduce air pollution. Monitoring the

⁸⁷ http://geo.ff.uni-lj.si/sites/default/files/do_slovenija_nacionalna_8_5.ppt.pdf

implementation of air quality plans in seven most problematic areas and preparing bases for the revision require a comprehensive analysis of emissions and their impact on air quality, which is why new air quality assessment techniques and techniques for reporting the effects of implementing measures to improve the situation will be rolled out gradually, which complies with Directive 2008/50/EC on ambient air quality and cleaner air for Europe. Hand in hand with the urban renewal measures, measures for sustainable mobility, efficient energy use and support for renewable energy sources (thematic objective 4) will contribute to improving air quality in the seven most problematic areas, as well as in other areas where they will be implemented.

BIODIVERSITY

Slovenia is characterised by extremely diverse and relatively well-preserved nature; especially characteristic are forests, underground and aquatic ecosystems, wetlands, sea, alpine and mountain areas, dry grasslands and others. A favourable conservation status of habitat types in Slovenia applies to nearly half of the habitat types, but over 60% of species do not reach a favourable conservation status. Slovenia has included 37.9% of its territory in the Natura 2000 network. Around 70% of the network is covered by forest. The remaining non-forest areas within Natura 2000 comprise agricultural land (20%), the most important being extensive meadows. Despite a variety of protection arrangements and considerable improvements in some areas (Natura 2000, protected areas, introduction of agri-environmental payments, protection measures in forests, planning in the field of freshwater fishing), the conservation status of many habitats and species has deteriorated in a relatively short period of time in Slovenia. This was mainly the result of increasing pressures on biodiversity, mainly due to the expansion of settled areas, the construction of industrial areas and traffic routes, intensification of interesting agricultural land in flat areas, and abandonment of land use in high and remote areas, which is corroborated by the monitoring of populations of farmland birds, which is an important indicator of biodiversity. The surface covered by agri-environmental measures is still too small, and coupled with the trend in the intensification of agriculture cannot provide for the preservation of habitats and species⁸⁸.

According to SORS⁸⁹, 30% of foreign tourists are attracted to Slovenia by the preserved landscape, which is a precondition for safeguarding jobs in the protected areas as well as maintaining the share of tourism services exports, values and ecosystem services, which also represents a great opportunity for Slovenia's development.

Therefore, the next financial perspective will see support for completing the establishment of a system for managing the Natura 2000 sites. Investments will focus on maintaining a favourable status of species and habitat types of Community interest. Where appropriate, synergies will be sought (natural and cultural heritage) for managing tourist visits to Natura 2000 sites and protected areas with a view to increasing their attraction as tourist destinations, and simultaneously reducing the negative impacts of tourism on biodiversity in these areas. Accommodation capacities for tourists will not be supported. In order for activities not to have a major effect on Natura 2000 sites or areas affecting these sites, a statement by the ministry responsible for monitoring the status of Natura 2000 sites will have to be obtained. In terms of access to refundable finance for SMEs, programmes/projects (TO 3) that take into account the specific requirements of the Natura 2000 sites are envisaged to receive support. In synergy with the implementation of flood protection measures and measures targeting the improved hydromorphological status of waters, support at Natura 2000 sites will also be given to the construction of green infrastructure,

⁸⁸ Analysis of meeting the targets of the Strategy for biodiversity preservation in Slovenia, Jana Kus Veenvliet, 2012

⁸⁹ Foreign holiday tourists according to the month of the survey, type of building, type of municipality, country of residence and the motives for holidaying in Slovenia, Slovenia, 2012, http://www.stat.si/tema_ekonomsko_turizem_anketa_2012.asp
http://ec.europa.eu/public_opinion/flash/fl_328_en.pdf

and only exceptionally for the purchase of important nature conservation properties, with the objective of preserving and restoring ecosystems that provide key ecosystem services. The measures indicated in the priority action framework for the Natura 2000 sites (PAF⁹⁰) will be defined in more detail in the Operational Programme for Natura 2000 site management for the 2014–2020 period. The relevant measures will receive co-financing under the ERDF. The aforementioned measures will, *inter alia*, contribute to the objective of the EU Biodiversity Strategy.

Slovenia should also find a way to enhance the drawing of EU funds under the LIFE+ programme for the purpose of preserving biodiversity⁹¹.

SUSTAINABLE AGRICULTURE

Agriculture, including related sectors, directly depends on the availability and quality of natural resources, and due to its activities, has direct reverse effects on the conservation status of natural resources. At the same time, this sector is a major polluter of soil and water with nitrates, pesticides and their breakdown products. Due to relatively unfavourable natural conditions in Slovenia, less intensive agriculture predominates. However, excessive inputs of nutrients and plant protection products (PPP) in flat areas with intensive agriculture endangers natural resources, particularly the quality of groundwater.

Groundwater bodies in the central and north-eastern parts of Slovenia are the most polluted. Even certain surface waters in these parts of Slovenia do not have a good environmental status. Despite the fact that the quality of groundwater is improving, it is necessary to provide a further reduction in inputs of plant protection products and nitrates by promoting environmentally-friendly farming practices (particularly organic farming). Improving soil management and reducing the input of plant protection products and fertilisers is therefore considered to be a major intervention area in the 2014–2020 period. This is particularly important in areas where the monitoring of water quality reveals poor chemical and ecological status of waters and/or areas that are subject to special statutory management regimes (e.g. water protection areas). Thus, improving soil management and reducing the intake of plant protection products and fertilisers are among the most important areas of action.

The possibilities for reducing greenhouse gas emissions from agriculture in the area of plant production are mostly evident in the use of energy efficient technologies, effective nitrogen management (this is also relevant for reducing ammonium emissions), which includes the type and quantity as well as time and manner of applying fertilisers, optimising fertilisation on the basis of soil analysis, fertilisation planning, the manner of tillage (e.g. conservation tillage), selection of crop rotation with a sufficient share of legumes (which enable the uptake of organic substances from the soil and binds nitrogen from the air) and soil greening. The latter measures, which are connected to methods manner of cultivation which increase organic matter in soil, also have positive effects on the storing or binding of carbon in soil. In cattle farming, the reduction of greenhouse gas and ammonium emissions can be achieved with more appropriate manure management and improving breeding technology, reducing the intensity of breeding, pasturing, improving fodder meals, more appropriate storage of manure, acquiring bio-gas, etc. Increasing the efficient use of energy on agricultural holdings also positively affects the reduction of emissions. The qualifications of farmers, accessibility of specialised advisory services and more efficient transfer of knowledge and innovation into practice should be stimulated at the same time.

The development of irrigation is a strategically important issue for Slovenia. In a situation where agriculture increasingly faces long periods of drought, the use of appropriate agro-technical methods of tillage and irrigation in key stages of growth can effectively increase the quantity and quality of the products and

⁹⁰ Priority Action Framework for Slovenia for the 2014–2020 financial period; <http://www.natura2000.gov.si/index.php?id=312>

⁹¹ Ibid.

thereby contribute to reducing the dependence of agricultural production on natural conditions and also secure income stability. As irrigation is associated with certain environmental hazards relating to the over-use of water resources, increased erosion of soil, pollution of water with nitrates and pesticides, mineralisation of soil and other hazards, it is important that we use more advanced and rational irrigation technologies and irrigate to an extent that does not endanger the available water resources or promote the use of water reservoirs.

Following the objective of ensuring the environmental function of agriculture and preserving cultural landscapes, it is necessary to encourage through agri-environment-climate measures the target-oriented introduction or further deployment of agricultural practices that are compatible with protecting and improving the environment, the landscape and its features, and natural resources, and the payment for converting to organic farming or its implementation that will encourage farmers to participate in such schemes. This will provide a response to the growing demand for the use of environmentally-friendly farming practices, as well as the demand for high-quality products. Agricultural practices within the framework of the AEC measures have favourable effects on the environment, and are reflected in the conservation of biodiversity and genetic resources, appropriate water and soil management, and adaptation of agriculture to climate change. The measure of agri-environment-climate payments with diversification and multifunctional land use based on preserving ecosystems also contributes to the development of green infrastructure. The measure also fosters the conservation of landscape elements (hedges, high-trunk meadow orchards, etc.), which are important for connectivity and as green corridors. Within these payments, a special scheme will be established which will be intended to reduce the impacts of agriculture on water, and within which incentives will be intended to reduce or stop the use of fertilisers and plant protection products, and for suitable cultivation which prevents the leaching of nitrates and plant protection products into soil and water, etc.

Slovenia is specific in the fact that less favoured areas for agricultural activity (LFA) cover 86.3% of the whole country, of which 72.3% are hill and mountain areas. These are classified into three different areas, i.e.:

- hill and mountain areas characterised by steep slopes and high altitudes,
- areas facing specific constraints, such as areas of frequent flooding, strong winds, the area of the Ljubljana Marshes and Karst with its special characteristics, and areas of erosion-prone hills in central and eastern Slovenia,
- other areas with constraints, which include Bela Krajina and Suha Krajina, with typical karst phenomena, such as limestone terrain, different soil depths, diverse micro-relief, sinkholes and other karst features; these areas are also the subject of LFA reform in the EU.

Despite having a lower productive capacity, farming in these areas plays a very important role in maintaining and promoting sustainable farming systems, preventing the depopulation of rural areas, conserving the cultural landscape and ecological balance as well as the sustainable use of agricultural land. The compensation payment is necessary due to additional costs incurred and the loss of income from farming, and will contribute to improving the competitive position of agricultural holdings. The payment will also promote further use of agricultural land and the conservation of the cultural landscape, and contribute to preventing overgrowth, which is one of the reasons for the loss of biodiversity.

FOREST DAMAGE PREVENTION AND MANAGEMENT

In Slovenia, glaze ice of medium intensity occurs every few years, while glaze ice of great intensity causing considerable economic damage occurs approximately every 50 years. The occurrence of glaze ice is typical of south-western Slovenia. It is most widespread in higher altitudes of the Karst and its outskirts, either on the mainland or in littoral areas. It also emerges in basins where cold air persists. It is most pronounced at altitudes from 400 to 1,000 meters. Glaze ice causes greatest damage to trees, and electrical and telephone

installations. Damage due to glaze ice is more common in deciduous trees due to the large surface of their branches to which ice sticks. Among the coniferous trees, red pine is most commonly damaged due to its fragile branches. As of February 2014, glaze ice has been treated as a natural disaster in Slovenia.

In recent decades, severe glaze ice disasters occurred in Slovenia in the following periods:

- in November 1980 in Brkini, when the ice was up to seven centimetres thick and approximately 674,000 m³ of wood was harvested as a result;
- in November 1985, glaze ice damaged forests in the forest management area of Kranj covering a surface of 21,000 hectares;
- at the end of 1995 and in the first days of 1996, glaze ice and snow damaged as many as 8% of Slovenian forests; the forest management areas of Ljubljana, Kranj, Celje, Nazarje and Maribor were most severely damaged;
- in the winter of 1996-1997, glaze ice and snow damaged almost 900,000 m³ of the wood mass, accounting for slightly less than 8% of Slovenian forests (approximately 82,000 ha). The forests in Gorenjska were worst affected;
- in February 2009;
- in January 2010, the thickest glaze ice occurred in Brkini at an altitude of above 600 meters;
- at the end of January and beginning of February 2014, glaze ice hit the whole of Slovenia with the exception of Prekmurje and Primorska.

To restore the environmental and other functions of forests, the measure intended to eliminate damage in forests, which will include tree planting and nursing, will be carried out in forests in this area.

SUSTAINABLE DEVELOPMENT OF THE FISHERIES SECTOR

The fisheries sector depends heavily on natural resources. Commercial sea fishing is limited due to numerous factors and various interests regarding sea use. The fishing techniques of the Slovenian fishing fleet chiefly comprise passive fishing tools, and some towing tools and purse seines. On average, vessels in the Slovenian fishing fleet are very old (34 years). Most vessels are up to 12 metres long and intended for small-scale coastal fishing. The fisheries resources of Slovenian commercial fishermen are mostly migratory and shared. This is why it is sensible to implement management measures regarding the state of the marine environment at the regional level. Knowledge of the exploitation of fisheries resources and sea management methods is dispersed and there is insufficient exchange of this knowledge between individual users. Experience from the 2007–2013 perspective show that knowledge of the use and state of the sea and the catch, the use of other natural resources (inland water, space), protected species, environmentally-friendly fishing practices, management of the marine environment and space, protected areas (e.g. Natura 2000), and environmentally-friendly practices in aquaculture tend to remain underutilised and that Slovenia will have to make considerably more effort to improve the database and its use under the implementation of measures. Thus far, commercial sea fishing has received insufficient investment in the acquisition and sharing of new knowledge, especially as regards sea use, the state of the marine environment in relation to the fisheries sector and fisheries resources, and the method of scientific data processing. The science and research sector does not pay sufficient attention to this knowledge, especially in terms of knowledge transfer to the sector. Slovenian environmentalists' knowledge of aquaculture practices in other EU countries is weak, which often leads to poor management decisions. The situation could be improved by a transfer of knowledge and best practices on the one hand, and training on the other, particularly to ensure implementation of the reformed Common Fisheries Policy.

To achieve sustainable development in the fisheries sector, environmental awareness among fishermen on the significance of preserving the marine environment and active participation of fishermen in the implementation of measures to preserve the marine ecosystem (e.g. waste collection, campaigns on sustainable fishing, training in the use of low impact techniques, etc.) will be promoted. The active

participation of fishermen in data collection on species and habitat types in the sea, including in protected areas (e.g. NATURA sites), and their participation in the preparation of measures to preserve the marine ecosystem is of key importance. Experiences from the 2007–2013 financial perspective show that knowledge of the use of water and environmentally-friendly aquaculture practices remains underutilised and that Slovenia will have to make considerably more effort to implement measures, such as promoting environmentally-friendly aquaculture and organic fish breeding. To preserve the landscape and mitigate climate change, it is equally important to preserve ponds with freshwater aquaculture, as this ensures hydrological balance.

The contribution to the implementation of the reformed Common Fisheries Policy in the 2014–2020 financial perspective is expected to be made through the acquisition of new knowledge, and of additional information about the sea and stock, exchange of best practices, training and cooperation with the science and research sphere, activities for the protection and restoration of biodiversity and ecosystems in the framework of sustainable fishing activities, improvement in low impact fishing techniques which promote the sustainable use of marine biological resources, such as the attainment of a maximum sustainable yield and gradual reduction of fish discards and other activities. The sector should witness enhanced cooperation between fishermen and scientists who collect data on marine resources at the first level in order to improve data and knowledge of the sea, and thus management decisions: allow scientists to board vessels and participate in data collection. In the context of accompanying measures under the Common Fisheries Policy in the next 2014–2020 financial perspective, we expect to improve data collection in terms of better cooperation with the industry and, if possible, overlapping of existing databases, upgrading the information system and ensuring the continued proper and enhanced implementation of the control system of the Common Fisheries Policy. When it comes to improving data and knowledge, we could plan the use of these data to improve processes within the private sector. In order to achieve a good status of the marine environment, it is sensible to support the upgrading of knowledge about the marine environment (collection and monitoring of data on the state of the sea, as defined by the Marine Strategy Framework Directive) which will constitute the basis for the design and implementation of effective measures to improve the state of the marine environment in the context of maritime spatial planning and integrated coastal zone management.

INTEGRATED MARITIME POLICY

Slovenia has ratified the Protocol on the Integrated Management of Coastal Zones of the Mediterranean (ICZM) and has commenced its implementation. Slovenia also participates in the preparation of the Maritime Spatial Planning Directive (MSP). Following the adoption of this Directive, Slovenia will prepare a maritime spatial plan coordinated with specified activities at sea in connection with the coastal area and identify effective measures for the sustainable management of marine and coastal areas, including through the development of new biotechnologies. In the first instance, the country has to prepare a joint development strategy for the sea, primarily with a view to achieving better overall effects on blue growth by taking into account environmental protection considerations, in particular the prevention of accidents at sea, the introduction of alien species and spills of pollutants into the sea. In an integrated manner and in accordance with the draft MSP Directive and ICZM Protocol, the joint development strategy at sea will include transport, energy, agriculture/fisheries/mariculture, protection of the environment, nature and underwater cultural heritage, the use of the sea for defence, science and business/tourism, and urban development. The contents of this thematic objective are directly related to Chapter 3.1.4, which describes in detail the cooperation between the funds and their connection to the macro-regional and sea basin strategies.

1.1.1.7 Thematic objective 7: Promoting sustainable transport and removing bottlenecks in key network infrastructures

Considering Slovenia's geostrategic position, transport is an essential factor boosting economic development. The efficient functioning of the internal market and Slovenia's recognition in global markets demand a high-quality and efficient transport system. Slovenia follows the requirements of the European transport policy in the establishment of the trans-European network, and devotes special attention to the development of the core network. In addition, it provides for the establishment of suitable transport infrastructures and connections at the regional level, which are a condition for the balanced development and accessibility of individual regions.

Co-financing of the selected investments under the respective thematic objective will be provided under the Cohesion Fund (CF) and the ERDF. Funds for the development of transport infrastructure are primarily intended for modernising the core railway network and removal of bottlenecks in maritime and road infrastructures. In terms of territory, the CF and ERDF funds for road infrastructure will be aimed at eliminating unsuitable connections in the least developed areas in the cohesion region of Eastern Slovenia. Certain projects will see financing in the form of EIB loans and under the Connecting Europe Facility (CEF).

Projects supported under this thematic objective will contribute to attaining the objectives of the EUSDR priority area 'to improve mobility and multimodality – road, rail and air links'.

A situation analysis under TO 7 revealed the following key needs: construct the missing rail infrastructure, and upgrade and modernise obsolete rail infrastructure; provide and improve interoperability (deployment of advanced technologies in the rail system); increase the level of electrified lines in the rail network; construct the missing sections and modernise the TEN-T network; remove bottlenecks between the Mediterranean and Adriatic-Ionian transport corridor (extend port infrastructure and enhance links between the international port in Koper and the existing rail network, and improve the quality of national and regional roads – improved connectivity and safety).

STRATEGIC PLANNING OF THE TRANSPORT INFRASTRUCTURE DEVELOPMENT

In recent years, the development of transport infrastructure in Slovenia has been aimed especially at improving the motorway network, while other types of infrastructure fell behind on development. Lack of national investments and interest among national and foreign private investors resulted in a lag that is particularly evident in rail infrastructure. The 2007–2013 financial perspective saw Slovenia launch the first projects targeting the modernisation of the rail network under the Cohesion Fund, the completion of most motorway connections on the TEN-T network, removal of bottlenecks and road infrastructure hotspots, further improvements to port infrastructure (deepening of navigation channels), as well as projects targeting the enhancement of sustainable mobility through public passenger transport and intermodal centres.

Investments in the 2007–2013 period intended to deepen the seabed in the port in Koper significantly contributed to improving the competitiveness of port and logistics activities at the national level. Investments in airport and maritime infrastructure were equally distributed in both cohesion regions, i.e. an investment in airport infrastructure was made in Eastern Slovenia and an investment in maritime infrastructure in Western Slovenia. Investments in motorways and rail infrastructure prevail in Eastern Slovenia, while Western Slovenia receives more investments in the construction and reconstruction of state roads and pertaining infrastructure and roundabouts, and investments in noise barriers on motorway sections. In terms of regional road transport infrastructure, more investments were made in the cohesion

region of Eastern Slovenia but, considering the need to arrange connections, these investments were not nearly sufficient.

Investments in transport infrastructure provide that measures and projects fulfil the requirements pertaining to planning and sustainability set out by environmental legislation. These investments also contribute to the Europe 2020 Strategy target on reducing greenhouse gas emissions from traffic (60% by 2050 at the EU level).

We have to be aware that the needs of both cohesion regions exceed the funds available under the cohesion policy for the construction and upgrading of transport infrastructure. Therefore, other available resources (e.g. EIB loans) will have to be included to attain the objectives. Despite the density of the public road network being higher in the cohesion region of Eastern Slovenia than in the cohesion region of Western Slovenia (Eastern: 2.1; Western: 1.7)⁹², Western Slovenia must also receive investments for this part of road infrastructure; however, lack of funds will make it impossible to do this under the ERDF funds. The cohesion region of Western Slovenia also shows a great need for the upgrading and construction of rail connections and traffic hubs on the section towards south-west Slovenia, and, consequently, the competitiveness of the entire Slovenian economy.

Committed to adopting a strategic approach to addressing transport infrastructure issues, Slovenia is developing a Resolution on the National Programme on the Development of Transport and Public Transport Infrastructure that will define key bottlenecks based on a complex transport model and list development projects and measures by 2020 or 2030, respectively. This transport model will contain solution options based on a cost-benefit analysis, present and future traffic flows, environmental aspects, social acceptability, economic viability, and economic assessment. The selection of priority measures and projects will depend on the results of the transport model and the eligibility of investments from the aspect of a comprehensive environmental impact assessment. The preparation of the National Programme on the Development of Transport and Public Transport Infrastructure is taking place along with the preparation of the Partnership Agreement, and the draft programme will form the basis for identifying key measures and projects in the OP.

The OP will include projects approved in the National Programme on the Development of Transport and Public Transport Infrastructure, which will ensure improved supply for the economy, mobility of the population and the realisation of measures aimed at greater traffic safety, efficient use of energy and reduction of environmental burdens from transport.

Prior to the approval of the National Programme on the Development of Transport and Public Transport Infrastructure and final selection of measures, sufficient qualified staff are believed to be available and key tasks to ensure suitable administrative qualifications to implement procedures under the Cohesion Policy 2014–2020 are recognised to be the transfer of experience and structure of employees to the new programming period, and the strengthening of the administrative capacity of authorities involved in implementing EU Cohesion Policy and the beneficiaries of these funds by educating, training and transferring knowledge among employees.

To strengthen the administrative capacity of authorities, technical assistance funds will be available under the Cohesion Fund.

⁹²http://pxweb.stat.si/pxweb/Dialog/varval.asp?ma=2221104s&ti=&path=../Database/Ekonomsko/22_transport/01_22211_transport_panoge/&lang=2

The fields of transport policy proposed by Slovenia for implementation with Cohesion Policy funds in the context of TO 7 during the 2014–2020 period are the same as in the current 2007–2013 financial perspective. However, the number of major measures and funds available for them has been reduced. Given this fact and considering the experience and problems in the 2007–2013 period, a suitable administrative capacity for authorities that will be included in implementation procedures of the EU Cohesion Policy 2014–2020 is planned. Special attention will be paid to fields and procedures during the implementation of major infrastructure projects, which caused delays in the 2007–2013 programming period.

For example, knowledge of public procurement was transferred from individual services of the ministry responsible for transport to a special service, which proved to be a very successful model of implementing major infrastructure projects in the last years of the 2007–2013 financial perspective. Collecting knowledge of public procurement in one place through the establishment of the Public Procurement Service facilitates major improvements in the preparation and management of public procurements related to transport.

A system for training staff and control of project implementation was established at a special department of the ministry responsible for transport. In addition to the important task of coordinating procedures, two of the main tasks of this department are to monitor and establish potential deviations of the implementation of measures from the anticipated timetable. If major deviations are detected, proposals are prepared to speed up project implementation or replace projects that have poor implementation dynamics with projects carried out uninterruptedly and in compliance with the plans.

QUALITY OF TRANSPORT INFRASTRUCTURE

According to the Global Competitiveness Index (World Economic Forum, 2012–2013), Slovenia's quality of infrastructure ranks the country 35th among 144 countries and 15th among the EU27. In general, Slovenia's quality of infrastructure ranks 30th, quality of roads 38th, quality of rail infrastructure 54th, quality of port infrastructure 33rd, quality of air transport infrastructure 72nd, and puts the country in 129th place according to the number of available airline seats and distance travelled. The reduction of external transport costs owing to better traffic flow capacity (removal of identified bottlenecks), roll-out of modern technologies for traffic management and provision of safety in traffic will be key to paving the way to developing the transport sector in Slovenia.

Slovenia's efforts in the 2014–2020 financial period will concern the unfinished modernisation and implementation of multimodality principles. The outstanding development gaps in rail infrastructure should be tackled as a priority. Investments in integrated measures seeking the safety of passengers and goods in all fields of transport will be made available. Only a modern transport network that lives up to the TEN-T standards allows for the reduction of external costs, and provides improved passenger safety and the safety of other individuals actively involved in transport, as well as the efficiency and safety of goods transportation. In the future, special attention will also be given to safety in road transport, which records the highest percentage of traffic accidents and associated consequences. The situation in this field has seen progress; however, road infrastructure should provide better conditions for the safety and protection of road and vehicles users.

Slovenia is well aware of the macroeconomic importance of transport and therefore pursues transport policy orientations that comprise the modernisation and internationalisation of transport while raising the quality, regional and global competitiveness of services in passenger and freight transport in Slovenia's transport network. Its investment in the TENT-T trans-European transport network will support the development of a single multimodal European transport network that connects the rail network, the sea lanes and the international port, and international airports and road network to become an efficient transport system.

The country has suitable features for the development of a transport logistics branch. Hence, it should remove various constraints and create conditions for unhindered supply for the economy, including by developing transport logistics, intermodality and transport infrastructure. The shift of freight from road to rail, optimisation of transportation and creation of added value in transport logistics require the construction of intermodal transport infrastructure. Last miles links to the TEN-T network and the funding of projects under the CEF are envisaged to this end.

IMPROVING THE COMPETITIVENESS OF RAIL INFRASTRUCTURE

The poor condition of rail infrastructure is reflected in bottlenecks, single-track lines, insufficient axle loads, insufficient length of station tracks, non-electrified lines, low speeds and an increasing number of infrastructure constraints as well as the underdeveloped logistics infrastructure. This results in poor competitiveness and quality of transport services, high operating costs and immense environmental pressures. The National Programme of the Slovenian Railway Infrastructure Development was realised only to a smaller extent, given that investments in the completion of the motorway network were favoured. The total length of the rail network is 1,200 kilometres, of which 50% are mainlines, whereas about 42% of the lines are electrified. The railway network density in Slovenia (61 km of railway lines/1,000 m²) stands at a comparable level to the EU-27 average (57 km of railway lines/1,000 m²) (AVARIS, 2013). The configuration of railway lines is outdated and no longer meets modern rail transport demands.

Slovenia's investments in rail infrastructure development will pave the way to aligning the rail system with European standards and interoperability conditions (in accordance with Directive 2008/57/EC on interoperability) and will provide for compliance with TEN-T standards, which includes the rehabilitation of the network and standardisation under the European Rail Traffic Management System (ERTMS) as well as the roll-out of the digital radio system (GSM-R). Hence, investments in the rail system support development priorities set out in the macroregional strategy for the Danube Region remove bottlenecks in the TEN-T network, improve cross-border connections, increase throughput/performance on existing lines and act as a condition for the implementation of the necessary measures to enhance the safety and competitiveness of rail transport, and facilitate the shift of traffic from overburdened road networks to railways, which all leads to reducing negative environmental impacts caused by traffic.

Focus in the area of rail infrastructure development will be on the core TEN-T network. Preparations for the investment cycle in the core TEN-T network in the Mediterranean and Baltic-Adriatic corridor will also be underway.

ROAD INFRASTRUCTURE

Thanks to its extensive investments in motorways, Slovenia's density of motorways is almost twice (30 km/1,000 m² in 2009) the EU-27 average (15.7 km/1,000 m² in 2008) (AVARIS, 2013). The Slovenian motorway system has been nearly completed with the help of generous investments in the current financial perspective, but the missing sections of the TEN-T network represent bottlenecks which will require additional investments in measures that will, *inter alia*, improve cross-border transport connections with neighbouring countries (Croatia, Hungary, Italy and Austria) and, consequently, reduce the time required to cross the border. Slovenia is a transit country and 38% of tonne-kilometres are a result of transit transport. As for the rest of road haulage, the second quarter of 2012 recorded 11% of tonne-kilometres covered by inland transport, 27% in exports and 23% in imports.

With a view to strengthening regional development potential and safeguarding jobs, the country seeks to improve accessibility to the existing TEN-T network and the quality of life, as well as sustain the development of the economy in all regions of Slovenia by carrying on projects of road transport infrastructure on the so-called development axes. The latter represent secondary transverse connections

and establishes links between centres of national significance, as well as providing appropriate accessibility and connectivity. They also ensure transport connections with centres of international significance in neighbouring countries and foreign influence areas. Investments in road infrastructure will primarily focus on the cohesion region of Eastern Slovenia.

MARITIME INFRASTRUCTURE

The main measures in the field of maritime infrastructure will focus on the development of the international port in Koper as an important port in the core TEN-T network. Considering its extremely favourable geostrategic position in terms of supplying markets of the Central and Eastern Europe, the Port of Koper is one of the most important ports, particularly in the intercontinental trade between European markets and emerging markets in the Near and Far East via the Suez Canal. Investing in the development of an appropriate port infrastructure is an essential building block in establishing the pan-European multimodal network in which the Mediterranean and Baltic corridor is connected with the sea lanes in the Adriatic-Ionian corridor. In order to increase the competitiveness of maritime transport, Slovenia needs to work on developing the international port in Koper, upgrading it and modernising its rail connections with the TEN-T network. The country envisages EU support under the CF to ensure safe conditions for navigation in waterways intended for international navigation in territorial waters and the internal waterways of the Republic of Slovenia, with the country undertaking maintenance activities on navigable waterways outside the port areas and deepening them. The concessionaire providing all funds for investments in the development of port infrastructure in the area of the Port of Koper intends to compete for funds under the Connecting Europe Facility (CEF) or other EU funds which are granted on the basis of annual or multi-annual tenders. All investments will be implemented in compliance with Slovenian and EU legislation on the protection of the environment and waters.

1.1.1.8 Thematic objective 8: Promoting sustainable and quality employment and supporting labour mobility

Table 3: Slovenia’s contribution to meeting the Europe 2020 Strategy targets – TO 8

Europe 2020 smart growth target	Current situation in Slovenia	National 2020 target in the NRP
75% of the population aged 20–64 should be employed	67.2% (2013)	75%

Young and older people, less-skilled individuals and the long-term unemployed hold the key to higher employment and lower unemployment figures according to the European Commission’s document Position of the Commission Services on the development of the Partnership Agreement and programmes in Slovenia for the period 2014–2020.⁹³ Taking into account the relevant Country Specific Recommendation for Slovenia,⁹⁴ the expected results under the thematic objective considered will particularly include efficient and tailored participation of the aforementioned target groups in labour market measures⁹⁵ and the provision of efficient labour market services that stimulate employment (rates), also on account of an improved assessment of labour market needs and the strengthening of suitable institutions in addressing the aforementioned target groups, including young people who are neither employed nor undergoing education. The activation of the said key target groups and elimination of structural unemployment and labour market segmentation may spur the achievement of the Europe 2020 employment target, which is 75%. Diversification of activities in the agricultural and fisheries sector, and promotion of aquaculture may contribute to higher employment rate.

Thematic objective 8 will be supplemented especially by thematic objectives 9 and 10. Thematic objective 8 will support measures aimed at resolving structural unemployment with more efficient programmes and services in the labour market. Measures under thematic objective 9 will supplement measures under thematic objective 8 particularly by being oriented towards the recognition and monitoring of those population groups which are outside the labour market on their way to employment (active integration of individuals, and linking of social security services and programmes with labour market services and programmes) on the one hand, and by deinstitutionalising and promoting social entrepreneurship to create jobs on the other. Thematic objectives 8 and 9 will promote measures for active and healthy ageing; measures under thematic objective 8 will be focused on combating discrimination of older workers in their access to the labour market and at work, and on supporting longer and healthier years in their working life (including measures for coordinating family, professional and private life, and eliminating stress and burnout at work), while measures under thematic objective 9 will be aimed at shifting from institutional to community forms of long-term care services in order to improve the position of older people in society, and at promoting active and healthy lifestyle. Thematic objective 10 will provide a more qualified labour force by recognising and encouraging the acquisition of competences required by the labour market.

⁹³ The Position Paper for the labour market area establishes that the employment rate for older and young workers, and less-educated individuals is below the EU average. Slovenia should in the future place its attention on the activities supporting the inclusion of young and older workers, long term unemployed and less-educated in the labour market. Two groups should especially be underlined in this respect: young people entering the labour market for the first time and older workers above the age of 55. The document further notes poor participation of older workers in active labour market policy measures.

⁹⁴ Country Specific Recommendation no. 3 on Slovenia’s 2014 national reform programme and delivering a Council opinion on Slovenia’s 2014 stability programme indicates *inter alia* that Slovenia should: “Prioritise outreach to non-registered young people ensuring adequate public employment services capacities. To increase employment of low-skilled and older workers, adapt the working environment to longer working life and focus resources on tailor made active labour market policy measures, while improving their effectiveness. Address skills mismatches by improving the attractiveness of vocational education and training and by further developing cooperation with the relevant stakeholders in assessing labour market needs.” Source: http://ec.europa.eu/europe2020/pdf/csr2014/csr2014_slovenia_sl.pdf.

⁹⁵ Measured in the unemployed individuals getting a job upon completion of measures.

Investments under thematic objective 8 will be supported by the ESF, the EAFRD and the EMFF. In terms of territory, the funds under the three funds will be available for the whole of Slovenia or where needs prove to be the greatest. More funds will be allocated to the cohesion region of Eastern Slovenia or to its areas with higher unemployment rate.

At the NUTS 3 level, the rate of registered unemployment in 2012 was the highest in the Pomurska statistical region for both genders, i.e. 19.4% for women (followed by 15.6% in Koroška, and 15.4% in Podravska and Spodnjeposavska each), and 15.7% for men, while the lowest unemployment rate was registered in Gorenjska (8.9%) and Central Slovenia (10.1%).⁹⁶

A situation analysis under TO 8 revealed the following key needs: reduce the number of unemployed, especially young people and long-term unemployed; promote the employment of older persons, including through the adaptation of workplaces and active ageing measures; ensure the efficient functioning of the labour market (quality measures and services); improve matching of labour market demand and supply; promote diversification, and the creation and development of small enterprises and consequent creation of jobs in agriculture; create business opportunities, and promote diversification and active cooperation within and outside the fisheries sector.

ACCESS TO EMPLOYMENT

The aforementioned conditions and structural imbalances characterise the Slovenian labour market. The employment rate of older persons places Slovenia among the worst achievers in the EU, long-term unemployment is rising and unemployment among less-educated people remains persistently high. Therefore, these groups will be included in tailored measures.

The employment rate of older persons in 2012 stood at 31.9% (men 40.7%, women 25%), (EU-27 48.9% in 2011). Demographic trends and the situation in the labour market demand a rapid response in the form of adaptation of workplaces and reactivation of older people in the labour market. On average, older unemployed people face greater difficulties finding employment compared with young unemployed people. Due to a number of stereotypes (lower productivity, lack of flexibility, unwillingness to undergo education or training, increased absenteeism, strong protection by labour legislation) which may or may not be justified, employers prefer not to employ them, which leads older unemployed people into long-term unemployment. According to the ESS data⁹⁷, the number of older long-term unemployed persons rises until the age of 56, then gradually slows down, when long-term unemployment falls sharply after the age of 60, standing at somewhat above 1%. Older persons are not removed from the register because they find a job, but because they retire; most find it hard to get a job, as they lack qualifications, more than 37.4% of them having completed only primary school (level I to II), which is why they remain unemployed for so long. The percentage of long-term older unemployed people at the end of 2012 was already at 56.2%, with almost 4 out of 10 long-term unemployed individuals being counted among the extremely long-term unemployed, i.e. 24 months or more. Their employment opportunities are considerably fewer if compared to other target groups, and the state's intervention is needed to help them deal with their unemployment issue. Measures intended for older workers to have access to employment will be supplemented with measures for active and healthy ageing. While facilitating access to employment will particularly support the reactivation of older workers who are frequently long-term unemployed and uneducated, promoting active and healthy ageing will put greater emphasis on adapting workplaces, and promoting a healthy and adjusted working environment for older workers.

⁹⁶ <http://www.stat.si/doc/pub/REGIJE-2014.pdf>

⁹⁷ Older unemployed persons, ESS, 2013

The long-term unemployment rate has likewise grown; it stood at 4.3% in 2012 (EU-27 4.6%). Some 48.4% of registered long-term unemployed were women; 51.6% were men. Long-term unemployed older people find themselves in a particularly unenviable position, while the predominant group in this respect are low-educated persons (levels I and II). Long-term unemployment is increasing in both regions. In 2012, the long-term unemployed accounted for as much as 49.1% of all unemployed persons in the cohesion region of Eastern Slovenia, and 46.1% in the cohesion region of Western Slovenia. In 2009, the share was 32.4% in the cohesion region of Eastern Slovenia and 26.3% in Western Slovenia.

The unemployment rate of people with a low educational level has increased and stands at 16%, while it stood at below 7% in the pre-crisis period. Similarly, the unemployment rate of the highly educated rose from around 3% to 6.1% in 2012 (the rate is higher for women). Thematic objective 10 is intended to raise the level of education and qualifications in the labour market, while thematic objective 8 will provide unemployed people and people in danger of losing their jobs with short education and training programmes related directly to needs in the labour market (institutional training and preparation for national vocational qualifications, on-the-job training, etc.).

The deinstitutionalisation of social security, especially of older people and people with mental health problems, will facilitate the creation of jobs which will be supported by various measures for training and the promotion of employment.

The gap between supply and demand in the labour market remains a key challenge (job offers which depend on technological progress and economic activity on the one hand, and human resources to respond thereto on the other). Persistent structural unemployment remains a key problem in Slovenia. Therefore, measures to monitor and assess the needs for the education and skills of workers and tailored measures seeking the participation of target groups in incentives for employment or training will receive support. Thematic objective 8 will also support the system for ensuring quality and the continuation of lifelong career orientation in all phases of an individual's career. It will also support the operation of the National Coordination Point for Lifelong Learning (NCP LL), which connects and coordinates the operations of all actors in the field of lifelong career orientation (LCO) and whose key tasks include providing quality, educating LCO providers, tending to the development of the profession, improving the availability of LCO for individuals in various periods of life, reducing structural imbalances in the labour market, establishing opportunities for improving mobility in the labour market, coordinating various sectoral policies and establishing the activity. The transnational labour mobility and other mobility programmes (EURES) will also be developed and promoted through a system for coordinating supply and demand in the labour market.

While thematic objective 8 will particularly support efforts to strengthen operators, providers and other actors included in the preparation of measures (including social partners) to support the coordination of supply and demand in the labour market, thematic objective 10 will support the inclusion of individuals in related education and training programmes. The connection with the Smart Specialisation Strategy will also be suitable from the aspect of including support for enterprises under thematic objective 3, or through target programmes for employees in enterprises which will be part of smart specialisation measures.

Segmentation in the labour market and the inevitable improvement in the responsiveness to crisis require that the missing sets of labour market reform are designed and that key labour market institutions receive

support. We also need to further step up the efficiency of active labour market policy and services adapted to target groups⁹⁸, as well as strengthen regulatory institutions in the labour market.⁹⁹

2012 saw the conclusion of research activities that sought to evaluate and assess the performance of labour market measures. The main findings of the most important active labour market policy programmes, including measures addressing economic and financial crisis¹⁰⁰, reveal that:

- the effects of active labour market policy measures on employment are limited, which nevertheless does not mean they should be suspended; rather, they should be made more efficient and linked with other measures;
- unemployment comes as a result of labour market imbalances (available jobs that depend on technological progress and economic activity versus job seekers);
- structural unemployment is a pressing issue in Slovenia (limited number of jobs available for certain occupations, which calls for retraining of the unemployed);
- the share of active labour market policy measures in total expenditures on labour market policy is among the lowest in the EU.

The research recommends that the programmes achieve high levels of concentration to make the most of their effects, while particularly underlining training programmes, incentives for the private sector and increased success of job seeking. The latter is higher if a combination of other active labour market policy measures (e.g. training, employment subsidies) is used. For young people, the evaluation recommends that economic policy focus on measures to prevent them from becoming unemployed and be oriented to improving their employability and facilitating labour market transitions.

An assessment of the performance of subsidy programmes reveals that employment subsidies tend to improve individuals' employment prospects and have positive effects on the labour market. The assessment therefore recommends that more funds be ring-fenced for subsidies, defines the relevant period to implement employment subsidies (notably during the economic crisis), identifies target groups of unemployed – expand them to include more target groups that are assisted by these programmes, and further advocates that subsidies become a tool providing assistance in adjusting to economic conditions.

The evaluation of measures in the context of the implementation of the Operational Programme for Human Resources Development established that instruments designed and implemented in the 2007–2013 period were more a response to the economic crisis, while there were fewer preventive instruments.¹⁰¹

Measures to attain objectives will be based on experience from the 2007–2013 period and the aforementioned evaluation findings. The added value of future programmes will be in their focus on the needs of individual target groups, and suitable combinations of training and employment measures.

YOUNG PEOPLE

The employment rate of the young (15–24) has dramatically decreased in recent years, hitting the lowest point in 2012 at 27.3% (30.4% for men and 23.7% for women). The employment rate of the young fell

⁹⁸ The institutional evaluation of the Employment Service of Slovenia (University of Primorska, Faculty of Management Koper) notes that it is necessary to look for improvements in increasing the effectiveness of intervention and, in particular, through training for key skills and competences of the relevant persons in employment brokerage and through adaptation of the existing information support.

⁹⁹ Change of the situation and reform in the labour market in the period of the crisis, available at:

http://www.umar.gov.si/fileadmin/user_upload/publikacije/izzivi/2013/trgdela.pdf

¹⁰⁰ Evaluation of the main active labour market policy programmes, including measures to address the economic and financial crisis, October 2012, EIPF, EKONOMSKI INŠTITUT d.o.o.

¹⁰¹ SVRL, Evaluation of the labour market within the Operational Programme for Human Resources Development, 2012

sharply in the cohesion region of Western Slovenia (to 26.5%) and was lower than in the cohesion region of Eastern Slovenia (28%).

A situation analysis under the Youth Guarantee Implementation Plan¹⁰² reviews data relating to young people in the Slovenian labour market. Youth unemployment rate has witnessed an upward trend in recent years. The unemployment rate of the 15–24 age group stood at 20.6% in 2012, with as many as 32.2% of the young under 24 being unemployed for more than 6 months. Some 37% of unemployed young people have low educational attainment. Young people in the labour market are mostly employed on fixed-term contracts, and 66.7% of them deregister from the unemployment register as a result of finding a temporary job. Responsibility for young people is a priority, and measures targeting them in the 2014–2015 period will be grouped under the Youth Guarantee Implementation Plan. Both groups, i.e. the 15–24 age group and 25–29 age group, will be recipients of support under these measures, since many young people are in tertiary education, and thus unemployment rates notably grow for the 25–29 age group, i.e. after exiting education.

At its session on 24 October 2013, the National Assembly adopted the National Programme for Youth 2013–2022¹⁰³ which, as its basic objective, anticipates the provision of coordinated and long-term implementation of a uniform and transparent system of interministerial priorities and measures for young people up to 29 years of age. The National Programme includes the following fields: education, employment and entrepreneurship, living conditions of young people, health and well-being, young people and society, and the significance of the youth sector, culture, creativity, heritage and media. Measures under this programme, especially those referring to education, employment and entrepreneurship, support the objectives of the Youth Guarantee Implementation Plan and anticipate long-term measures for a speedier transition of young people from education to (first) employment. The objectives include as follows:

- improve competences of young people;
- increase the international (study) mobility of young people;
- facilitate the beginning of young people’s work careers;
- improve the quality of jobs;
- facilitate the harmonisation of professional, private and family life.

The National Programme for Youth is supplemented by the Youth Guarantee Implementation Plan adopted by the Government of the Republic of Slovenia on 30 January 2014, and by its implementation plan for 2014 and 2015. The key objectives of the Youth Guarantee Implementation Plan are the activation of unemployed young people and an easier transition from education to employment. Great emphasis of the Youth Guarantee Implementation Plan is put on preventive and systemic measures which will generate long-term and synergy effects on the position of young people in the labour market and reduce labour market segmentation in the long term. A short-term reduction in segmentation is supported by exempting employers from the payment of contributions for young people, which is supplemented through support for programmes financed under the ESF and intended to promote traineeship and employment with a trial period.

Key measures of the Youth Guarantee Implementation Plan relate to:

¹⁰² http://www.mddsz.gov.si/fileadmin/mddsz.gov.si/pageuploads/dokumenti_pdf/zaposlovanje/Jamstvo_za_mlade.pdf

¹⁰³ http://www.ursm.gov.si/fileadmin/ursm.gov.si/pageuploads/pdf/Nacionalni_program_za_mladino/resolucija_o_npm/Recolucija_o_NPM.pdf

- youth employment in relation to their previous work-based experience for efficient entry to the labour market,¹⁰⁴ as well as alternative/innovative forms of youth employment;
- better forecasting of future needs in the labour market;
- ensuring the acquisition of practical experience during education, and
- better availability of lifelong career orientation at all levels of education in order for more young people to choose occupations with better chances of employment.

These measures will be available to unemployed young people as soon as they become unemployed, and they will be enhanced and adjusted to the needs of individual target groups of young people during their unemployment. Most measures under the Youth Guarantee Implementation Plan are planned to continue beyond 2015, while being supplemented on the basis of thorough monitoring and evaluation of the 2014–2015 Implementation Plan. Both groups, i.e. the 15–24 age group and 25–29 age group, will be recipients of these measures, since data show that young people who complete tertiary education are in a particularly difficult situation.

Both the National Programme and the Youth Guarantee Implementation Plan are wide programmes which include measures financed from various sources. State funds will primarily be intended to provide a suitable environment for youth employment (amendments to legislation, tax reliefs, etc.), and for programmes and services essential for the operation of a support system for unemployed. Money from European Social Fund will be supplemented by state funding so that they ensure the added value of programmes financed, i.e. improve them or support new, innovative programmes, or contribute to a less segmented labour market.

The European Commission published a study on the value of youth work and its outcomes in January 2014.¹⁰⁵ On the basis of the research and data, it was established that youth work can enable young people to develop skills and competences in various areas, strengthen their network and social capital, change their behaviour (such as risk behaviour), and build positive relationships. The study further identifies the outcomes of youth work in all fields that are important to young people, while particularly stressing the outcome of improved employability.

YOUTH EMPLOYMENT INITIATIVE

In 2012, Slovenia experienced the highest rise in youth unemployment in the EU (except Croatia). According to EUROSTAT, the unemployment rate increased from 16.5% in December 2011 to 23.3% in December 2013, or by 6.8 percentage points (young people in the 15–24 age group). The youth (aged 15–24) unemployment rate stood at 20.6% (22.1% in Eastern Slovenia and 18.8% in Western Slovenia) in Slovenia in 2012. The youth (aged 25–29) unemployment rate also increased: while it amounted to 16.6% (18.7% in Eastern Slovenia and 13.8% in Western Slovenia) in December 2012, it increased to 19.9% (21.7% in Eastern Slovenia and 17.5% in Western Slovenia) in December 2013. Due to the rapid increase in youth unemployment in 2011, Slovenia was eligible for funds from the youth initiative in the cohesion region of Eastern Slovenia, where the position of young people in the labour market is especially bad. Based on the special position of young people stated in the table, Slovenia decided to support the age group of up to 29.

In June 2013, the European Council invited Member States to step up active labour market measures, and measures for education and training which lead to the common objective of accelerating the transition from education to employment. Slovenia decided to use the initiative to support a combined measure in

¹⁰⁴ The evaluation proposes that economic policy focuses on the measures which would prevent youth unemployment. Economic policy should be aimed at enhancing employability and should facilitate the transition to the labour market. Targeted research project No V5-1045 "Evaluation of the main active employment policy programmes, including measures to address the economic and financial crisis", EIPF, Ekonomski inštitut d.o.o.

¹⁰⁵ http://ec.europa.eu/youth/library/study/youth-work-report_en.pdf

the cohesion region of Eastern Slovenia for a more efficient transition of young people up to 29 years of age from education to the labour market, which combines work training and employment, and will contribute to reducing segmentation in the labour market.¹⁰⁶ The aforementioned measure is part of the Youth Guarantee Implementation Plan 2014–2015. Funds from the initiative are expected to be spent in 2014 and 2015. Further support for youth employment in Eastern Slovenia will be provided through other measures intended for young people.

ACTIVE AND HEALTHY AGEING

Demographic trends affect the situation in the labour market on the one hand and public finance on the other. Several fields and policies are connected to these trends, and will have to be supplemented or upgraded. The anticipated decline of the share of the working age population and increasing 55–64 working age population require due attention from the aspect of promoting employment. The employment rate of the 55–64 working age population increased slightly in 2012 and reached 32.9%, but remains well below the EU-28 average (48.8%). Unlike young people, older workers are in a more favourable position in the cohesion region of Western Slovenia. In 2009, before the crisis, the gap was much larger. In the cohesion region of Western Slovenia, the employment rate stood at 39% and fell to 33.7%, while decreasing from 32.4% to 32.2% in 2012 in the cohesion region of Eastern Slovenia. The employment rate of women in the 55–64 age group stood at 25.6% in the cohesion region of Eastern Slovenia and has increased since 2011. The trend was repeated in Western Slovenia, with the rate standing at 24.4%. The employment rate of older men stood at 44.1% in the cohesion region of Western Slovenia and at 38.25% in Eastern Slovenia.¹⁰⁷

This age group is characterised by low participation levels in education and training¹⁰⁸, and frequent health problems. At least one kind of health problem is associated with 57% of individuals, and a fair share of individuals in the 50–59 age group are inactive due to health problems.¹⁰⁹

Due to unfavourable demographic trends (rapid ageing of the population), it is imperative to implement measures to improve the activity of the population. The employment rate fell drastically in the 25–34 age group, while the observed decline in the 34–55 age group was smaller. It is in these groups that the cohesion region of Western Slovenia stands out.¹¹⁰ The two working age population groups are in great need of additional incentives that would retain them in the labour market, especially from the aspect of harmonising family, professional and private life, and providing safe and healthy working environments (reducing stress and burnout in the workplace, and consequent absenteeism).

To attain the objectives, support will be provided for joint projects of social partners for the provision of quality workplaces, the harmonisation of professional, family and private life, advocating corporate social responsibility, new forms of work organisation, and conditions of health and safety at work. Social partners will play an important role in the creation and implementation of structural reforms, the adaptation of enterprises and individuals to demographic trends, adaptation of workplaces, and in light of the joint creation of measures and their implementation.

EMPLOYMENT IN RURAL AREAS

¹⁰⁶ The evaluation proposes that economic policy focuses on the measures which would prevent youth unemployment. Economic policy should be aimed at enhancing employability and should facilitate the transition to the labour market. Targeted research project No V5-1045 "Evaluation of the main active employment policy programmes, including measures to address the economic and financial crisis", EIPF, Ekonomski inštitut d.o.o.

¹⁰⁷ http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_unemployment_lfs/data/database

¹⁰⁸ Miroslav Ignjatovič: EEO Review: Employment policies to promote active ageing, European Employment Observatory 2012.

¹⁰⁹ SORS, Older people in the labour market, Ljubljana, September 2013, p. 19

¹¹⁰ Eurostat.

Slovenian rural areas have been faced with tough socio-economic conditions and rising unemployment. It is therefore necessary to facilitate the development of non-agricultural activities in rural areas (subsidiary on-farm activities and in micro-enterprises) that will create conditions for the creation of green jobs and an additional source of income on farms.

When agricultural holdings increase their income through diversification, they affect the level of consumption of local goods and services as well as the supply of agriculture-related products and services; they also have an opportunity to find work outside agriculture, which is vital for the existence and prosperity of a large share of agricultural holdings, which could not survive solely on agricultural activity. Promoting diversification, and the creation and development of small enterprises, and the creation of new jobs is, therefore, one of the key priorities of intervention.

In the 2007–2013 programming period, the number of self-employed persons increased by 5.5%, i.e. from 109,000 to 115,000. Employment rates in the secondary and tertiary sector also increased, growing from 845,300 to 863,500 individuals having a job in 2011 (2.2%). Development in the non-agricultural sector in rural areas has also been observed – its gross value added has risen by more than 14%, and at EUR 30,323 million is already very close to the target of EUR 31,000 million.

Diversification of agricultural holdings is just one of the ways to promote entrepreneurial initiatives in rural areas. Following the disintegration of large economic systems in rural areas, non-agricultural micro and small enterprises have become the backbone of the rural economy and a key generator of new jobs, and will be given special attention in this priority area.

As a priority, it is necessary to support micro-enterprises and farms with subsidiary activities that link their development with the activation of local potential in rural areas, which means that they will primarily be engaged in areas related to wood processing, local self-sufficiency, green tourism, natural and cultural heritage and traditional know-how, social entrepreneurship, social security services, the management of organic waste and renewable sources of energy that will provide the conditions for the creation of green jobs and an additional source of income on farms.

Agricultural and wood biomass are important sources of renewable energy (wood biomass, biogas from own by-products), and thus play an important role in tackling two key challenges with which EU and national energy policies have been confronted. The potential to generate energy from renewable energy sources is high in Slovenia, especially through exploitation of the country's forest potential. EAFRD funds under this thematic objective will contribute to the desired shift to a low-carbon economy, which is supported under thematic objective 4.

The RDP 2014–2020 measures under thematic objective 8 contribute to attaining the EUSDR objectives regarding improving the competitiveness of rural areas, especially agriculture, by promoting entrepreneurship in rural areas, supporting innovation and cooperation in agriculture, and supporting economic diversity in rural areas.

The RDP 2014–2020 measures under thematic objective 8 also contribute to attaining the EUSAIR objectives regarding sustainable tourism.

EMPLOYMENT IN THE FISHERIES SECTOR AND AQUACULTURE

The employment trend in the sea fishing sector was negative in the 2007–2013 period. On the other hand, there was an upward trend in employment in mariculture in the same period, although employment in 2010 decreased over 2009. This decrease may be attributed to lower production and sales volumes in mariculture, as shellfish farms were closed for a considerable time in that year due to toxic phytoplankton

organisms. In terms of income, the socio-economic status of Slovenian fishermen and individuals engaged in fish farming is poor; the sector is small and fragmented, there are many micro-enterprises, family businesses or self-employed people, and aquaculture is to a smaller extent carried out as a diversification activity of agricultural holdings. Lack of organisational structure of the fisheries sector severely hampers the transfer of knowledge and best practices, and results in too few cooperative activities, both within the sector and outside, with educational, research and other institutions. The situation improved considerably in commercial sea fishing in the 2007–2013 financial perspective through measures for the sustainable development of fishing areas based on a bottom-up approach. With these measures, this sector considerably stepped up activities of knowledge transfer outwards (workshops for children, general education activities on the added value of fishery products consumption etc.) in the context of sustainable development measures for the fisheries areas. Aquaculture is struggling with a gap in knowledge about foreign farming practices, technological equipment used in fish farming for the more efficient use of water resources, and environmentally-friendly farming techniques. Key measures to increase future potential are recognised in training projects offered to aquaculture sector representatives, sharing of best practices, networking and improved integration of the sector.

The fisheries sector is particularly important for Slovenia from the aspect of the preservation of cultural heritage and as a traditional activity. Measures for local community-led development of fisheries areas are a good choice for the 2014–2020 financial perspective, as they will contribute to the creation of new business opportunities, the linking of fishing with tourism, diversification of activities, education, the promotion of natural and cultural heritage, networking, etc.). Cooperation activities within and outside the sector with educational and other institutions will undoubtedly exert a positive influence on the organisational structure of the sector. The purpose of measures seeking community-led sustainable development of fisheries areas is to contribute to the development of tourism-related activities in local communities, but in connection with the sector – either commercial sea fishing or freshwater aquaculture. Even the Position of the Commission Services on the development of Partnership Agreement and programmes in Slovenia for the period 2014–2020 underlines that including aquaculture in poor industrial and rural areas creates opportunities for new jobs. Areas that rely on fishing have opportunities for diversification. Freshwater aquaculture will be a key generator of development promotion and the creation of added value in rural areas, most probably within the scope of community-led local development (CLLD).

1.1.1.9 Thematic objective 9: Promoting social inclusion, combating poverty and any discrimination

Table 4: Slovenia’s contribution to meeting the Europe 2020 Strategy targets – TO 9

Europe 2020 inclusive growth target	Current situation in Slovenia	National 2020 target in the NRP
75% of the population aged 20–64 should be employed	68.3% (2012)	75%
At least 20 million fewer people in, or at risk of, poverty and social exclusion	392,000 (2012)	Number of people at high risk of poverty and social exclusion will fall by 40,000 by 2020 as compared to 2008 when the figure was 360,000

The main strategic document in the area of social assistance in Slovenia, i.e. the National Social Security Programme¹¹¹ adopted in April 2013 indicates that social conditions have worsened in recent years, largely as a consequence of the persistent economic crisis, soaring unemployment rates, limited employment

¹¹¹ Resolution on the National Social Assistance Programme 2013–2020 (Official Gazette of the Republic of Slovenia, no. 39/2013)

opportunities and the generally low income of the population. The promotion of social inclusion and fighting poverty will therefore constitute a key thematic objective that will help alleviate the effects of the crisis and lead to attaining the Europe 2020 smart growth targets. The European Commission's document 'Position of the Commission Services on the development of Partnership Agreement and programmes in Slovenia for the period 2014–2020' highlights as key priorities the reduction of poverty of particular groups through active inclusion measures, and the provision of good-quality and affordable social services. Actions in the latter area will embody Slovenia's response to the relevant Council recommendation to Slovenia.¹¹² In the 2014–2020 period, Slovenia will strive to strengthen community-based services by reforming the offer of the existing public institution network and promoting services in the non-governmental sector and, where appropriate, in social enterprises.

Measures under thematic objective 9 will supplement measures under thematic objective 8, particularly by ensuring adjusted support to those population groups which are outside the labour market, enhancing services, connecting suitable institutions, and including the aforementioned groups in services and programmes. The creation of jobs on the basis of improved programmes and social security services, and the promotion of social entrepreneurship under thematic objective 9 are expected to affect employment rates for both women and men. Measures to promote active and healthy lifestyle will supplement measures for workers to stay in their workplaces longer under thematic objective 8.

Thematic areas under this thematic objective will receive support from the ESF, the ERDF and the EAFRD. Funds under the ESF, the ERDF (ring-fenced only to support deinstitutionalisation) and the EAFRD will be available throughout the whole of Slovenia or in areas with the greatest needs. At the NUTS 3 level, most recipients of at least one of four types of social assistance in cash pursuant to the Social Security Act in 2011 were from the Pomurska region (66 per 1,000 inhabitants), and the fewest were from Gorenjska and Goriška (24 per 1,000 inhabitants).¹¹³

The LEADER measure under this thematic objective also contributes to attaining the EUSDR objectives of improving the competitiveness of rural areas, especially agriculture, by promoting entrepreneurship in rural areas, supporting innovation and cooperation in agriculture, and supporting economic diversity in rural areas. It also contributes to improving planning and infrastructure in tourism (footpaths, trails, cycling routes, theme parks, information centres, etc.), and to improving the quality of tourist products (development of local trademarks, local markets, etc.).

The key intervention areas under thematic objective 9 are fighting poverty and social exclusion that have spread widely across Slovenia as a consequence of the economic crisis, and finding answers to the challenges posed by the constantly ageing society. Key needs in the 2014–2020 programming period therefore lie in the development of programmes targeting activation and social inclusion, as well as empowerment and active participation, the promotion of social entrepreneurship, the need change from institutional services to community-based long-term care services, the creation of links between health-care and social services and the modernisation of their networks, strengthening of health and active lifestyle, and promotion of social inclusion in rural areas through *inter alia* the LEADER approach.

POVERTY AND SOCIAL EXCLUSION

¹¹² Country Specific Recommendation no. 2 on Slovenia's 2014 national reform programme and delivering a Council opinion on Slovenia's 2014 stability programme indicates *inter alia* that Slovenia should: "Contain age-related expenditure on long-term care by targeting benefits to those most in need and refocusing care provision from institutional to home care."

Source: http://ec.europa.eu/europe2020/pdf/csr2014/csr2014_slovenia_sl.pdf

¹¹³ <http://www.stat.si/doc/pub/REGIJE-2014.pdf>

Income and poverty indicators for the past few years reveal a persistent aggravation of the social situation of the population. The risk of poverty has been increasing since 2009. According to Eurostat data¹¹⁴, the at-risk-of-poverty rate in Slovenia stood at 11.3% in 2009 and rose to 13.5% in 2013. The material conditions of the population have been rapidly deteriorating, which is also reflected in severe material deprivation rates, which have been growing since 2007, when it amounted to 5.1%, rising to 6.6% by 2012. The share of people living in households with very low work intensity rose from 6.7% in 2008 to 7.5% in 2012. All categories of inactive people, particularly the unemployed, are most poverty-prone; according to SORS data¹¹⁵ the at-risk-of-poverty rate of the unemployed stood at 46.9% in 2012, but remained considerably high for other population groups as well according to the available data, including families with dependent children (especially single-parent families and multiple-children families), the elderly (19.6%), especially older women (25%), and elderly people living alone. The latter saw the rate standing at 41.7% in 2012. Above-average risk of poverty is also a concern faced by tenants, with the share of tenants below the poverty threshold accounting for 33.3% in 2012.

In 2012, due to new legislation that tightened the conditions for entitlement to social transfers in certain cases, the number of recipients of social transfers, particularly of social assistance in cash did not increase. The number of recipients of social assistance in cash slightly increased again in 2013. Most recipients are unemployed. The fact that the share of passive or long-term recipients, i.e. those who have regularly received this assistance for at least 12 months in the last 16 months, is increasing among recipients of social assistance in cash raises concern. The share of long-term recipients of social assistance in cash among all recipients of social assistance in cash stood at 63% in December 2009, increasing to 75.8% a year later. In December 2013, the figure stood at 72.5%, which means that three quarters of all recipients of social assistance in cash are long-term recipients, despite certain stricter conditions for receiving such assistance since the new social legislation was introduced.¹¹⁶

ACHIEVING THE EUROPE 2020 HEADLINE TARGET

In 2010, Slovenia made an important commitment to pursue the fight against poverty and social exclusion in the NRP in the context of delivering the fifth headline target of the Europe 2020 Strategy. Slovenia set its national target at 320,000 individuals facing poverty and/or social exclusion by 2020. Due to the economic crisis, the number of people in, or at risk of, poverty and social exclusion has changed significantly since the target was set, with the country recording 392,000 people in, or at risk of, poverty and social exclusion in 2012, which is a shift away from the target. The extended social effects of the crisis are anticipated to further show in 2013 and 2014, which means that the number of people at risk of poverty and/or social exclusion will be the same as in 2012 or even slightly higher. The data suggest that the risk is continuously growing in both cohesion regions. In the cohesion region of Eastern Slovenia, the at-risk-of-poverty and/or social exclusion rate rose from 20.3% in 2009 to 22.5% in 2012, whereas in its counterpart region the rate grew from 13.6% to 16.5% in the same period. Although the risk is increasing more rapidly in Western Slovenia, it is still significantly higher in Eastern Slovenia, which is why the issue will have to be tackled across the whole of the country. In the past financial perspective, a relatively small amount of EU funds under the Operational Programme for Human Resources Development were earmarked for programmes and projects in the social area. Such were, for example, the informants in social work centres (providing support to reform of the social transfer system), internships for graduates in the field of social security, and the first social activation programmes for social transfer recipients.

ACTIVE INCLUSION

¹¹⁴ http://epp.eurostat.ec.europa.eu/portal/page/portal/europe_2020_indicators/headline_indicators

¹¹⁵ http://www.stat.si/novica_prikazi.aspx?id=5827

¹¹⁶ Source of data on social assistance recipients is the MDDSZ

Slovenia has a traditionally wide network of services and programmes which prevent people from slipping into poverty, and enable active participation in society and better social inclusion. The focus of the existing programmes and services which are co-financed by the national budget is more on basic rehabilitation rather than orientation and strengthening the role of people included in these programmes and services, who could be included in the labour market through work training and the acquisition of competences. Therefore, programmes co-financed by ESF funds will primarily fill the gap between the basic rehabilitation programmes and active labour market policy programmes. People for whom psycho-social rehabilitation under existing programmes is intended require special services which would enable them to acquire knowledge and skills in order to be able to be at least partially included in the labour market, along with support required for them to remain in the labour market. It is assessed that special attention will have to be paid to social activation programmes which encourage the most vulnerable people and prepare them to enter the labour market, i.e. protected and specially tailored employment for them, as well as competitive employment in the labour market.

In addition, Slovenia wishes to prepare new social activation and social inclusion programmes due to the aggravated conditions, which would constitute a response to the new situation (e.g. increase in the number of families with low work intensity, increase in the number of people who remain outside the labour market for a longer period of time, and increase in the number of people who find it increasingly difficult to cope with the unpromising situation in the labour market and their inability to find a new job) by actively and efficiently reducing the number of people at high risk of poverty and social exclusion, and enabling target groups to re-enter the labour market.

In addition, Slovenia wishes to use new programmes to supplement and enhance those fields which require a speedier and more in-depth response due to increased needs, e.g. alcoholism, where new programmes would be used to supplement existing programmes and include more people dealing with this issue, as well as to introduce new approaches, especially through the comprehensive treatment of individuals and entire families.

To reduce the number of people in, or at risk of, poverty and social exclusion by 2020, Slovenia intends to carry out suitable reform of the legislation and strengthen the development of integrated social activation programmes in order to enhance peoples' employment capital. Slovenia does not have a system of social activation programmes whose outcome is employment. The current provision of programmes targeting the long-term unemployed and socially excluded is low, given that employment initiatives and job creation initiatives in 2012 covered 1,653 recipients of social assistance in cash, which is a mere 3% of the total recipients in 2012.

Along with the activation of individuals to improve employability, activation and social inclusion programmes have to be integrated and need to capture various topics and areas which may help to improve the situation of individuals, families and the social environment of individuals. Therefore, social inclusion programmes must strengthen the role and position of the most vulnerable groups of people at high risk of poverty or social exclusion. The cooperation of suitable institutions (e.g. social work centres and the Employment Service of Slovenia) must likewise be enhanced in terms of coordinating social activation and labour market measures, which will be primarily supported under thematic objective 8.

Slovenia has also noted a group of people who are about to slip below the poverty line and has established that measures aimed at preventing this slip (e.g. psycho-social assistance and financial literacy) must be supplemented. Measures designed for special, vulnerable groups (e.g. former prisoners and Roma) are used to socially activate, and strengthen the role and position of these groups. A special set of measures is also anticipated for families and individuals who are socially excluded and are victims of intergenerational (family) transfer of poverty.

DEVELOPMENT OF COMMUNITY-BASED SERVICES OF LONG-TERM CARE

Data on the serious social situation of the elderly and demographic trends that underline the growing share of old people in Slovenia put both the social and health-care systems in a position where they are confronted with an increased demand for long-term care services, and other social security and health-care services that facilitate the inclusion of the elderly in the environment and society. The number of individuals in need of long-term care is anticipated to grow in the years to come, primarily on account of rapid population ageing. The Resolution on the National Social Assistance Programme 2013–2020 estimates that the number of persons aged 65 and over in need of long-term care services will likewise grow, i.e. from the current 22,800 to 40,000 in 2020; in contrast, the number of such individuals in the 20–64 age group will increase by nearly 2,000. The number of long-term care recipients in Slovenia currently stands at 1.9% of the total population according to OECD data¹¹⁷, of which 1.2% are in institutions, while 0.7% receive long-term care at home.

Deinstitutionalisation will not include only the elderly and long-term care services, but will also be focused on other categories of the population for which special institutional forms of treatment are available. Personal assistance programmes are primarily intended to enable the disabled to live an independent life. Other categories are being included in deinstitutionalisation, especially in the field of mental health and persons with mental disorders. The national social security programme anticipates a reduction in the number of adults included in special institutions by 50% by 2020.

The supply of services in the public network of long-term care for the elderly and other population groups that require constant assistance from others is primarily based on institutional care, whereas long-term care at home or community-based long-term care services and programmes remain underdeveloped. The need to increase the share of individuals placed in community-based settings, or so-called deinstitutionalisation, also complies with Council recommendations on Slovenia's 2014 National Reform Programme¹¹⁸ that, regarding long-term care, recommend improving access to services by switching from institutional to home care.

In the next financial perspective, support under the ERDF under this thematic objective will be given to investments in health care and social infrastructure that facilitates the transition from institutional services to community-based long-term care services, and investments in other innovative solutions that boost the development of community-based services or are aimed at addressing accommodation issues and issues relating to access to social and health-care services for several target groups while duly respecting the principles of intergenerational cooperation.

The development of community-based services and programmes is also important from the aspect of creating jobs in the service sector. A suitable transformation of service and programme provision in existing institutions which would be transformed through deinstitutionalisation will be enabled. It is anticipated that some institutional services will be redirected to service development in day centres, mobile services and service provision at individuals' homes. Even with the deinstitutionalisation process underway, a suitable and accessible selection of community-based services would still facilitate traditionally high full-time employment of women.

¹¹⁷ Help Wanted? Providing and paying for long-term care, OECD 2011.

¹¹⁸ Country Specific Recommendation on Slovenia's 2014 national reform programme and delivering a Council opinion on Slovenia's 2014 stability programme, http://ec.europa.eu/europe2020/pdf/csr2014/csr2014_slovenia_sl.pdf

The context of community-based long-term care should also see the standardisation of health-care and social services, and the modernisation of certain existing social care and health-care networks; therefore, such measures will be supported under the ESF and the ERDF.

PROMOTING HEALTH

Increased life expectancy in Slovenia is not accompanied by growth in expected healthy life years defined as the number of years during which a person's everyday activities are not limited by disease or health problems, which has had important consequences for the health-care and long-term care systems. Recent data rank Slovenia at the tail end of the European scale.¹¹⁹ Diseases which can be prevented and whose emergence can be postponed to later stages of life for the most part account for the health problems that occur in old age. Certain areas of reducing premature mortality have already seen vast improvements in Slovenia, which confirms the efficiency of investments in the systematic prevention of risk factors, the early detection of disease and quality of care. However, too few activities were aimed at preventive and promotional measures. Therefore, more investments in promoting health, and the prevention and early detection of diseases, and fostering of a healthy lifestyle (instilling a positive attitude to physical activity) throughout the lifecycle are required.

Health promotion measures will be aimed at promoting active and a healthy lifestyle throughout the lifecycle. Based on legislation, Slovenia has been adopting periodic action plans regarding alcohol and tobacco policies, has adopted the Strategy of the Republic of Slovenia for the health of children and adolescents in relation to the environment 2012–2020, and has prepared a proposal for a strategy for nutrition and physical activity for health 2014–2020. Action plans within these policies will focus on raising awareness and strengthening the role of people, as well as on promoting active and healthy lifestyle. The objective of this programming period is to increase the scope and number of health promotion and disease prevention programmes and projects in special areas which most affect the incidence of early disease (e.g. preventing obesity, injuries, cardiovascular diseases, cancer, etc.).

Health inequalities that arise from various socio-economic situations of social groups¹²⁰ and may be prevented through well-targeted health promotion and disease prevention programmes and through measures that seek to enhance the social inclusion of vulnerable groups deserve due attention. This thematic objective will support activities aimed at recognising, and dealing with, vulnerable groups, and meeting their health-care needs, which will ensure their greater inclusion in health-care programmes and contribute to improved health literacy.

Measures to raise awareness on a healthy lifestyle, the expansion of screening programmes (for breast cancer, cervical cancer and rectal cancer), the systematic expansion of existing health promotion programmes in the wider area of Slovenia, recognition of the health-care needs of vulnerable groups and their inclusion in programmes will contribute to better accessibility and thus to reducing health inequalities.

SOCIAL ENTREPRENEURSHIP

In order to tackle the social effects of the economic crisis, which resulted in soaring unemployment and social exclusion, downward demographic trends and the needs of the ageing society, Slovenia intends to pursue EU trends, where social entrepreneurship is not only an increasingly important element of the European economic model, but also as an element encouraging social cohesion.

¹¹⁹ According to Eurostat, the expected number of healthy life years for women is 53.8 years (the EU-27 average is 62.2 years) and for men 54 years (the EU-27 average is 61.8 years).

¹²⁰ Health inequalities in Slovenia, Institute of Public Health of the Republic of Slovenia, 2011, pages 19–26

In addition, through the adoption of the Social Entrepreneurship Act¹²¹ (act) in 2011, social entrepreneurship brings into the Slovenian economy a systematic arrangement of socially-responsible forms of entrepreneurship with market-oriented economic activities in which creating profit is not the paramount objective, or profit is re-invested in the activity or the human resources of a social enterprise. Resilience to the economic crisis and opportunities for the growth of social enterprises are those general characteristics of social enterprises that Slovenia wishes to emphasise and promote, thus contributing to the more stable and sustainable pursuit of economic activities, and to economic growth and competitiveness.

Much like the above-described aspects of social entrepreneurship (mitigating the social situation and as a form of responsible entrepreneurship), this act distinguishes between two types of social enterprise. Type A is intended for the pursuit of social entrepreneurship activities by permanently employing at least one worker in the first year and at least two workers in further years of operation, while type B is designed to employ people from vulnerable groups, i.e. it employs at least a third of such workers.

The need for social innovations which stem from the social economy and social entrepreneurship is becoming markedly pronounced in Slovenia. The social economy context should provide solutions to increase accessibility to certain social services, particularly those associated with population ageing and long-term care, and with children and the young, as well as to ensuring the social inclusion (through labour participation) of vulnerable groups. We should also bear in mind that development potential extends across the entire social economy sector, and that a wider spectrum of various forms of social enterprise and non-profit cooperatives deserves support. Besides providing opportunities to develop new services and products, this segment above all offers employment opportunities. Slovenia's social economy sector significantly lags behind the EU development level, as the share of individuals employed in the social economy in 2009 and 2010 accounted for a mere 0.73% of the total population employed, compared with the 6.53% EU-27 average, according to Eurostat data.¹²²

Several promotional activities were carried out in 2013 to increase the recognisability of social entrepreneurship and help people understand its underlying principles. However, only a few individuals were integrated into social enterprises through employment initiatives, and a small number of the unemployed were integrated into social enterprises through community work placement programmes.¹²³ Therefore, the objective of the 2014 programming period will be to extend the scope of activities and employment in the social economy sector by means of a support scheme funded by the ESF and through the integration of vulnerable groups into social enterprises; people exiting social activation programmes in particular are to be employed in these enterprises.

The promotion of employment and extension of social enterprise activities will go hand in hand with the development of the social economy based on adjusted financial support (adjusted financial instruments) in the context of stepping up competitiveness under thematic objective 3. Projects involving a combination of all the aforementioned measures and of both types of social enterprise will receive support in both cases. The ESF support scheme and adjusted financial support under thematic objective 3 will be based on appropriate statutory provisions (Article 32 of the Social Entrepreneurship Act), i.e. on:

¹²¹ Social Entrepreneurship Act (Official Gazette of the Republic of Slovenia, no. 20/11)

¹²² The social economy in the European Union, Summary of the Report drawn up for the European Economic and Social Committee by the CIRIEC, EU 2012, page 39 (<http://www.eesc.europa.eu/resources/docs/qe-31-12-784-en-c.pdf>)

¹²³ Annex to the Programme of measures 2014–2015 for the implementation of social entrepreneurship development strategy in 2013-2016: review of activities of the programme of measures carried out in 2013 (according to the MDDSZ data, only one social enterprise in 2013 received an employment subsidy under the Zaposli.me programme (Employ.me programme) with two unemployed individuals participating therein; seven social enterprises carried out community work placement programmes in which 14 unemployed individuals participated).

1) the implementation of social entrepreneurship in order to develop an information and education system for social entrepreneurship; ensure funds to establish a fund for promoting social entrepreneurship development; develop support services for social enterprises, including services for establishing social enterprises and advisory services regarding the restructuring of a social enterprise; include municipalities in the implementation of policies and measures for social enterprises to seek new business opportunities, including implementing market research for social entrepreneurship and finding opportunities in social enterprises to provide public services;

2) the establishment of a favourable entrepreneurial environment for social enterprises; the provision of spatial, technical and other features for the emergence and operation of social enterprises, including business incubators for them; co-financing initial activities pursued by social enterprises and job creation; co-financing the establishment of social enterprises for the implementation of their support services and the implementation of other support services for social enterprises whose target group are people in the process of establishing a social enterprise. The development of social enterprises which contribute to deinstitutionalisation and ensuring long-term community-based care through their operations and service provision will be especially supported;

3) the promotion of employment in social enterprises with an active labour market policy whose target groups are social enterprises and those people who are in the process of establishing a social enterprise or who will be employed in a social enterprise and are members of the most vulnerable groups in the labour market;

4) facilitating access to finance for investments to establish and operate social enterprises, including the provision of favourable loans, guarantees and subsidies from funds to promote the development of social entrepreneurship and EU sources for social enterprises.

SOCIAL INCLUSION IN RURAL AREAS

Local development in rural areas builds on making full use of the local development potential of rural areas, especially in connection with natural and cultural heritage, and building social capital in the form of the active participation of the population in overall planning and decision-making on the development of their living environment based on the principle of subsidiarity and participatory democracy. The local population is best suited to identify the needs of the local environment and development potential, and to pinpoint a delivery strategy for development objectives. In this context, it is essential that all key groups of actors in a given area, i.e. the private and public sectors, and civil society, harmonise their views and reach an appropriate consensus at the local level. Such forms of local partnership allow for transparent development decision-making. LEADER is a tool for integrated local development based on a bottom-up approach. It facilitates tackling development problems, and the coordinated intervention of various sources of finance and flexibility in attaining development objectives. The implementation of the LEADER approach in the context of the fourth axis of the RDP 2007–2013 has proven successful, as a gradual launch has been supported by encouraging results and increased the visibility of this approach in Slovenia.

1.1.1.10 Thematic objective 10: Investing in education, training and vocational training for skills and lifelong learning

Table 5: Slovenia’s contribution to meeting the Europe 2020 Strategy targets – TO 10

Europe 2020 smart growth target	Current situation in Slovenia	National 2020 target in the NRP
---------------------------------	-------------------------------	---------------------------------

More efficient education: - reducing school drop-out rates below 10%	4.34 (2013)	The share of early school leavers will not exceed 5% (2011: 4.2%)
- at least 40% of 30–34-year-olds completing higher or equivalent education	39.6 (2013)	40% of the population in the 30–34 age group will complete tertiary education (2011)

Knowledge is the key factor spurring an individual's personal and social development in modern society, which calls for investment in education and qualifications, and the creation of an appropriate supportive environment. Education and training systems have to demonstrate the ability to respond rapidly to social trends and labour market demands. Slovenia is actively entering globalisation flows in which the development and progress of modern societies build on knowledge and further knowledge creation. The country is also committed to pursuing the headline targets in the Europe 2020 Strategy, where two important initiatives underpin education and training, i.e. Youth on the Move and New Skills for New Jobs.

Thematic areas under the thematic objective will be supported by ESF, ERDF and EAFRD funds, which will be available for the whole of Slovenia and will take into account the development level of a region and its educational structure. The level of education and inclusion of adults in lifelong learning is lower in the cohesion region of Eastern Slovenia than Western Slovenia. Due to its underdevelopment, the scope of funds in the cohesion region of Eastern Slovenia is greater, which will facilitate investments in human resources and thus the closing of the development gap.

An analysis under TO 10 revealed the following key needs: increase participation in lifelong learning to upgrade general and professional competences; strengthen the match with the labour market (scholarships, learning through practice, inter-company educational centres, lifelong career orientation, foundations on the labour market); strengthen human resources in enterprises and implement career guidance at all educational levels; develop education models that will boost the responsiveness of education to labour market demands (dual learning system etc.) with an emphasis on making vocational education attractive; develop a more efficient system of informal and non-formal knowledge recognition; upgrade the professional competences of teachers; enhance various forms of mobility (teachers, students, secondary and primary school pupils) and international mobility, particularly of students from deprived backgrounds; innovative pathways; use and develop e-tools, e-content and e-services in education and invest in the development of ICT infrastructure in educational institutions; promote training, education and knowledge transfer in agriculture, forestry and the agro-food industry.

LIFELONG LEARNING, UPGRADING OF COMPETENCES, COUNSELLING AND CAREER ORIENTATION

Rapidly changing economic and social conditions require a lifelong approach to education, while strongly encouraging individuals' demand for education and training, and employers' investments in their employees. The participation rates of adults in lifelong learning which capture participation in both formal and informal education has witnessed a sharp fall during the crisis, falling from the peak at 16.2% in 2010 to 12.6% in 2013 according to Eurostat, with Western Slovenia registering a 15.6% participation rate and Eastern Slovenia a 12.2% participation rate. The participation of adults in lifelong learning in both cohesion regions remained above the EU average, which stood at 10.7% in 2013 despite seeing a considerable fall. Regardless of the relatively high participation level of all adults in lifelong learning, data on Slovenia suggest that individuals with low levels of education in particular have above-average participation rates (Slovenia

2.7%, EU-28 4.6%; 2013).¹²⁴ The 55–64 age group had slightly lower level of participation than the EU-28 average for the first time in the last year (Slovenia 5.7%; EU-28 5.8%)¹²⁵, but falls considerably behind the countries with which it is compared (e.g. Denmark 23%). Development Report 2013¹²⁶ suggests that the increased participation of the 55–64 age group, which is now declining, could help maintain their employability; the same is true for workers with low levels of education. Even the European Commission urges Slovenia to make progress in increasing the participation of older and low-skilled workers in lifelong learning and tailoring measures to the needs of these specific groups in the ‘Position of the Commission Services on the development of the Partnership Agreement and programmes in Slovenia for the period 2014–2020’. Therefore, measures will primarily be intended for workers with low levels of education and skills, and older workers.

A high level of an individuals’ competences is the basis for successful integration in a labour market and society in which knowledge has become a key factor shaping individuals’ personal and social development, due to rapid social changes, technological development and precarious conditions in the labour market.¹²⁷ The main conclusion of the study ‘Evaluation of main types of activities in the labour market’¹²⁸, carried out in 2011 and 2012 was that structural changes in the education of the labour force, particularly in the capacities and competences of workers, would ultimately become a necessity in light of the changes that the economy has undergone. As a result, the study recommends that relevant instruments to tackle enhancing the competitiveness of individuals and enterprises be designed, but at the same time, underlines that many more stakeholders should be consulted about these instruments – employees, employers, various ministries and knowledge providers – while tailoring the instruments to the needs and development level of particular regions.

Reducing the mismatch between qualifications and labour market needs that is proposed among key measures by the EU in the Country Specific Recommendation on Slovenia’s 2013 and 2014 national reform programme must be addressed comprehensively, while adequately comprehending the manner of measuring competences, knowledge and skills, and taking into account the short-term and long-term nature of qualifications in light of needs in the labour market and society. Special vocational competences are a key element for a specialist field of work and for the transition to new fields, while general competences are of long-term significance for reducing imbalances, as they measure skills related to the adjustment to various needs and employability, and must be developed comprehensively¹²⁹.

The results of international research¹³⁰ prove that people with poor achievements in measures of basic competences which are already evident at the beginning of schooling also have difficulties later in acquiring general and vocational competences, and competences for the 21st century (OECD, 2013). Slovenia does not meet the EU target values on key basic skills (reading literacy, mathematical literacy, scientific literacy, financial literacy, etc.) to which the Position of the Commission Services on the development of Partnership Agreement and programmes in Slovenia¹³¹ particularly drew attention, and regarding reading literacy, also in the Commission Staff Working Document on the assessment of the 2014 national reform programme

¹²⁴ Eurostat, <http://epp.eurostat.ec.europa.eu/portal/page/portal/education/data/database> (Participation in education and training and educational attainment, lifelong learning – LFS data, last update 26 February 2014).

¹²⁵ Eurostat, <http://epp.eurostat.ec.europa.eu/portal/page/portal/education/data/database> (Participation in education and training by educational attainment, lifelong learning – LFS data; last update 26. 2. 2014).

¹²⁶ IMAD, Development Report 2013

¹²⁷ EC: Re-thinking education – Investing in skills for better socio-economics outcomes (COM (2012) 668 final).

¹²⁸ Evaluation of main types of activities in the labour market, 2011 and 2012, MGRT

¹²⁹ Cedefop, Working Paper N3, Skills Mismatch, Identifying priorities for future research.

¹³⁰ Adult Literacy and Life Skills Survey, OECD, 2011, 10–11.

¹³¹ Position of the Commission Services on the development of Partnership Agreement and programmes in Slovenia for the period 2014–2020. ref. Ares (2012)1283858-30/10/2012, page 6.

and stability programme¹³². Figures on reading literacy, where the share of those who achieve the minimum level of knowledge remains above the EU average (Slovenia 21.2%, EU 19.6%), are particularly worrisome. The number of those who achieve only the minimum level of knowledge has increased since 2006 (2006: 16.5%, 2009: 21.2%). Even the 2012 international PISA research measurement of reading literacy¹³³ of 15-year olds shows that the percentage has remained flat (21.1%).¹³⁴ The development of basic skills such as reading literacy should be mainstreamed in employment policy by the state. A number of studies confirm the statistical correlation between the educational level (on the assumption that basic skills such as reading literacy are higher) and the employment rate.¹³⁵ Even research conducted on the relation between literacy rate as such, employment rate and GDP per capita confirm that a correlation exists between these elements.¹³⁶ It is important that education systems develop literacy by enhancing competences essential for the 21st century¹³⁷. Slovenia is experiencing a significant deficit in this field, which reduces the competitiveness of the labour force. PISA 2012 results show low achievements of pupils, especially in measuring competences in creative problem solving¹³⁸. Research also shows that Slovenian pupils do not use ICT for educational purposes sufficiently¹³⁹. This programming period should therefore witness a shift in activities from the modernisation and updating of educational programmes to upgrading general and professional skills that enhance employability, and the innovativeness and creativity of individuals.

According to the European Commission and the OECD, financial literacy is becoming a key competence in modern society, along with reading and mathematical literacy. According to the results of the PISA international study in 2012, in this field Slovenia achieved a significantly lower result than the OECD average, since Slovenian 15-year-olds achieved on average 485 points, which is lower than the OECD average of 500. The basic level of financial literacy (the 2nd level on the international scale) in Slovenia is on average achieved by a lower percentage of young people than in other OECD states. Young people also lag behind at all other levels. Only 6% of young people in Slovenia achieve the highest, i.e. 5th, level of financial literacy, which is also below the OECD average.

To reduce the imbalance between qualifications and needs of the labour market, more efficient models for connecting education and work (e.g. apprenticeship models, including enterprises in practice) must be developed and implemented, and monitoring and evaluating general and vocational competences ensured. Additionally, the developed infrastructure, such as business-to-business education centres, must be utilised for the acquisition of work and practical experience, and the implementation of specialisation programmes and additional qualifications, and efficient models of scholarship policy (company, shortage, specialised) must be promoted. All measures will be implemented along with the direct participation of employers and key stakeholders (businesses, chambers and associations, unions) through which programmes will be coordinated with the needs of the labour market to the greatest extent possible.

A major problem is the acquisition of work experience by young people who, due to prolonging their years of education, enter the labour market at a late stage in life. Almost no workers under 20 years of age are in

¹³² Commission Staff Working Document: Assessment of the 2014 national reform programme and stability programme for Slovenia accompanying the document Recommendation for a Council Recommendation on Slovenia's 2013 national reform programme and delivering a Council opinion on Slovenia's 2014 stability programme

¹³³ The literacy rate depends on a number of interrelated factors that the country needs to address in a coordinated way while planning and implementing: system-wide measures, reading habits, reading strategies and language infrastructure (language manuals, tools, service).

¹³⁴ Pisa 2012 Results in Focus, OECD 2013, <http://www.oecd.org/pisa/keyfindings/pisa-2012-results-overview.pdf>

¹³⁵ Education at a Glance. OECD Indicators, [http://www.oecd.org/edu/eag2013%20\(eng\)--FINAL%2020%20June%202013.pdf](http://www.oecd.org/edu/eag2013%20(eng)--FINAL%2020%20June%202013.pdf)

¹³⁶ M. Shafiqur Rahman: Relationship among GDP, Per Capita GDP, Literacy Rate and Unemployment Rate. British Journal of Arts and Social Sciences. http://www.bjournal.co.uk/paper/BJASS_14_2/BJASS_14_02_02.pdf

¹³⁷ OECD, <http://skills.oecd.org> (The Skills Needed for 21. Century, 2013).

¹³⁸ OECD, PISA 2012 Results: Creative Problem Solving, 2014.

¹³⁹ Survey of Schools: ICT in Education - European Commission, 2013.

the working age population.¹⁴⁰ Open and flexible approaches to the transition between education and work will enable young people to gain invaluable concrete and practical experience already during their education, and help them become directly involved in the actual delivery of ideas; the experience thus gained will enhance their employment prospects, and spur entrepreneurship- and creativity-driven activity (realisation of actual projects through a partnership between education and the business sector). The aforementioned activities will help prepare young people to face and respond to labour market needs and endow them with competences required for job creation. This is also in compliance with the Smart Specialisation Strategy, which focuses on innovation and the creativity of individuals.

In a society whose economic growth depends on innovation, individuals should not only achieve a high level of general competences, but should be well equipped and ready for creative, socially responsible and entrepreneurship-oriented action. The lack of such competences in the process of labour market integration becomes a major setback that hampers further modernisation process of enterprises and, consequently, impedes the economic development of the country, especially at a time when no job should be taken for granted and where a high degree of entrepreneurial drive and creativity must be demonstrated to create jobs and stimulate demand for e-services.

These competences include information and communication literacy or e-skills, especially for the target group of older individuals, among whom the lag behind the EU average is greatest (14 percentage points in 2012).¹⁴¹ In terms of Internet use, Slovenia records notoriously low figures for the retired and inactive population (Slovenia 24%, EU 40%)¹⁴², whereas the share of the population who frequently used the Internet in Slovenia in 2012 was 69% (EU 72%), while 23% have never used it (EU 21%)¹⁴³.

Changes in the labour market are reflected in the need for workers to change jobs frequently, which results in an increase in the need for quality career orientation and guidance activities. Lifelong career orientation should be made available to all groups of the working age population, whether school-age youth, employees or the unemployed. Even the European Commission urges Slovenia to strengthen the role of vocational or career orientation in the 'Country Specific Recommendation on Slovenia's 2013 national reform programme'. Adjusted models must be prepared for vulnerable groups, as their needs demand special treatment. Lifelong career orientation will be provided for various target groups in compliance with the National Coordination Point, which will be supported under thematic objective 8 – access to employment, with its key function being the coordination and guidance of all stakeholders (especially the Employment Service of Slovenia, educational institutions, university career centres, foundations, providers of information and counselling activity in adult education, regional career centres for young people, etc.) in lifelong career orientation and promoting of their mutual cooperation. The Employment Service of Slovenia, concessionaires and foundations will deliver career guidance for the unemployed, whereas those in employment benefit from active labour market policy programmes comprising the components of lifelong career orientation.¹⁴⁴ Foundations to enhance job opportunities will have to be supported, whose intention, according to the Labour Market Regulation Act, is to coordinate supply and demand in the local or regional labour market or in individual economic activities in cooperation with social partners. The needs of older workers without education and workers in the process of being dismissed are especially pronounced. Career orientation services are closely connected with efficient job mediation to the unemployed, and as a result, these measures will be covered by thematic objective 8 – access to employment. At the same time, more efficient and targeted career orientation for young people is

¹⁴⁰ Young people and the labour market, 2013, p. 7

¹⁴¹ IMAD, 2013 Development Report

¹⁴² Source: Digital Agenda Scoreboard

¹⁴³ [http://digital-agenda-data.eu/charts/country-profiles-the-relative-position-against-all-other-european-countries#chart={"indicator-group":"internet-usage","ref-area":"SI","time-period":"2013"}](http://digital-agenda-data.eu/charts/country-profiles-the-relative-position-against-all-other-european-countries#chart={)

¹⁴⁴ National Reform Programme 2013-2014

required. It is essential to establish regional career centres for primary and secondary school pupils, whose task will be primarily to guide young people to occupations in accordance with their interests, abilities and in relation to the needs of the labour market, and which will have to connect with educational institutions and the Employment Service of Slovenia (which, like regional centres, is a member of the National Coordination Point for Lifelong Learning). This is the only way to provide young people with suitable guidance on their careers and better job opportunities after completing their education.

Career centres in higher education will deliver counselling and guidance to students while planning and devising a career orientation for a high-quality study path and with a view to facilitating labour market integration. Meanwhile, counselling services for adults will be delivered by counselling centres specialising in lifelong learning and providing access for those groups which are less active and less motivated to resolve their employment and social situation.

At the same time, the Employment Service of Slovenia will supplement activities carried out in the past to forecast employment in order to facilitate short-term and medium-term forecasts of trends in the Slovenian labour market. Statistically valid results will be acquired and officially published, and will form the basis for devising policies at the national level. Certain data on employment trends, vocational structure of demand, occupations with a shortage of workers, competences required by the labour market, and occupations of the future, and direct connection with the education system will be acquired during these activities.

While thematic objective 8 will particularly support efforts to strengthen operators, providers and other actors included in the preparation of measures (including social partners) to support the coordination of supply and demand in the labour market, thematic objective 10 will support the inclusion of individuals in programmes arising from the aforementioned measures. The connection with the Smart Specialisation Strategy will also be suitable from the aspect of including support for enterprises under thematic objective 3 or through targeted programmes for employees in enterprises which will be included in smart specialisation measures.

RESPONSIVENESS OF EDUCATION SYSTEMS WITH AN EMPHASIS ON VOCATIONAL EDUCATION

Data on participation in secondary education are favourable for Slovenia, given that the share of young people who have attained at least secondary education counts among the top European shares (almost 90%).¹⁴⁵ However, the share of pupils enrolled in vocational secondary education has been decreasing for several years in contrast to the share of pupils enrolled in general secondary education. It stood at 72% in the 1998-1999 school year and dropped to mere 58% in the 2010-2011 school year. Enrolment in lower secondary vocational programmes and secondary vocational programmes fell most (from 2.8% to 1.1% and from 28.2% to 14.5%, respectively).¹⁴⁶ The Development Report 2013 does note a slight change in the structure of young people in secondary schools, i.e. the share of enrolments in secondary technical and other professional programmes has increased (among all pupils enrolled in the first year of secondary education in the school year 2013-2014, 15.23% were enrolled in secondary vocational programmes or 61.5% enrolled in secondary vocational programmes according to the data¹⁴⁷), and suggests that young people should be further encouraged and their interest in vocational training spurred in the future, as there is a serious shortage of certain occupational profiles in the labour market. The drop in enrolment in secondary vocational education programmes may be linked mainly with wider social factors. There is a

¹⁴⁵ Education in Slovenia, SORS, 2013

¹⁴⁶ Education in Slovenia, SORS, 2012

¹⁴⁷ http://www.stat.si/novica_prikazi.aspx?id=6189

widespread negative perception of vocational education and work in Slovenia, which has been reflected in the low income of people with vocational education.¹⁴⁸

Slovenia will work on stimulating the interest of young people in vocational education, and enhancing cooperation between employers and social partners in the education process itself. In order for the education and training to take a leading role in overcoming the labour market mismatch, it is not enough only to invest in individuals; systemic measures for greater quality, efficiency and responsiveness of the education and training system should be ensured, which is in line with the Position of the Commission Services on the development of Partnership Agreement and programmes which establishes that the education and training system fails to meet labour market demand. This corroborates the findings of the interim evaluation of the 1st and 2nd priority axes of the OP HRD 2007–2013¹⁴⁹, which underlines that special attention should be paid to the development of vocational competences and to strengthening competences not included in the curriculum to a satisfactory degree, as well as to encouraging employers to become widely involved in the education process. The European Commission's recommendations regarding Slovenia's 2013 National Reform Programme similarly conclude and recommend that the mismatch between the skills and labour market needs should be tackled by improving the attractiveness of vocational education and training programmes, while further developing cooperation with stakeholders to assess labour market needs. Vocational education programmes will be adapted to the labour market situation through the apprenticeship system and practical on-the-job training, the implementation of specialisation programmes and additional qualifications, and efficient models of scholarship policy (company, shortage, specialised). All measures will be implemented along with the direct participation of employers and key stakeholders (businesses, chambers and associations, unions), which will coordinate the programmes with the needs of the labour market to the greatest extent possible.

The preparation of occupational standards which determine the content of vocational qualifications at a certain level of difficulty and define the required knowledge, skills, and general and vocational skills includes social partners and other stakeholders. Nevertheless, their role will have to be further enhanced. Educational programmes frequently do not reflect the actual needs of the labour market (which also reflects the actual situation in the labour market – skill mismatch and skill shortage). Therefore, the role of key stakeholders (i.e. chambers, professional associations) in this field will have to be further enhanced and more emphasis will have to be put on the speedier adjustment of occupational standards and educational programmes to the actual needs of the labour market.

RECOGNITION OF NON-FORMAL AND INFORMAL LEARNING

Since 2000, when Slovenia passed the National Professional Qualifications Act, this has been one of the most common ways of evaluating the outputs of non-formal education. 67,941 certificates were awarded in the 2000–2012 period, their number soaring during the economic growth and finally culminating at 14,938 certificates in 2009, when the number dramatically fell during the crisis, as only 4,885 certificates were awarded in 2012.¹⁵⁰ The analysis¹⁵¹ reveals that the national vocational qualifications (NVQ) in most cases represent the recognition of acquired know-how, skills and competences, and are a result of cooperation with the business sector. Most acquired NVQs are at the level of secondary and higher education, while there has been a constant need to develop a system which will facilitate the recognition of non-formal and informal learning also at higher education levels. When developing the system, the

¹⁴⁸ IMAD, Development Report 2013

¹⁴⁹ Interim evaluation of the 1st and 2nd priorities 'Improving the quality and effectiveness of education and training systems' and 'Improving the individual for work and life in the society, knowledge-based economy, 3rd developmental priority of OP HRD Human resource development and lifelong learning', Oikos, August 2011, <http://www.eu-skladi.si/skladi/crpanje-evropskih-sredstev/studije-in-vrednotenja/studije-in-vrednotenja-za-programsko-obdobje-2007-2013/vrednotenja-2007-2013/operativni-program-razvoja-cloveskih-virov>

¹⁵⁰ Occupational standards and NVQ 2000-2012, Institute of the Republic of Slovenia for Vocational Education and Training, 2013

¹⁵¹ A. Ivanèiè, Occupational standards and NVQ 2000-2012, Institute of the Republic of Slovenia for Vocational Education and Training, 2013

recognition of knowledge will have to be particularly facilitated in fields which are only beginning to be important for the labour market and will contribute to improving the competitiveness of the economy, with an emphasis on the Smart Specialisation Strategy (e.g. innovative technologies, environmental technologies, etc.). All of the aforementioned signifies the establishment of alternative pathways to recognising knowledge and particularly work experience that constitute the basis for gaining a qualification.¹⁵²

The significance of recognising non-formal learning for the needs of the labour market and for further (formal) education is also expressed in the recommendations of the Council of the European Union on the validation of non-formal and informal learning, which recommend that Member States establish the validation of non-formal and informal learning by 2018 in accordance with the national circumstances and specificities. National vocational qualifications meet the aforementioned recommendations regarding the labour market, which means that Slovenia has already attained the minimum standards in this field. However, it must be emphasised that the development of the system has not yet been completed, since individuals, employers and the wider society can only benefit from an integrated system. A developed and integrated system of validating non-formal knowledge and learning (e.g. national vocational qualifications system – development of a methodology and tool for establishing competences acquired in a non-formal manner, and enforcement of implementing regulations) contributes to the promotion of lifelong learning, which in turn contributes to enhancing the personal and professional development of individuals, which leads to greater mobility in the labour market and, in combination with short training programmes, to the reduction in structural mismatches in this market and faster completion of studies for those who can use previously acquired non-formal knowledge.

According to Eurostat data from 2011, 36% of young people aged between 15 and 30 participate in voluntary activities in Slovenia, which opens up a whole set of opportunities to gain practical experience to enhance employability. Hence, it is necessary to strengthen mechanisms for their development, particularly mechanisms of non-formal and informal learning, by recording non-formally acquired knowledge also among young people¹⁵³. This will be implemented under thematic objective 8 through measures for young people.

All in all, Slovenia should make efforts to promote the system of recognition of various educational pathways, and further pursue the development of the education and training system, and introduce a pilot tool and methodology, which will provide a setting for the transparent validation and recognition of non-formal and informal learning and training, while taking into account the knowledge standards determined via occupational standards (introduction of new flexible occupational standards that enable a rapid adjustment to new workplace conditions¹⁵⁴). The recognition of non-formally acquired knowledge in the process of employment and in the process of receiving education will be implemented so that schools recognise obligations in individual modules or subjects to individuals with non-formally acquired knowledge. This is also in line with the Position of the Commission Services on the development of Partnership Agreement and programmes in Slovenia¹⁵⁵, according to which Slovenia should also fund the implementation of measures for the acquisition of non-formal and informal knowledge.

UPGRADING THE COMPETENCES OF TEACHERS

¹⁵² Occupational standards and NVQ 2000-2012, Institute of the Republic of Slovenia for Vocational Education and Training, 2013

¹⁵³ Position Paper, page 22

¹⁵⁴ Occupational standards and NVQ 2000-2012, Institute of the Republic of Slovenia for Vocational Education and Training, 2013

¹⁵⁵ Position Paper, page 9

Teachers' qualifications should be regarded as a continuous process that takes place throughout the professional lifetime of teachers and does not end with the completion of undergraduate education in the pedagogical branch. The latter cannot equip teachers with all the competences they need in their career. Improving and safeguarding quality in education relies heavily on upgrading the competences of teachers whose need for constant development and the acquisition of specific competences for teaching in the 21st century has been recognised by the European Commission.¹⁵⁶ The role of teachers and, consequently, pedagogical strategies have been constantly changing in all fields of education. This requires teachers' know-how and competences which are not related only to testing pupils' knowledge, but also to the development of thinking skills, the stimulation of creativity, entrepreneurial drive and innovation or those aspects that affect problem solving and critical thinking. Promoting the development of these aspects must be enhanced as early as in the preschool period, as some Slovenian pupils do not achieve good results at the EU level. An appropriate learning environment in the preschool period and an open learning environment during the process of education, as well as orientation towards competences such as creative problem solving and more effective use of ICT for educational purposes require that teachers have know-how and competences they have not yet developed (TALIS, PISA 2012, etc.). An array of research activities carried out by the OECD (Teachers matter¹⁵⁷, 2005 and TALIS¹⁵⁸ 2008) underline the connection between high-quality further education and teachers' training and their performance at work. The research carried out by the authors of the White paper on Education in the Republic of Slovenia, 2011¹⁵⁹ shows that Slovenian teachers believe they lack sufficient know-how in addressing behaviour-related issues, areas of work with children and adolescents with special needs, communication skills and ICT skills, which are known to be most rapidly changing nowadays, and where know-how and skills cannot be guaranteed only via formal undergraduate study programmes. It further points out the need for mobility and the development of new forms of scaling up the professional capital of teachers in direct connection with the economy (e.g. job shadowing, transition of teachers of technical subjects to the economy), which is all required if coordination between the outcome of education and expectations of employers is to be as coordinated as possible. Only teachers with suitable competences can promptly perceive the needs of the labour market and swiftly respond to them with concrete educational strategies. Therefore, competences must be enhanced in all fields of education (preschool education, primary education, secondary education, post-secondary vocational education, education of children and adolescents with special needs, adult education), which equip teachers to be able to promptly recognise the individual needs of people receiving education, and to plan and implement their teaching in accordance with the needs for new competences.

Thus it is important to train teachers to transfer knowledge with new, advanced teaching methods, with an emphasis on experiential learning and connection with the economy (e.g. including entrepreneurs in the educational process, connecting with business entities in the local environment, etc.).

RESPONSIVE HIGHER EDUCATION SYSTEM AND ITS CONNECTION WITH THE NEEDS OF THE LABOUR MARKET

Slovenia is gradually approaching the Europe 2020 target of the share of 30–34-year-olds with tertiary education (40% by 2020), as the 2013 figure stood at 40.1%.¹⁶⁰

Slovenia further boasts one of the highest participation rates in tertiary education in the EU, as the number of students enrolled in tertiary education has significantly increased in the last decade. The participation rate in tertiary education at enrolment age in the school year 2011-2012 accounted for 56.9%, whereas the

¹⁵⁶ Expert group "Improving education of teachers and trainers" at the European Commission: Supporting teacher competence development (2013).

¹⁵⁷ Teachers matter: Attracting, Developing and Retaining Effective Teachers; OECD, 2005.

¹⁵⁸ TALIS, OECD, 2008.

¹⁵⁹ White Paper on Education in the Republic of Slovenia, National Education Institute of the Republic of Slovenia, Ljubljana 2011

¹⁶⁰ Eurostat, http://epp.eurostat.ec.europa.eu/portal/page/portal/europe_2020_indicators/headline_indicators

participation rate of the 20–24 age group is actually the highest in the EU.¹⁶¹ At the same time, we saw an increase in the number of study programmes. The high participation rate of young people in tertiary education shows the high degree of accessibility of the system, but raises question about the quality, responsiveness and openness of the education system considering the needs of the labour market. The employment opportunities of tertiary education graduates severely deteriorated in the aftermath of the crisis, mostly on account of the falling number of jobs, but also because the graduates' profiles do not meet labour market demand. An analysis of the correlation between the labour market and the pre-enrolment announcement for tertiary education showed that higher education institutions lack consideration of the labour market situation or the prospects of employability of their graduates, both as regards the availability of study programmes and the number of enrolment places.¹⁶² Therefore, Slovenia has to address the situation by updating and improving study programmes, particularly by monitoring the needs of employers for specific know-how and competences of graduates. Studies show¹⁶³ that employers miss in graduates their lack of study-related work experience and some general skills, e.g. ability to work in a team and make decisions, communication skills, entrepreneurial drive, innovation, etc. In order to develop these competences, cooperation between employers and higher education institutions is vital, and should be carried out in the form of innovative/active teaching methods, practical training, research projects, career guidance, and quality verification (evaluation of study programmes, graduates and employers). At the same time, better cooperation between education institutions and the environment improved the efficiency of the knowledge triangle.¹⁶⁴ Higher education institutes should be encouraged to collect data on the employability of graduates on a systematic basis. Quality study pathways and enhanced integration of students in the labour market are also sustained by career centres at universities, which deliver career guidance and orientation services. Four career centres within four Slovenian universities and three independent higher education institutions received EU funding in the 2010–2013 period. The centres provided a number of career guidance activities for students and graduates (comprising *inter alia* 500 various workshops bringing together students and potential employers, and seeking to provide additional competences, skills and know-how for an efficient entry to the labour market) whose number exceeded 15,000. The activities of career centres which carry out career guidance for students will be connected (implementation of joint events, joint promotion activities, exchange of best practice in career centres at universities and/or independent higher education institutions,) with other institutions engaged in career guidance and information to achieve synergy effects (common quality standards, joint education for career guides).

The international mobility of students and teaching staff underpin the quality of higher education institutions and system in the country¹⁶⁵, and at the same time, increase the probability of mobility after completed studies and enhance the competitiveness of graduates in the global labour market, since international learning and experience from abroad meet the needs of the labour market (e.g. international competences). A study carried out by the European Commission in 2014 on the effects of international mobility shows that the share of employers who consider international experience to be very important has doubled from 2006 (37%) to 2013 (61%). The study also shows that students with experience of international exchanges are at half the risk of long-term unemployment compared with students without this experience. According to the European Commission study, the unemployment rate among former

161 IMAD, Development Report 2013

162 Labour market and pre-enrolment announcement for tertiary education – Analysis of the labour market in relation to higher education enrolment places and the number of students and graduates, 2013, page 43

163 HEGESCO: Higher Education as a Generator of Strategic Competences (<http://www.hegesco.org/>), Slovensko visoko šolstvo s perspektive zaposljivosti diplomantov (Slovenian higher education from the aspect of graduate employability) (<http://www.mfdps.si/Files//Karierni%20center/Slovensko%20VS%20s%20perspektive%20zaposljivosti%20diplomantov.pdf>).

164 In its situation analysis, the Position of the Commission Services on the development of Partnership Agreement and programmes highlights that the knowledge triangle in Slovenia is ineffective as it includes a relatively inefficient higher education.

165 International mobility of students and teaching staff in tertiary education (Tanja Ćelebić), Workbook, IMAD, 2008

students of the Erasmus programme is 23% lower than the rate among non-mobile students within five years of completing their studies. The same results were achieved by a study of Engel et al. (2009)¹⁶⁶ which shows that mobile students need less time to find a job than non-mobile.

The promotion of international mobility is one of the strategic objectives of the National Higher Education Programme 2011–2020.¹⁶⁷ Slovenia, *inter alia*, is committed to having a fifth of graduates doing part of their studies abroad by 2020, and to having at least 10% of foreign academic staff. The Slovenian system is relatively hermetic in this respect, with a low degree of flow or mobility of higher education teaching staff and students in and out of Slovenian and foreign higher education institutions. According to Eurostat data, 2.5% of Slovenian students studied abroad, while the EU-27 average stands at 3.3%. In the majority of countries, funding is most commonly cited as an obstacle to student mobility.¹⁶⁸ According to the Eurostudent research, as many as 73% of both – mobile and non-mobile Slovenian students believe this to be the case (Eurostudent SI 2010). Social background plays a major role in this respect. Data suggest that only 5.6% of mobile students have parents who achieved the lowest levels of education (ISCED 0-2). Despite partial financing in the 2007–2013 period, there is a lot of room for improvement in terms of supporting measures for the further internationalisation of Slovenian higher education. Amid the financial conditions the country faces, which further escalate the main reasons for extremely low student mobility, it is obvious that these ambitious targets deserve financial support, including for student mobility, targeted at the group of students with a weak socio-economic position, which is also substantiated by the Eurydice report from 2013 ‘Towards a Mobility Scoreboard: Conditions for Learning Abroad in Europe’, which shows that Slovenia received the lowest rating in the indicator ‘support for mobility for students with a weak socio-economic position’.¹⁶⁹

USING ICT TO IMPROVE THE QUALITY OF EDUCATION

Continued use of ICT will help improve the responsiveness and quality of the education system. ICT alters the manner of teaching (innovative teaching methods), teaching contents and process, which requires a high degree of digital skills both of the individuals involved and the teaching staff, and new didactic teaching models that include innovative use of ICT in teaching and learning, and developing e-contents. Therefore, it is essential to continue projects developing e-books, e-learning materials and innovative ICT-based teaching models whose development was successfully launched in the 2007–2013 financial perspective.¹⁷⁰

Gigabit-level capacities will be necessary for the learning process based on the principles of the e-school bag, e-textbooks, access to remote knowledge resources, digital language resources and technologies, the use of multimedia, online classrooms and distance teaching.¹⁷¹ The only connection infrastructure that will continue to satisfy the learning process is the ICT infrastructure, which pursues the Digital Agenda for Europe and the EU 2020 Strategy for information society: fast and ultra-fast Internet access, trust and security.¹⁷² Digital equipment in Slovenian schools in relation to the EU average is below average, and there is still room for progress.¹⁷³

¹⁶⁶ <http://belgeo.revues.org/6399>

¹⁶⁷ National Higher Education Programme 2011–2020

¹⁶⁸ The European Higher Education Area in 2012: Bologna Process Implementation Report (<http://www.ehea.info/Uploads/%281%29/Bologna%20Process%20Implementation%20Report.pdf>).

¹⁶⁹ European Commission/EACEA/Eurydice, 2013. *Towards a Mobility Scoreboard: Conditions for Learning Abroad in Europe*. Luxembourg: Publications Office of the European Union.

¹⁷⁰ In the 2007–2013 financial perspective, 15 e-textbooks for science and 22 e-textbooks for social science for higher grades of primary schools and first years of secondary schools were developed under priority guideline 2.2 Information society.

¹⁷¹ European Commission, COM (2013) 654 final / Opening up Education: Innovative teaching and learning for all through new Technologies and Open Educational Resources

¹⁷² European Commission, COM(2010) 245 final/2, Digital Agenda for Europe

¹⁷³ European Schoolnet, Survey of Schools: ICT in Education, Country profile: Slovenia, November 2012

In Slovenia, the indicator of the number of students per computer is below the EU average (RS=7–8, EU=4–5); the same is true of the indicator for the number of students per computer connected to the Internet (RS=11–3.37, EU=8–20)¹⁷⁴, while fewer than 50% of teachers use computers. Only 3% of educational institutions have a wireless network which is permeable and secure enough, which means that Slovenia lags far behind in this area. Currently, only approximately 19% of local computer networks in institutions are connected to the Internet via a broadband connection (primary, secondary and higher education). Investing in the development of the ICT infrastructure of the educational institutions is a basic condition for developing innovative learning environment and ensuring suitable competences for the 21st century which are based on the acquisition and use of ICT skills.

EDUCATION AND TRAINING IN AGRICULTURE, FORESTRY AND THE FOOD PROCESSING SECTOR

Heads of agricultural holdings having primary (2010: 37.2%) and lower or upper secondary education (2010: 50.6%) are predominant on Slovenian farms, while the percentage of those with secondary or higher education is still low (6.2%). A comparison between 2000 and 2010 shows an increasing share of heads of agricultural holdings with completed secondary or higher or university education. Positive trends are also evident in the field of the agricultural education of farmers, since the share of those who have only practical experience in agriculture fell from 83.9% (2000) to 64.5% (2010). The share of those who completed courses or National Vocational Qualification (NVQ) in agriculture has increased by 18.5 percentage points to 26.7%, which reflects the increase in capacity. The population of young transferees supported in the 2007–2013 period on average boasts higher educational attainment.

The complexity of work in agriculture, food technology, forestry, the food processing industry and other activities requires higher qualifications and continuous acquisition of new know-how and competences. Needs have been emerging to upgrade knowledge and practical skills, particularly in the field of environmental protection, climate change mitigation and adaptation, animal welfare, marketing, etc. Special attention will be given to training target groups in biodiversity-related areas and on reducing the impacts of agriculture on the quality of surface water and groundwater.

The measure related to knowledge transfer and information actions pursues the objectives of increasing qualifications in agriculture, forestry and the food industry. This measure will support *inter alia* trainings related to the measures of organic farming, agri-environment-climate payments and animal welfare. Knowledge transfer activities will especially be targeted at young farmers. The objective of the training must be the practical application of knowledge acquired. Therefore, the training will particularly highlight practical demonstrations or so-called demonstration projects that will become the setting for transferring knowledge under the Cooperation measure (pilot projects, new products, innovation). One significant objective of the training is to reduce the error rate, i.e. violations and sanctions, which in the 2007–2013 programming period resulted in the reimbursement of funds.

Education and training under thematic objective 10 also contributes to attaining the EUSDR objectives regarding counselling on issues related to climate change mitigation, promoting sustainable energy use, and improving the competitiveness of rural areas, especially agriculture, by promoting entrepreneurship in rural areas, supporting innovation and cooperation in agriculture, and supporting economic diversity in rural areas.**1.1.1.11 Thematic objective 11: Enhancing the institutional capacity of public authorities and stakeholders and an efficient public administration**

¹⁷⁴ Ibid.

The rule of law is a prerequisite for the functioning of all systems of the state, as well as its social subsystems, in particular the economy. Simultaneously, enhancing the effectiveness of the judicial system has a significant anti-corruption effect. The judicial system is of vital national and strategic significance in the protection of citizens' rights, economic development and prosperity. Enhancing the efficiency of Slovenia's judicial system will indirectly enhance employability, the growth and competitiveness of the economic sector and thus prosperity for citizens, as the faster and more efficient settlement of court cases will indirectly preserve jobs and enhance foreign direct investments and thus enable additional employment and social security.

The state should guarantee the exercise of authority and provide public services or public goods to all its citizens and residents, namely under the same conditions and in a manner accessible to all. Excellence in the implementation of the functions of the state and public administration is a commitment that affects the development of democratic processes in society, economic growth and the social cohesion of all its inhabitants.

Thematic areas within this thematic objective will be financed under the ESF. In territorial terms, the ESF funds will be available for the whole of Slovenia. The needs in both cohesion regions are great; however, a distribution key will be used for the distribution of funds between both cohesion regions in the administration of justice due to the limitation on funds, which will be proportional to the distribution of courts of first instance in the regions. The cohesion region of Western Slovenia has 62%, and the cohesion region of Eastern Slovenia has 38% of all courts of first instance in the state. The renewal of public administration, including support for the development of NGOs and enhancement of social partners' capacities will be implemented throughout Slovenia with a uniform approach in both cohesion regions. The distribution of funds between the regions will be determined in operational programmes for individual contents; for example, for NGOs on the basis of the number of current horizontal content networks and established regional junctures, and according to the number of inhabitants for public administration.

The following key requirements for the programming period 2014-2020 are essential in the context of thematic objective 11: improve the regulatory framework; better performance and enhanced efficiency of the judicial and administrative systems; accelerate settlement of disputes, enforcements, alternative forms of dispute settlement, optimise business processes in courts and insolvency proceedings; effectively tackle economic crime and corruption; improve the business environment for citizens and enterprises; reduce administrative burdens, increase transparency, quality, accountability and accessibility to government services; create a single interoperable platform; strengthen the capacity of NGOs to participate in the design and implementation of policies, and of social partners.

EFFICIENT JUDICIAL SYSTEM

In Slovenia, the level of confidence in the rule of law and the institutions of justice administration is low, which has a markedly negative effect on economic competitiveness and prevents smooth social and economic development. Distrust of the judicial system is also evident in international comparisons of economic competitiveness, where Slovenia ranks lower every year. A recent WEF report (2013-2014) analysing 148 countries puts Slovenia in 135th place in terms of the regulatory framework's efficiency in settling disputes between companies, and in 76th place in terms of the assessment of the independence of the judiciary. According to Eurobarometer 385 from November 2013, Slovenia was ranked last, in 28th place, among all Member States in terms of trust in national judicial systems. Reviews of Slovenia are important not only for the national environment, but for the international economic environment, particularly with regard to attracting foreign direct investment. The judicial system is prone to monotony and rigidity, as nearly all aspects of its functioning are subject to rigid normative frameworks. We have learned from negative experiences of the past that the efficiency of the judicial administration should not

be based solely on changing normative frameworks and norms.¹⁷⁵ A structural abyss was thus noted in Slovenia between the functioning of the judicial system and real economy, since business entities usually encounter the functioning and significance of judicial authorities only when it is too late (e.g. when a company is already in trouble). Raising trust in the institutions of the rule of law will be ensured with measures to optimise the systemic functions of justice administration (curative level) and preventive measures (e.g. improvement of measures for alternative settlements of disputes).

An average Slovenian judge, particularly of the first instance, covers several legal fields, which is necessary to provide flexibility in the system relating to the caseload. As per sectoral strategy on human resource management,¹⁷⁶ higher competences for judicial officers and their support staff will be required, including the optimisation of their intellectual capital utilisation. For a more efficient justice system, as a priority Slovenia will also invest in areas associated with accelerated (fast track) procedures for resolving judicial matters to relieve officers (triage), and the areas intended for the optimisation of the network of judicial authorities and mobility of judicial officers and staff. The justice administration, like any other complex system, where different actors and stakeholders perform a variety of roles and co-dependencies, is hindered in the easy identification of the causes of anomalies, their measurement and, consequently, also planning of concrete measures for their effective and sustainable elimination. Modelled on good practices of certain Member States, which have already adopted and implemented similar mechanisms (e.g. Germany and Austria), Slovenia will invest in establishing systemic solutions to identify bottlenecks in individual judicial authorities and to plan measures for the more effective functioning of the justice system.

The competitiveness of Slovenian enterprises is also heavily burdened by the current culture of resolving commercial disputes. The SME segment, which comprises over 95% of all Slovenian economic entities in the market, depends heavily on cash flow being up-to-date, as cash flows may be very slow in the case of litigation. It is therefore very important to ensure effective mechanisms to resolve disputes more quickly before they are transferred to the court. In the 2007-2013 programming period, the justice administration supported measures for alternative dispute settlement for the general population, namely for non-commercial disputes: civil disputes, law suits, family disputes. In the 2014-2020 financial perspective, actions will be focused on alternative methods of resolving disputes between business entities.

INSOLVENCY AND FINANCIAL RESTRUCTURING

An important factor in the deterioration of Slovenia's economic competitiveness is the lengthy and inefficient procedures related to insolvency. Bankruptcy and composition proceedings are complex and unfavourable to the business environment, particularly regarding SMEs and micro-enterprises. This was also recognised by the European Commission, which in its latest recommendation in relation to the National Reform Programme specifically underlined that Slovenia should improve the enforcement of corporate insolvency procedures and the functioning of mechanisms for in-court and out-of-court settlements, including the swift resolution of pending court cases related to bankruptcy procedures, in order to maximise recovery value and facilitate the timely and efficient resolution of non-performing loans.¹⁷⁷ Priority funding areas for faster and more efficient procedures as a result of insolvency and system discharge will thus contribute to optimising business processes in courts and information support for business processes for processing solving civil and commercial litigation matters, as well as investment in training judicial officers and other staff in the judicial system. The above-mentioned is in line with Country

¹⁷⁵ Particularly the consequences of the failed reform of judicial administration in 1995 drafted on the basis of recommendations of international organisations, including the Council of Europe.

¹⁷⁶ Strategija ravnanja s človeškimi viri v pravosodju do leta 2020 (Strategy on human resource management in justice administration until 2020) adopted at the session of the Government of the Republic of Slovenia on 24 April 2014, decision no. 70000-2/2014/8; http://www.mp.gov.si/fileadmin/mp.gov.si/pageuploads/CIP/2014/5_5_2014_Strategija2020.pdf

¹⁷⁷ The discussed issue of lengthy bankruptcy procedures was also emphasised in the latest recommendation of the Organisation for Economic Co-operation and Development (OECD), Economic Survey of Slovenia 2013.

Specific Recommendation no. 9 for Slovenia to improve the enforcement of corporate insolvency procedures and in-court settlements.

ENFORCEMENT PROCEDURES

Lengthy civil and commercial proceedings and enforcement procedures are significant obstacles to business activity and to taking advantage of corporate development potential, which also reduces the attractiveness for foreign direct investment.¹⁷⁸ Consequently, to ensure more effective enforcement, Slovenia will primarily invest in the optimisation of resolving enforcement matters both in direct court proceedings as well as in proceedings with enforcement officers, namely with selected tools to accelerate enforcement, organisational measures and targeted computerising solutions for elimination of bottlenecks in the entire enforcement procedure. Training for the full spectrum of stakeholders involved in implementing enforcement procedures will also be supported in a complementary manner. The above-mentioned is in line with Country Specific Recommendation no. 6 for Slovenia to reduce the number of pending cases, particularly enforcement cases.

ECONOMIC CRIME AND CORRUPTION

Due to commercial crime and corruption, Slovenia is characterised by a high level of distrust in the judicial system, which discourages foreign investors who are essential for boosting the economy.¹⁷⁹ The results of the Corruption Perception Index research carried out by the non-governmental organisation Transparency International also emphasise the worsening situation regarding corruption. In 2013, Slovenia ranked 43rd among 177 countries reviewed, or 20th among the European Union Member States.¹⁸⁰ Slovenia will provide for the detection and effective prosecution of economic crime and corruption in all possible forms, as these phenomena fundamentally distort natural competition between companies (general and special prevention). The illicit origin of property which represents a market benefit not acquired through competition and the maximisation of benefits for end users of goods and services in the market also distorts competitiveness and inhibits healthy and sustainable economic growth. Therefore, Slovenia will enhance the effectiveness of mechanisms to confiscate assets of unlawful origin. To prosecute the worst forms of economic crime and corruption effectively, Slovenia will use mechanisms to optimise its legislative and organisational structures, investing in human resources development in the wider field of the prosecution of economic crime and investing in improving the connectivity of information systems.

QUALITY OF PUBLIC ADMINISTRATION

In 2014, both indicators declined for Slovenia – 55th place on the IMD's international competitiveness scale¹⁸¹ and 56th place in the global competitiveness report of the WEF 2013¹⁸². Key factors effecting entrepreneurship are inefficient public administration and corruption.

In accordance with the Council recommendations,¹⁸³ Slovenia will continue to implement measures and activities to increase the transparency and accountability of public administration and implement external performance evaluation and quality control procedures. A comprehensive quality management system, and the monitoring of measurable objectives and performance through process indicators have not been introduced systematically in this field yet. The implementation of quality systems in administrative bodies

¹⁷⁸ It can be concluded from the trend of enforcement cases that the judicial system of the Republic of Slovenia has managed the caseload of enforcement cases for several years, but that it is still burdened with a relatively high number of cases pending from previous periods. See: Justice Scoreboard – a tool promote effective justice and growth, COM(2013) 160 final, 27 March 2013.

¹⁷⁹ Ernst & Young research on corruption among managers.

¹⁸⁰ http://www.transparency.org/whatwedo/pub/cpi_2013

¹⁸¹ <http://www.imd.org/news/World-Competitiveness-2013.cfm>

¹⁸² http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf

¹⁸³ Council Recommendation on Slovenia's 2014 National Reform Programme and Council opinion on Slovenia's 2014 Stability Programme (Recommendation no. 8).

with the use of the CAF model and regular systematic self-assessment¹⁸⁴ has been taking place since 2002; however, wider application is still at a relatively low level and is usually conducted in administrative units rather than ministries and government offices. The system for the external evaluation of the quality of performance of administrative bodies has not been implemented, although several pilot projects were conducted between 2006 and 2008. Tools for the quality management of operations, the promotion of continuous improvement, a system of measurable objectives, monitoring of operations with process indicators and a system of external performance evaluation for administrative bodies (mainly the CAF model – Common Assessment Framework) will be introduced. A uniform information platform for system support for quality management and the unification of fundamental objectives, principles and working methods will be implemented, including a forum for the exchange of expert opinions, best practices and comparative learning.

In accordance with the principles ‘one-stop-shop’, ‘once only’ and ‘think small first’, the updating and harmonising of inspection services’ operations has to be implemented. A uniform information system will be introduced to achieve the aforementioned objective, which will enable state authorities (inspection services) to capture and re-use information submitted to state authorities by individual business entities. Data on supervisions and irregularities established in the last five years will be captured comprehensively by any inspection service per each individual business entity. In compliance with the legislation,¹⁸⁵ the exchange of documents and data solely by electronic means in the state administration will thus be fully implemented, which will affect the efficiency of state authorities, quality control and competitive capacity of business entities.

In accordance with Council Recommendations¹⁸⁶ and on the basis of the Programme of the Government of the Republic of Slovenia on the prevention of corruption,¹⁸⁷ Slovenia will further implement measures and activities in public administration to raise integrity and prevent corruption. In addition to improving the legislative framework, efforts will be particularly directed towards measures to prevent corruption, improve transparency and accountability and limit corruption risks, while observing mechanisms for evaluation and quality control with process optimisation and the use of modern ICT tools (e.g. computerising risk register), whereby cooperation with the Commission for the Prevention of Corruption will be enhanced.

HUMAN RESOURCES IN PUBLIC ADMINISTRATION

Both the European Commission and the OECD¹⁸⁸ underline the need to improve the efficiency of public administration and institutional capacities at all levels, both at the national and local levels also in the segment which should contribute effectively to human resources management. Slovenia will thus start updating its human resources management system by establishing a uniform information system for human resources management and strategic planning in state authorities’ bodies, which will enable the simplification of recruitment procedures and quicker adjustment to changes in the HR field and provide support for managing, decision-making and strategic planning. An important part of the update will be the establishment of a competence model in public administration and training of competency evaluators, which will contribute to the better utilisation of civil servants’ knowledge and abilities and the recognition

¹⁸⁴ http://www.mnz.gov.si/si/o_ministrstvu/kakovost_v_javni_upravi/skupni_ocenjevalni_okvir_caf

¹⁸⁵ Decree on administrative operations, General Administrative Procedure Act.

¹⁸⁶ Measures in the field of corruption are discussed explicitly in Recommendation no. 8.

¹⁸⁷ Program Vlade Republike Slovenije za preprečevanje korupcije (Programme of the Government of the Republic of Slovenia on the prevention of corruption) was adopted on 5 March 2014: <http://www.mnz.gov.si/fileadmin/mnz.gov.si/pageuploads/SOJ/word/MNZ-VRS-PK-marec2014.pdf>. The so-called First interim report was adopted by the Government of the Republic of Slovenia on its implementation on 29 May 2014: http://www.mnz.gov.si/si/novinarsko_sredisce/novica/browse/1/article/12208/8850/943bd83ad6dd53ca761ffeb85180d9ab/

¹⁸⁸ OECD’s review of public administration in the Republic of Slovenia; Slovenia: Towards a Strategic and Efficient State, 2012, co-financed by ESF funds.

of training needs and will also result in the formation of an efficient, modern and cost-efficient administration. The OECD underlines that the central public administration should have the capacity needed to implement the strategy, namely from efficient management to the relevant knowledge, skills and competences of employees in the core public administration. Human resources provide a support framework for carrying out the administrative tasks; the OECD thus points out the need for a strategic approach to human resources management, especially in the areas of flexibility and wage system. Therefore, Slovenia will introduce an updated human resources management system and suitable reward system for the entire public administration. In key management fields, such as strategic and project management, public procurements and similar, Slovenia will enhance training by introducing new programmes, increasing the number of participants in training and enhanced cooperation with the academic sphere. Various professional training courses intended for certain workplaces' needs or the implementation of individual administrative tasks will also be available. With enhanced activities in the field of human resources management and oriented training of civil servants at all governance levels, Slovenia will attain long-term effects that will be reflected in the quality of public services. In the context of the 2007-2013 financial perspective, the measures in the field of human resources management development in public administration were not included, which underlines the need to implement these measures in Slovenia in the 2014-2020 period.

LEGISLATION, DEREGULATION AND ADMINISTRATIVE PROCEEDINGS

The European Commission¹⁸⁹ notes that the burdensome regulatory environment is one of the more pressing challenges for Slovenia, as it hinders competitiveness in national and foreign markets. The programme of measures to eliminate legislative barriers has been systematically implemented in Slovenia with the help of ESF funds since 2009 and has had significant results in simplifying the business environment; however, in order to ensure a friendly and stimulating environment for entrepreneurs and boost their competitiveness, Slovenia has to accede more intensively to the implementation of the key measures. From the total of 414 adopted measures on the basis of the programme to eliminate administrative barriers, 278 measures had been implemented by the end of April 2014 and additional 51 are still being realised, i.e. a total of 80%. In order to eliminate administrative barriers, improve the competitiveness of the economy and enhance trust in the rule of law, a single document on the provision of better legislative and business environments and increasing competitiveness was drafted and adopted by the Government of the Republic of Slovenia on 3 October 2013; this was supplemented on 16 January 2014 with additional measures to unburden business entities of an amount totalling EUR 360 million annually. The single document includes 262 measures from 16 fields; 64 measures had been realised by the end of April 2014, and 104 are still being implemented. Irrespective of the implementation, it was established that the work has to further intensify and the single document has to be supplemented promptly with key measures to reduce legislative burdens by 5% annually by 2020.

The main obstacles to doing business in Slovenia are the inefficient public administration, limited access to finance and labour legislation (WEF, IMD, Doing Business); in accordance with the European Commission's recommendations, Slovenia decided to simplify the conditions for entering the market, i.e. to provide for the effective functioning of the internal market, to introduce a sensible deregulation of activities, services and occupations to enhance job opportunities, self-employment, and the mobility and flexibility of the labour force in the European market. The PSC project for the renewal of occupation and activity regulations, i.e. entry conditions, has been underway in Slovenia since 2010. The main objective and purpose of the project is the realisation of objectives of service and vocational directives, the preparation of a survey, publication and presentation of conditions for implementation of regulated activities and occupations, and the establishment of a system for the acquisition of remote permits (e-procedures) for

¹⁸⁹ Opinion of Commission Services on the development of the Partnership Agreement and Programmes for the period 2014-2020 in Slovenia.

domestic and foreign providers. The project includes five sections; the group reviewed 107 regulations and 193 regulated activities (including occupations and services) within the first two sections and suggested 79 measures to line ministries. In two years, significant progress was made only in the craft industry. In 2012, 323 occupations were regulated; with deregulation, the number was reduced to 262 in this field. The reviewing, surveying and drafting of proposals for amending legislation for regulated activities, services and occupations has to continue in the future in order to reduce regulation by half. The implemented surveys of service activities in the period 2007-2013 will serve as a basis for further analyses and amendments to legislation, particularly the elimination of barriers and simplification of procedures.

Slovenia has decided that the renovation of existing legislation should place an even greater emphasis on adopting better regulations, with consistent verification of the effects of adopted regulations in order to ensure legality, legal certainty, transparency, predictability, responsiveness, user-orientation and the modernisation of administrative procedural law. The focus in future will be directed towards the preparation of so-called e-regulations, whose main objective is better drafting of regulations, with the inclusion of electronic modules and impact assessment (*inter alia* or primarily, the regulatory impact assessment on the economy (the SME test)).

INTEROPERABILITY, TRANSPARENCY AND OPEN DATA

In the 2014–2020 period, Slovenia will ensure a uniform interoperability platform, which will accelerate the adjustment and connection of individual line systems with its common building blocks and functions in order to ensure the re-use of high-quality and updated information of public sector's bodies in compliance with the requirements of the Directive on the re-use of public sector information (amendments from 2013).¹⁹⁰ Promoting the proactive opening up of data and their re-use with the implementation or upgrading of suitable registers and web programmes and the provision of concrete technical possibilities, including awareness-raising and education in the private and public sectors will also provide better public oversight of the operations of the public sector, open new business opportunities, generate new value and jobs, improve cross-border interoperability, facilitate the functioning of the internal market and contribute to the competitiveness of the country. To support transparency and open data, the establishment or upgrading of registers and web programmes will be promoted as per the Public Information Access Act.¹⁹¹

In the 2007-2013 period, the fundamental components of the central interoperability system for electronic data searches in public administration (G2G) were established; we developed and renovated certain information systems and subsystems for the actual creation of this exchange, especially for the specific needs of e-Sociala (e-Social Protection). We also established a basic platform for publishing open data together with other interoperability products. Since basic registers in the state were established before the definition of semantic EU standards (core vocabularies), data are kept in a non-uniform form with poor interoperability. The establishment of a system with highly automated and reliable publication of high-quality data from basic registers in open formats requires (1) consolidation in the sense of technical and content unification of rear information systems and (2) an upgrade of the platform for publishing open data which will support real-time big-data operations. The described consolidation and upgrading are the first conditions for inclusion in the global network of linked open data (LOD).

In the 2007-2013 period, the development of new building blocks for technical, semantic and organisational interoperability included building blocks for electronic queries (pulls), and the 2014-2020 period anticipates the development of building blocks for the electronic transmission of data (pushes) and development of new joint building blocks for authentication, e-signature, e-serving and e-documents by 2018 as per the

¹⁹⁰ The directive will be incorporated into the Public Information Access Act; <http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO3336>

¹⁹¹ <http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO3336>

new EU legislation^{192, 193}. A thorough conceptual upgrading of the existing e-government portal is also anticipated, which will functionally upgrade the existing mechanisms of e-government in the sense of active user participation (co-creation and co-production) when prioritising, planning, testing and perfecting new e-services. The mechanisms for consolidation according to API will also be provided, enabling the consolidation of public administration institutions with information systems outside the public administration. The services and functionality of e-government will thus be displayed and available at other portals, e.g. various NGO portals and user associations. The establishment of a single register of business and corruption risks in public administration will also be founded on joint building blocks and interoperability.

By developing new e-services (including open source services), providing standards, integration via a single service platform and establishing favourable conditions for greater innovation, Slovenia will re-position itself among the leading providers of e-services within the public administration and beyond. Establishing an overall data and business platform based on cloud computing principles will substantially reduce development costs due to the standardisation of data services, re-use, functionality and rationalisation. On the basis of analyses and documentation obtained from the preceding period, the new perspective will ensure the final establishment of the state's cloud computing and the activities thus enabled, the provision of additional concepts, i.e. hybrid cloud computing and innovative cloud development.

Horizontal system infrastructure solutions that cover the entire public sector will be implemented within the framework of thematic objective 11, while e-solutions in the context of support for individual substantive measures will be carried out under different thematic objectives.

NON-GOVERNMENTAL ORGANISATIONS

It has been established that in spite of the large number of NGOs in Slovenia (over 25,000) and in spite of the fact that every other citizen is a member of at least one NGO, NGOs are not fully realising their capacities in advocacy/civil dialogue and implementation and innovation of services. According to AJPES, 23,093 NGOs were registered in Slovenia at the end of 2012, among which only 5.92%¹⁹⁴ were active. When assessing the implementation of the 2007-2013 financial perspective, 94.57% of surveyed NGOs claimed a lack of financial means among the top five problematic and hindering reasons for their operation; 75% pointed to insufficient and incomplete legislation, 69.2% to lack of information, 66.3% to the insufficient integration of NGOs and 50.91% to the lack of sufficient infrastructure. The assessment also revealed that NGOs seldom apply their projects to tenders, except the tenders of municipalities and the Government of the Republic of Slovenia.

The monitoring of NGOs' project implementation shows that measures under the 2007-2013 financial perspective led to progress in relation to providing a horizontal and regional supporting environment to NGOs; however, the building of their capacities is still relevant. The analysis also revealed that large NGOs focus more on horizontal and content networks at the national level, and small NGOs on regional junctions. The latter has to be observed when planning measures in the forthcoming financial perspective. In light of new challenges and the related new reform measures pertaining to enhancing the efficiency of public administration (e.g. the transition from institutional to community-based services), NGO competences have to be further developed.

¹⁹² <http://certifiedsignature.eu/2014/03/01/eidas-electronic-identification-and-signature-electronic-trust-services-final-draft/>

¹⁹³ <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+REPORT+A7-2013-0272+0+DOC+XML+V0//SL>

¹⁹⁴ Krepitev zmogljivosti nevladnih organizacij z vzpostavljanjem podpornih struktur. (Strengthening capacities of non-governmental organisations by implementing support structures.) Synthesis report. Pitija, Ljubljana, July 2014.

Slovenia will therefore support the development of a favourable system/support environment to promote capacity building and raising the quality of non-governmental organisations, in particular for constructive cooperation in civil dialogue, advocacy, the adoption and implementation of public services and the promotion of social innovation.

SOCIAL PARTNERS

Social dialogue can be defined as a social and institutional support for the consultation between employers and trade unions in the field of social and economic policy. Social dialogue was formalised in the European Union in 1989 as a consultation process between management and workers' representatives and is thus the centre of economic and social governance in Europe. In addition to reducing wage inequality, reducing the difference in pay between women and men and the employment level of the poor, social dialogue also contributes to improving working conditions, competitiveness and social cohesion. Effective, evolving and strong social dialogue led by social partners (trade unions and employers' organisations/employers) realises the key function of democratisation. The laggard development of business relations and social dialogue at the state, line, regional, local and entrepreneurial levels in practice is particularly the result of poor information available in the labour market, which calls for new approaches in work organisation, age management, protection of migrant workers, career orientation, adjustment to work processes, restructuring of companies, management of health risks in workplaces, the establishment of a knowledge society, entrepreneurship, apprenticeship and traineeship and intergenerational knowledge transfer.

Thematic objective 11 will also promote the strengthening of the capacity of social partners at the national and regional levels, namely by improving social dialogue, education, training, the exchange of experience, implementing studies and analyses of social dialogue and business relations, publishing activity, promoting cooperation with the private sector, non-governmental organisations and public institutions. Co-management, health and safety at work, awareness-raising on legislation and the establishment of social partners' centres for amicable dispute settlement will also be promoted.

1.2 A summary of the ex-ante evaluations

No specific ex-ante evaluation for the Partnership Agreement will be implemented; however, a summary of the analysis of ex-ante evaluations of all three operational programmes drafted for Slovenia will be prepared instead.

The final report of the ex-ante evaluation of the **Operational Programme for the Implementation of EU Cohesion Policy in the Period 2014-2020** (hereinafter OP ECP 2014-2020) is in preparation and is to be confirmed by the end of July. The selected consortium of contractors prepared the interim report on the evaluation and the documents to obtain opinions on the adequacy of the environmental report, as well as the appendix for protected areas in mid-December. The findings of the final report will be observed *mutatis mutandis* in the preparation of the final version of the OP ECP 2014-2020.

The objective of the ex-ante evaluation is to improve the quality of programming in terms of its efficiency, effectiveness, adequacy and synergy of results.

The interim and environmental reports were prepared on the basis of the OP ECP 2014-2020 working material, which did not include all required elements in accordance with the EC template. The current findings of the interim report suggest that the needs identified in the OP ECP 2014-2020 are relatively consistent with the comparative development documents, as the OP ECP 2014-2020 correctly recognised the strategic needs and challenges, and consistently set objectives for which it foresaw suitable

corresponding results and indicators. The evaluators also established a high degree of consistency of the OP ECP 2014-2020 contribution to the Europe 2020 Strategy, the PA, CSF and the position of the Commission Services on the development of Partnership Agreement and Programmes for the period 2014-2020 in Slovenia, while the consistency of the contribution with the National Reform Programme is also satisfactory. Further steps in the final OP ECP 2014-2020 version will focus on improving this dimension of the document, although certain recommendations by the evaluators have already been taken into account.

The internal coherence of the OP ECP 2014-2020 is also sufficient; however, the evaluators warn that the coherence between identified areas of the OP ECP 2014-2020 areas and within them does not necessarily guarantee integrated OP ECP 2014-2020 results. The coherence between identified areas of the OP ECP 2014-2020 could thus be further enhanced in certain segments. Links between the specific objectives of various priority axes are evident and on the whole not weak. However, translations of the axes into objectives are not sufficiently consistent. The evaluators also propose better clarification of how the foreseen actions will contribute to responses to the strategic problems, as the current version provides a poor explanation of the matter or none at all. The evaluators recommend improving the clarification of reasons for selecting certain measures for the realisation of objectives. Also, the rationale of support forms should also be improved.

The current selection of measures is partially appropriate, while the main weakness of the document is that most of the measures/activities are planned as stand-alone elements, without taking into account other factors which may influence or even determine outcomes in certain areas. The next OP ECP 2014-2020 development steps will focus primarily on linking up measures and searching for synergies among measures, which is in accordance with the evaluators' recommendations.

The evaluators also suggest that target groups should be defined in more detail and that the regional dimension be enhanced. Horizontal principles have to be taken into account in a more balanced and consistent manner, especially regarding the feasibility of measures, the manner of achieving synergies and regional aspects. The area of equal opportunities is relatively well treated, as it is included in all the relevant areas, while the measures where direct outputs are expected should be developed better. The indirect links between measures should also be examined in more detail. Improvements are also required when forming measures that fall under technical assistance, so as to ensure that the shortcomings and weaknesses in the administrative and institutional management are eliminated.

Most of the indicators are defined, and their resources, measurement units and regional orientation, and the frequency of reporting for result indicators are also defined. From the above elements that characterise indicators, the source of data is least covered, which leads to the assumption that certain issues regarding the selection of indicators remain open. The indicators' baseline, threshold and target values have not yet been set for the most part. The adequacy of the indicators can be substantially improved with a more suitable selection or adjusted definition.

Presumably, the final report of the ex-ante evaluation will be produced by the end of July 2014 and will be based on the draft OP version submitted for formal harmonisation to the EC at the end April 2014. The final OP version will embed the elements of the EC response to the submitted document version, ex-ante evaluation recommendations and the relevant stakeholders' comments.

Material for the environmental report was submitted to the Ministry of Agriculture and the Environment in accordance with the requirements. After several minor updates, the document was prepared and the exhibition was initiated on 7 March 2014; public presentation of the document took place on 20 March 2014.

The environmental report for the OP ECP 2014-2020 acknowledges the document's beneficial impact on the achievement of environmental objectives. The proposed mitigation measures had already been incorporated for the most part in the new version of the OP, i.e. as guiding principles for the selection of individual priority investments. Additional mitigation measures will be added to the text of the OP by the document producer on the basis of the finalised environmental report, which will observe comments from the relevant ministries and interested public, who provided their comments during the exhibition of the environmental report and the first draft of the OP ECP 2014-2020.

The ex-ante evaluation for the Rural Development Programme 2014-2020 (RDP 2014-2020) is simultaneous with the preparation of the programme. The ex-ante evaluation is carried out in two stages: the ex-ante evaluation of the RDP 2014-2020 already concluded and the comprehensive environmental impact assessment, which is still underway, so not all assessments have been available yet.

Key findings of the ex-ante evaluation of the RDP 2014-2020 are:

SWOT analysis, assessment of needs:

1. Reliable situation analysis and SWOT analysis.

The RDP sets out a clear intervention strategy based on a reliable analysis of the situation, a logical SWOT analysis and oriented assessment of needs. It can be concluded from a review of documents that the MA took a systematic approach to preparing the rural development strategy, which consists of measure programming.

Intervention logic structure:

2. Contribution to the Europe 2020 Strategy. The MA made significant efforts to develop a soundly-based programme that translates Union priorities for rural development and focus areas as defined by the EU.

3. External consistency. Focus areas and objectives laid down in the RDP are consistent with the issues underlined by the position paper and with the opportunities and priorities identified in the draft Slovenia's Development Strategy 2014-2020. In general, the consistency with the OP for cohesion policy is sufficient, but should embed more details as to the demarcation between the RDP and OP in terms of development projects (Article 17(1)b) and support for road infrastructure (Article 17(1)c).

4. Internal consistency. The RDP has an explicit internal consistency, with clear mutual correlations between the situation analysis, SWOT analysis and the assessment of needs. The strategy relies fully on the situation analysis, SWOT analysis and defined needs, which gives cogency to the programme as a whole. The strategy includes a clear response vision, from defining key state policies to the selection and reasoning of measures and sub-measures.

5. Relevance of selected measures. The RDP plans the introduction of 13 measures and 29 sub-measures. The number and selection of measures reflect the MA's strategic focus on challenging focus areas. On the other hand, the sub-measures enable a flexible framework for dealing with different types of activities and beneficiaries and thereby ensures that support is available to the entire sector.

6. Intervention logic of selected measures. This follows logical structures determined in the Commission's draft documents. The desired result of measures and sub-measures which would serve as the foundation for a later assessment of the attainment of objectives and suitability of the selected indicators of outcomes and impact is not provided explicitly in the programme.

7. Support forms. The implementation of financial instruments for Articles 17(1)b, 19(1)b and 26 is anticipated, which would contribute to the programme strategy, since the obligation of reimbursing the funds promotes investments that are necessary and also economically rational. However, the RDP could include information on how to ensure the successful drawing of these financial products, i.e.

whether actual demand for such products exists, if there is a gap in the financing, or if sufficient competitive financial products or state support programmes are available, etc.

Determining objectives, financial plan distribution:

8. Output indicators. The RDP identified common indicators for the majority of selected measures and sub-measures. Most of the objectives are achievable and realistic and the assessment methods are appropriate, except in certain cases where further explanation would underpin the reliability of identifying them (e.g. Articles 16 and 21). The RDP does not state the need to identify special indicators for the programme, which may be very important for measures implementing products of financial instruments.

9. Target indicators. An intricate system of interconnections underlies the Europe 2020 targets, focus areas, programme priorities, measures, sub-measures and relevant indicators, which calls for an accurate delineation between output indicators for sub-measures and contributions of target indicators (focus areas level).

10. Result and impact indicators. Special result and impact indicators have not yet been defined in the programme which would serve as the basis for evaluation during programme implementation.

11. Financial plan. The programme applies a directed approach to allocating funds, which earmarks 77% of the planned joint expenditure for four key measures (Articles 17, 19, 28 and 31). The budgets are provided for at the level of measures, which allows enough space for the redeployment of budgets between sub-measures in later phases of programme implementation. The programme thus contains limited information on each sub-measure's contribution to target indicators set within the framework of effectiveness (covering all measures) and the indicator plan.

12. Evaluation plan. The RDP contains a detailed evaluation plan, which will serve as a sufficient basis for later programme evaluation.

Programme implementation arrangements:

13. Administrative arrangements. The administrative and performance systems are based on, and described in accordance with, the relevant regulatory proposals. Relating to information submitted, the roles and jurisdictions are arranged accordingly.

14. Human resources. Based on the data on capacity supplied by the MA, the administrative system for task implementation is endowed with sufficient capacities. In certain areas (e.g. evaluation, NMP), the current capacities should be reviewed in more detail and augmented permanently or for a limited period.

15. IT system. IT development is underway. Since monitoring and evaluation activities will require complex datasets, notably in terms of calculating target, result and impact indicators, IT is a strategically important element in the system.

16. Communication. The anticipated promotional and information activities described in the RDP will effectively support programme implementation. It is important how information activities enforce the newly introduced measures (Articles 15 and 35) and measures relating to knowledge and information transfer (Article 14), producer groups (Article 27), organic farming and quality schemes (Article 29), which will be described in more detail in the implementation plans of the programme.

Other:

17. Equal opportunities and sustainable development. Considering the targets of the programme and Union rural development priorities, the RDP deals with gender equality, non-discrimination and sustainable development.

18. CLLD. The CLLD approach will be introduced under the EMFF. The document does not yet include the arrangements for coordination and cooperation between the EAFRD and the EMFF, including the approval of local development strategies, funding of local action groups, as well as monitoring and evaluation of the LEADER approach implementation.

Key findings of the current ex-ante evaluation in the context of the comprehensive environmental impact assessment are:

Generally speaking, the RDP 2014-2020 is an environmentally-oriented programme that can significantly contribute to reducing environmental impacts in rural areas; in particular, it may enhance awareness regarding the environment, biodiversity, landscape and quality of life in rural areas, and provide good practice examples. The RDP 2014-2020 will have a strong beneficial impact on the environment; however, certain supported activities and investments can also increase the risk or even have a negative impact. On the whole, the RDP 2014-2020 has an insignificant impact (grade C) on the protection of the environment, nature, cultural heritage and on the population and public health owing to the implementation of mitigation measures. The latter are necessary due to the potential impact of the RDP 2014-2020 on water and biodiversity, especially on account of the construction of irrigation systems and forest roads.

The ex-ante evaluation of the Operational Programme for the Implementation of the European Maritime and Fisheries Fund in the Republic of Slovenia in the Period 2014-2020 is being carried out simultaneously with the preparation of the programme and has not yet been completed; thus not all final assessments have been available yet. The ex-ante evaluation is carried out in two stages, i.e. the ex-ante evaluation of the OP EMFF 2014-2020 and implementation of the comprehensive environmental impact assessment. Both selected contractors are actively participating in the preparation of the programme.

The key findings of the current ex-ante evaluation of the OP EMFF 2014-2020 are particularly:

Contribution to the Europe 2020 Strategy: the implemented conformity analysis with the 2020 Strategy observed the objectives of the 2020 Strategy to a great extent.

Internal consistency: the SWOT analysis and the definition of needs were suitable and directed towards the condition of the sector and characteristics of target groups. The ex-ante evaluation revealed that the OP EMFF 2014-2020 has a strong intervention logic and that the selected measures were justified. Due to the particularity of Slovenian fisheries, the selected measures will have a significant impact on the development of the industry. The OP EMFF 2014-2020 is based particularly on implementing the common fisheries policy and partly on the integrated maritime policy, and due to this is particularly relatively weakly connected to the EU and national instruments.

Financial distribution: the ex-ante evaluation revealed that the financial distribution complies with the desired contribution of the selected measures of the OP EMFF 2014-2020 to the Union's priority tasks and selected thematic objectives of the OP EMFF 2014-2020.

External consistency: the programme was harmonised with the Common Strategic Framework and the Partnership Agreement. No recommendation of the European Commission for Slovenia provided within the European Semester 2014 is directly relevant to the OP EMFF 2014-2020. The implementation of the OP EMFF 2014-2020 is related indirectly to the recommendations relating to the labour market, such as reducing the segmentation of this market and enhancing skills' suitability as per the needs of this market.

The key findings of the current ex-ante evaluation in the context of the comprehensive environmental impact assessment are in particular:

the OP EMFF 2014-2020 is generally an environment-oriented programme which can contribute substantially to reducing the impact on the environment in marine fishing, the farming of aquatic organisms and processing and the marketing of fishery products. In addition to having a direct impact on reducing pressures on the environment, the OP will contribute to integration of the sector and its employees and thus to the exchange of knowledge and examples of best practice and education. The OP EMFF 2014-2020 will have a beneficial impact on the environment; however, adverse effects on water and biodiversity are possible due to the implementation of certain measures. Owing to the implementation of mitigation measures, the OP EMFF 2014-2020 on the whole has an insignificant impact (grade C) on the protection of the environment, nature, cultural heritage and on the population and public health.

1.3 Selected thematic objectives and a summary of the main results expected for each ESI fund

1. Cohesion Policy Structural Funds (ERDF, ESF, CF)

When implementing Cohesion Policy Structural Funds in the financial period 2014-2020, Slovenia will focus on eleven thematic objectives through selected investment areas.

As a priority and contribution to the Europe 2020 Strategy objectives, Slovenia will allocate 2014-2020 Cohesion Policy funds to the following areas:

- investing in research, development and innovation (RDI), competitiveness, employment and training (ERDF and ESF),
- infrastructure to achieve a better environmental status, sustainable energy use and sustainable mobility, as well as the efficient management of resources (CF and ERDF).

Concentration on these areas is justified by the need for short-term actions to enhance access to finance for enterprises, research and incentives, and to enhance employment and employability by also establishing a long-term stable environment which will stimulate the development of quality jobs with a changed economic structure while observing demographic trends.

Table 6: Selected thematic objectives and a summary of the main results expected for each Cohesion Policy Structural Fund (ERDF, ESF, CF)

THEMATIC OBJECTIVE	INVESTMENT AREAS	Rationale	EXPECTED RESULTS for individual EU Funds
(1) Strengthening research, technological development and innovation	<p>Improving research and innovation infrastructure and capacity building for developing excellence in research and innovation, and promoting competence centres, in particular those of European interest</p> <p>Promoting corporate investment in innovation and research, and establishing links and synergies between companies, R&D centres and higher education institutions</p>	<ul style="list-style-type: none"> • Contribution to the EU 2020 objectives: share of total public and private investment amounting to 2.8% of EU GDP in R&D (in 2012) – NRP objective stands at 3%. • The need to further encourage investment in RDI (technological and non-technological innovation), especially in terms of raising the value-added level and enhancing the innovative capacity of the economic sector. • Commercialisation of RDI knowledge. • Promoting the establishment of development partnerships in accordance with Smart Specialisation Strategy guidelines is the basis for integration and synergies between the economy 	<p><u>For the ERDF:</u> Increasing the share of GDP in research and development</p> <p>Enhancing exports of high-tech products</p> <p>Raising gross value added per employee</p> <p>Raising the share of innovation-active enterprises</p>

		<p>and research organisations.</p> <ul style="list-style-type: none"> • Investment in research infrastructure in areas of specialisation, purchase and use of additional research equipment - where the need for the economy is demonstrated - would establish international competitiveness, research collaboration and participation in new international projects, with the objective of establishing regional partnership structures for projects within the ESFRI framework (European Strategy Forum on Research Infrastructures) and other infrastructure at the international level, as well as cooperation with similar centres of excellence and related research infrastructures. • In order to enhance the commercialisation of research and development knowledge, the volume and quality of investment should be focused on development projects involving RDI employees. • In compliance with guidelines and recommendations, the RDI management system has to be improved, thus providing conditions for the more efficient investment of public funds in this field. 	
(2) Enhancing access to, and use and quality of, ICT	Expanding broadband services by introducing high-speed networks and supporting the use of emerging technologies and networks for a digital economy.	<ul style="list-style-type: none"> • In recent years, the trend of Slovenia lagging behind in the development of broadband infrastructure has been marked and is increasing. • Gaps in the availability of broadband infrastructure also constitute an obstacle hindering economic productivity in rural areas. • Accessible broadband infrastructure reduces the digital divide and increases the involvement of individuals in contemporary social movements. • Standard fixed broadband coverage of households exceeds 99% in ten EU Member States, while Slovenia, the coverage of which stands at 73.6%, is 	<p><u>For the ERDF:</u> Increasing broadband service coverage, especially in white areas where broadband infrastructure has not been built yet and where commercial interest is non-existent.</p>

		among the four countries with the lowest coverage and ranks last in the coverage of rural areas – which is just above 10%. ¹⁹⁵	
(3) Enhancing the competitiveness of small and medium-sized enterprises, of the agricultural sector (for the EAFRD) and of the fisheries and aquaculture sector (for the EMFF)	<p>Support for entrepreneurship, in particular through facilitating the exploitation of new ideas for economic purposes and through creating conditions that stimulate the establishment of new enterprises.</p> <p>Development and implementation of new business models for SMEs, in particular to facilitate internationalisation.</p>	<ul style="list-style-type: none"> • In line with Council requirements under its recommendations (CSR,) Slovenia should attract private investment, including foreign direct investment, and achieve efficiency gains in troubled companies as part of the restructuring process. • Strengthening entrepreneurship, innovation and technological development is a key driver of growth in productivity and, consequently, economic growth and its competitiveness. For this purpose, the accessibility of enterprises to finance should also be improved. • Enhancing creativity, innovation and entrepreneurship and creating an adequate and supportive business environment for enterprises. • Promoting and developing entrepreneurial activity and, consequently, strengthening the competitiveness of enterprises (especially SMEs). • Based on the guidelines of the Smart Specialisation Strategy, we will support the development of new products and services interesting for the global market, which will enable advancement and inclusion in global value chains. In doing so, we will focus on the relevance of knowledge-based services and non-technological innovation to 	<p><u>For the ERDF:</u> Growth of micro, small and medium-sized enterprises (SMEs)</p> <p>A larger number of exporting SMEs and export growth</p> <p>Increasing the rate of early-stage entrepreneurial activity</p> <p>Raising the added value of SMEs</p>

¹⁹⁵ <https://ec.europa.eu/digital-agenda/sites/digital-agenda/files/DAE%20SCOREBOARD%202013%20-%20SWD%202013%20217%20FINAL.pdf>, p. 46.

		<p>increase added value in manufacturing. The enforcement of the corporate social responsibility principle as a principle of the social responsibility of companies and institutions will help implement all the above-mentioned guidelines.</p> <ul style="list-style-type: none"> • Support will be also provided for eco-innovations, smart energy and the contribution of resource efficiency to SMEs' competitiveness. 	
(4) Supporting the shift to a low-carbon economy in all sectors	<p>Support for energy efficiency and the use of renewable energy sources in public infrastructure, including public buildings and the housing sector.</p> <p>Support for the production and distribution of renewable energy.</p> <p>Development and implementation of smart low- and medium-voltage distribution systems.</p> <p>Promoting low-carbon strategies for all area types, particularly in urban areas, including the promotion of sustainable urban mobility and adaptation measures for climate change mitigation.</p>	<ul style="list-style-type: none"> • Contribution to the EU 2020 objectives: with accelerated investment primarily in areas of great RES potential (water, wood, geothermal and solar energy), Slovenia can realise its national objective in the context of the climate and energy package (25% of RES in final energy consumption) – 20.2% in 2012. • A key lever for achieving the climate and energy package goals is also the increase of energy efficiency by investing in energy-efficient renovation and sustainable construction of buildings. • Achieved interim target for 2010: 2.5% of final energy savings in accordance with Directive 2006/32/EC on energy end-use efficiency. • In addition to measures for energy management in the public sector and the decline in the share of greenhouse gas emissions, smart active networks which allow active demand-side management and dispersed production as well as a roll-out of advanced services for consumers on low-voltage electricity power networks will also provide a great contribution. • An important area to allow the shift to low-carbon society is the improved situation in sustainable mobility and use of public passenger transport, which is under-developed in Slovenia. The key challenge will be to halt the trend of redirecting to personal transport and to design attractive complex 	<p><u>For the CF:</u> Increased share of renewable energy in total energy use</p> <p>Improved energy efficiency</p> <p>Reduced greenhouse gas emissions</p> <p><u>For the CF and the ERDF:</u> Growth of public passenger transport</p> <p>Reduction in traffic-related CO₂ emissions</p>

		solutions amalgamating investments into infrastructure for integrated public passenger transport, mobility management measures and the generation of solutions for smart mobility.	
(5) Promoting climate change adaptation, risk prevention and management	Support for targeted investments for climate change adaptation.	<ul style="list-style-type: none"> • In accordance with the EU Floods Directive, Slovenia identified 61 areas of potential significant flood risk, which can be defined as areas that are most flood-prone according to the EU Floods Directive criteria. The need to invest in construction and non-construction flood-protection measures is also envisaged in the NRP 2013-2014. • The need for a systemic approach to climate change adaptation and the preparation of comprehensive risk assessments of natural and other disasters. 	<p><u>For the CF and the ERDF:</u> Decreased flood risk for inhabitants, cultural heritage and the economy</p>
(6) Preserving and protecting the environment and promoting resource efficiency	<p>Addressing significant investment needs in the waste sector to fulfil environmental legislation requirements.</p> <p>Addressing significant investment needs in the water sector to fulfil environmental legislation requirements.</p> <p>Protection and rehabilitation of biodiversity and soil, and promotion of ecosystem services, including the Natura 2000 network and green infrastructure.</p> <p>Measures to improve the urban environment, urban revitalisation, rehabilitation and decontamination of</p>	<ul style="list-style-type: none"> • In accordance with EU legislation, Slovenia is required to ensure adequate systems for urban wastewater collection and treatment for all agglomerations by 31 December 2015, with a total load equal to or greater than 2000 PE. The NRP also envisages investment in infrastructure for wastewater collection and treatment. • Systems enabling access to quality drinking water are not made accessible to all residents, and heavy losses of drinking water in the drinking water supply systems are also a problem; the NRP also envisages investment in this area. • More than a third of water bodies do not reach good ecological status, the key reasons being hydromorphological burdens. • Most waste is still landfilled. The NRP envisages measures to establish an adequate waste management infrastructure. The implementation of measures to prevent waste production and achieve the objectives of their recovery and re-use is an 	<p><u>For the CF:</u> Reduction of waste deposited</p> <p>Increasing number of inhabitants connected to public water supply system</p> <p>Reduction of emissions into water as a result of the construction of urban wastewater collection and treatment infrastructure</p> <p><u>For the ERDF:</u> A favourable conservation status of species and habitat types of European importance</p>

	<p>brownfield sites (including areas undergoing transformation), reducing air pollution and promoting measures to reduce noise.</p>	<p>opportunity for development.</p> <ul style="list-style-type: none"> • A large section of Slovenia is included in the Natura 2000 network, the management of which is not yet fully established. The conservation status of many habitats and species has rapidly deteriorated due to numerous pressures. The preserved biodiversity is a form of wealth which requires the development of protected areas. • Rehabilitation of brownfield sites in urban areas prevents the spread of urbanisation to new surfaces (mainly at the expense of agricultural land); energy renovation and transport arrangements improve the quality of urban environment (especially air, reducing PM₁₀ particles). 	
<p>(7) Promoting sustainable transport and removing bottlenecks in key network infrastructures</p>	<p>Developing an integrated, high-quality and interoperable rail system.</p> <p>Improving regional mobility with the integration of secondary and tertiary transport hubs and TEN-T infrastructure.</p> <p>Supporting multimodal Single European Transport Area by investing in Trans-European Transport Network (TEN-T) (CF).</p>	<ul style="list-style-type: none"> • Contribution to the EU 2020 objectives: a reduction in the share of CO₂ emissions from transport. • Transport is a key factor for Slovenia's economic development and focus will thus be put on improving the quality of the transport infrastructure. • Due to Slovenia's geostrategic position, enhancing the competitiveness of the rail and port infrastructure is also crucial. • In the area of rail infrastructure, emphasis as per development will be put on the core TEN-T network. The configuration of Slovenian railways is obsolete and inadequate for modern rail transportation; therefore, it is crucial to align the public rail infrastructure with the contemporary requirements of TEN-T standards (load, speed, length of trainsets), while the low capacity of lines and lack of competitiveness of the network in comparison with neighbouring countries also poses a problem. 	<p><u>For the CF:</u> Removing bottlenecks in the TEN-T network and guaranteed TEN-T standards on the entire network</p> <p><u>For the ERDF:</u> Improving transport links for easy access and more harmonious regional development</p>

		<ul style="list-style-type: none"> • Investments will be focused on upgrading the missing road segments in the TEN-T network (development axis) for better accessibility to the existing motorway network, with the aim of improving the quality of life and enhancing economic development in remote regions of Slovenia. • Construction of adequate transport infrastructure to enable transition of cargo, including transit cargo, from road to rail. 	
(8) Promoting sustainable and quality employment and supporting labour mobility	<p>Access to jobs for job seekers and the inactive, including the long-term unemployed and those farthest from the labour market, also through local employment initiatives and promoting labour mobility.</p> <p>Sustainable integration of young people into the labour market, especially those who are not in employment, education or training, including young people who are exposed to social exclusion and young people from marginalised communities, also through the implementation of the Youth Guarantee.</p> <p>Active and healthy ageing</p>	<ul style="list-style-type: none"> • Contribution to the EU 2020 objectives: activation of key target groups and successful implementation of measures to enhance progress towards a 75% employment rate by 2020 (standing at 69.3% in 2012). • Depending on the labour market situation and trends, measures address the following target groups: older workers, young people, less-skilled and long-term unemployed, which is in line with the NRP 2013-2014 and the EC analyses under the Commission Position Paper. • The needs analysis is also consistent with the EC recommendations for the NRP 2014, namely with recommendation 3, which highlights that measures have to ensure a further reduction of segmentation in the labour market, particularly by discussing incentive efficiency for the employment of young and older workers. The recommendation also requires an increase in the employment of low-skilled and elderly workers, adjusting the working environment to longer periods of employment, and focusing resources on needs-adjusted measures of active employment policy and improving their efficiency. The expected result of the measures is the effective involvement of 	<p><u>For the ESF:</u> Higher number of employed people among job seekers included in measures in the labour market</p> <p>Providing qualitative work and work environment organisation and services for active and healthy ageing</p> <p>Established and functioning systems and structures for the implementation of efficient services and interaction between supply and demand in the Slovenian labour market and in Europe</p> <p>Higher number of young employed people included in measures in the labour market, including measures of the Youth Employment Initiative</p>

		<p>target groups in the labour market measures, as well as more efficient services in the labour market, which will have a positive impact on employment or the employment rate.</p> <ul style="list-style-type: none"> • Trends and forecasts display poor situation in the labour market, and strategic development guidelines thus prioritise measures to enhance employment, which was also established by the Commission Position Paper. We should create opportunities for new jobs in conjunction with other measures in the field of social inclusion, technological investment, the environment, rural development and regional projects. • To achieve these objectives, we should implement measures to enhance the efficiency and quality of services in the labour market, which is consistent with the CPP and NRP findings. • EC recommendation no. 3 for the NRP 2014 emphasises priority treatment for young people who are neither registered at the Employment Service or enrolled in school by providing these institutions with suitable capacities. • Due to the high level of unemployment and the low employment rate of young people, this target group should be given particular attention, especially in terms of measures for a more effective transition into the labour market. Young people are mostly employed under fixed-term contracts and a high level of participation in tertiary education after the age of 24 is also typical; however, such individuals usually lack relevant work experience and knowledge when entering the labour market. • Due to their vulnerability, attention should also be paid to older workers, with measures linked to 	
--	--	--	--

		active ageing and the adaptability of workplaces. Employers have to be informed on the position of older workers and the broader motivation of employees, family-friendly organisation, the importance of employees' health in the work process and the impact of stress on the quality of work. It is also essential to promote cooperation between social partners, as highlighted in the CPP.	
(9) Promoting social inclusion and combating poverty	<p>Active inclusion, including promoting equal opportunities and active cooperation, as well as enhancing employability.</p> <p>Strengthening access to affordable, sustainable and high-quality services, including health-care and social care services of common interest.</p> <p>Investment in health-care and social infrastructure, which contributes to national, regional and local development, reduces health rights' inequalities, enhances social inclusion through access to social, cultural and recreational services and the transition from institutional to community-based services.</p> <p>Promoting social entrepreneurship and vocational integration in social enterprises and social and solidarity economy in order to facilitate access to employment.</p>	<ul style="list-style-type: none"> • Contribution to the EU 2020 objectives: reduce the number of the poor and socially excluded. Slovenia's 2010 commitment under the NRP is to reduce this number to about 320,000 by 2020. Slovenia is lagging behind in this area. • The 2010 NRP commitment for developing activation measures and programmes in order to combat poverty and social exclusion. In the CPP, the EC recommends reducing the number of people who are at risk of poverty and exclusion by strengthening measures to help the deprived gain access to re-employment or further training. • In the field of long-term care, the Council recommendations concerning Slovenia's 2014 NRP propose improving access to services, such as long-term care, and supporting the shift from institutional care to community-based care and services. In line with the EC recommendations under the CPP, the funds should ensure affordable access to quality health care and reduce inequality regarding health, particularly for vulnerable groups. • Despite rising life expectancy, we do not observe growth in the expected healthy life years. The EC CPP recommends supporting active and healthy aging without disease and disability through the implementation of measures to promote a healthy 	<p><u>For the ESF:</u> Enhancing participation in social inclusion programmes and activation of target groups (particularly long-term recipients of cash social assistance under threat of social exclusion)</p> <p>Increase in the use of community-based and executing network services in the social assistance and health-care sector</p> <p>Reducing the share of the population with chronic disease risk factors and raising health literacy</p> <p>Greater extent of activities and enhanced employment rate within the social entrepreneurship sector</p> <p><u>For the ERDF:</u> Establishment of infrastructure for a transition from institutional to community-based services for greater deinstitutionalisation</p>

		<p>lifestyle and addressing behaviour that is harmful to health.</p> <ul style="list-style-type: none"> Demographic trends point to a marked increase in the elderly population in Slovenia. The EC CPP highlights that public capacity for long-term care does not meet the growing demand for a variety of accommodation tailored to the needs of the elderly, and other social services that provide support for the elderly population. Investment in infrastructure to support deinstitutionalisation is required. Social entrepreneurship represents a great potential for social inclusion and the employment of vulnerable groups. 	
<p>(10) Investing in education, training and vocational training for skills and lifelong learning</p>	<p>Enhancing equal access to lifelong learning for all age groups in the formal, informal and non-formal contexts; improving the knowledge, skills and competences of the labour force and the promotion of flexible learning opportunities, also through career guidance and the validation of acquired competences.</p> <p>Improving the responsiveness of the education and training systems to labour market needs; easier transition from education to employment and enhanced and higher-quality vocational education and training, also through mechanisms anticipating skills needs; adapting the syllabus and the design and development of systems for learning in the workplace, including dual learning systems and apprenticeship</p>	<ul style="list-style-type: none"> Contribution to the EU 2020 objectives: Slovenia is already very close to the Europe 2020 Strategy objective regarding the education of young people (target 40% by 2020), as the proportion of young people aged 30 to 34 years with tertiary education amounted to 40.1% in 2013, which means that the desired goal was achieved before the target period. The result is primarily linked to the high increase in participation in tertiary education and increasing number of graduates under 34 years of age. The drop-out rate is less than 5% (in 2013, it was 4.34%) primarily as a result of measures in the education system that have been implemented for several years. Due to demographic trends and the need to increase productivity, raising general and professional competences, we have to invest more in people's skills and greater involvement in lifelong learning, especially of older and low-skilled workers, which is also highlighted in the CPP. The CPP also underlines the need to raise the level of 	<p>Enhanced inclusion of particularly older and less-educated workers in lifelong learning</p> <p>Improved and more suitable competence of individuals relating to the needs of the labour market and society</p> <p>More attractive vocational education and training linked to the needs of the labour market</p> <p>Better integrated and responsive education system as per the needs of the labour market</p> <p>Better integrated higher education system as per the needs of the labour market for improved employability</p> <p><u>For the ERDF:</u></p>

	<p>programmes.</p> <p>Investing in education, training and vocational training for skills and lifelong learning by developing the education and training infrastructure.</p>	<p>general (reading, mathematics, science) and transversal competences.</p> <ul style="list-style-type: none"> Enhanced integration with the economy and broader social environment is necessary to improve the education system, including cooperation with social partners, which is in compliance with NRP commitments and CPP positions. Slovenia has to cope with the gap between workers' skills and labour market needs by improving the attractiveness of the relevant vocational education and training and further developing cooperation with stakeholders in assessing labour market needs as per CSR 2014. Therefore, we need to modernise the educational system, especially the vocational education system, with the objective of enhancing general vocational and professional competences. The Council recommendation regarding the 2014 NRP highlights the need to eliminate the mismatch between qualifications and labour market needs by enhancing the attractiveness of vocational education and training programmes, as well as by continuing the cooperation between relevant stakeholders in the assessment of labour market needs. The CPP also highlights the lack of responsiveness of the education system to labour market needs, the need for the greater promotion of vocational training, career guidance and the recognition of informal knowledge. In tertiary education, we have to improve international mobility (increased mobility of students and academic staff) by emphasising the mobility of students from weak social and economic backgrounds. The NRP 2013-2014 highlights that the factor of co-designing the annual supply of 	<p>Improved and more suitable competencies and increased use of modern ICT tools in the education process</p>
--	--	---	---

		<p>study courses and enrolment places of individual higher education institutions is not observed sufficiently. Through the measures of linking higher education system with the environment (especially the economy) and practical training, we will also increase the employability of graduates, which is also highlighted in the Council recommendation in relation to the 2013 NRP, and improve the efficiency of the knowledge triangle, which is also compliant with CPP recommendations.</p> <ul style="list-style-type: none"> • We have to invest in the use of ICT technologies and the availability of broadband to enhance the effectiveness of the education system. 	
(11) Enhancing institutional capacity of public authorities and stakeholders and efficient public administration	<p>Investment in institutional capacity and efficient public administration and public services to deliver reforms, improve legislation and good governance.</p> <p>Capacity building of all stakeholders implementing policies in the field of education, lifelong learning, training and employment, as well as social affairs, including sectoral and territorial agreements for the promotion of reforms at the national, regional and local level.</p>	<ul style="list-style-type: none"> • In Slovenia, the level of confidence in the rule of law and justice institutions is low, which has a significant negative impact on economic competitiveness and makes smooth social and economic development impossible. Therefore, we have to optimise the structure of the judicial system and reduce backlogs (e.g. with the optimisation of business processes and the application of modern ICT tools). • In line with European Council recommendations (CSR), Slovenia should eliminate systemic causes for the excessive length of judicial proceedings at first instance in litigious civil and commercial cases and reduce the number of pending cases, particularly enforcement cases (inter alia, also by optimising business processes and the application of modern ICT tools). • In accordance with the 2013 CSR, Slovenia should also establish an effective mechanism of out-of-court settlement of pre-insolvency systemic deleverage, improve the efficiency of insolvency proceedings already in place for companies and of 	<p><u>For the ESF:</u> Improved efficiency and functioning of the judicial system</p> <p>Fewer older cases pending at courts</p> <p>Better transparency and lower costs of public administration functioning</p> <p>Lower legislative burdens (minus 5% annually)</p> <p>More effective detection and prosecution of economic crime and corruption at all levels and in all important fields (economy, public administration)</p> <p>Updated civil service system and improved competences of public servants in key fields (strategic management, project management, public procurement, etc.)</p>

		<p>court settlements, including the early settlement of cases related to pending insolvency proceedings, with the objective of increasing the value of recovery and timely and effective resolution of non-performing loans.</p> <ul style="list-style-type: none"> • In accordance with 2013 CSR, Slovenia should speed up the reform of regulated services, while significantly reducing barriers to entering these occupations, as well as improve the business environment – better legislation and administrative proceedings are vital for the establishment and development of existing and new enterprises as well as their competitiveness. • As per 2014 CSR, Slovenia has to adopt efficient measures to combat corruption, increase transparency and responsibility, and implement external performance assessment and procedures for quality control. • In line with the European Council conclusions, Slovenia should raise the level of computerisation, standardisation and openness of public administration, by optimising business processes and the use of modern ICT tools. • A model for enhancing HR competences has to be established in the public administration, including closer cooperation with the academic sphere. • The elimination of legal and administrative barriers for sustainable restructuring of over-indebted companies/companies with insufficient capital. • The role of the non-governmental sector and the capacity of social partners should also be strengthened. 	<p>Improved qualifications of NGOs for cooperation, preparation and implementation of policies</p> <p>Improved social dialogue</p>
Youth Employment Initiative	Sustainable inclusion of young people who are not in employment, education	<ul style="list-style-type: none"> • A special objective of priority investment is prepared in the OP intended for young people up 	More young employed people included in measures of the Youth Employment

	or training in the labour market	to and including the age of 29 as the implementation of the Youth Employment Initiative, which is intended to facilitate the passage from education to employment and promotes youth employment.	Initiative
--	----------------------------------	--	------------

2. European Agricultural Fund for Rural Development (EAFRD)

Pursuant to Article 9 of the Regulation of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), Slovenia prepared an analysis of strengths, weaknesses, opportunities and threats (SWOT analysis) on the basis of common indicators. The analysis was a solid foundation for identifying the needs of the Slovenian agriculture, forestry and food industries, as well as rural areas classified by Union priorities and focus areas for rural development. Considering the identified needs and taking into account the national strategic documents (i.e. the Operational Programme for the Implementation of the Resolution on Strategic Guidelines of Slovenian Agriculture and Food Industry by 2020 'Securing the food for tomorrow', the National Reform Programme, etc.) and the Europe 2020 Strategy objectives, as well as taking into account EC recommendations made in the document 'Position of the Commission Services on the Development of Partnership Agreement and Programmes in Slovenia for the period 2014-2020', Slovenia identified and focused on the following intervention areas under the Rural Development Programme for the 2014-2020 period:

- facilitation of processes of structural adjustment in agriculture and, consequently, the creation of conditions for increasing the productivity of Slovenian agriculture and the level of self-sufficiency,
- efficient organisation of the agricultural market, strengthening of agro-food chains and higher recognisability and quality of local products,
- sustainable exploitation of forests and increasing added value of wood, with better market integration in the field of forestry and along the forest-wood chain, and improvement of competitiveness in forestry and non-industrial wood processing,
- promotion of agricultural practices that have favourable effects on the preservation of natural resources and adaptation to climate changes,
- green jobs and coherent and sustainable development of rural areas based on the development of endogenous potential of the local environment,
- knowledge and innovation transfer, the environment and climate change are horizontal objectives addressed by all five priority areas.

Table 7: Selected thematic objectives and a summary of the main results expected for the EAFRD

THEMATIC OBJECTIVE	EU PRIORITY FOR RURAL DEVELOPMENT AND FOCUS AREA	RATIONALE	EXPECTED RESULTS (QUANTITATIVELY)
--------------------	--	-----------	-----------------------------------

(1) Strengthening research, technological development and innovation	1a, 1b	<ul style="list-style-type: none"> To ensure effective cooperation between different actors with the aim of developing, testing, deployment and dissemination of modern knowledge, innovations, technologies, etc. in the field of productivity and sustainability, the RDP 2014-2020 measures will support pilot projects, the development of new products, practices, processes and technologies in the agriculture and forestry sectors and introduce collective approaches to environmental projects and established environmental practices. 	<p>More efficient transfer of knowledge from experts to end-users as well, as the return flow of information on detected difficulties in practice and the establishment of a favourable framework for developing knowledge and innovation in the field of productivity and sustainability.</p> <p>Increasing the number of agricultural holdings involved in various forms of cooperation (groups, networks, pilot projects, etc.).</p>
		<ul style="list-style-type: none"> For better access to specialised consulting services, the RDP 2014-2020 measures will support the use of advisory services. 	<p>Increased adaptability of advisory services to the needs of agricultural holdings and efficient transfer of specialised knowledge.</p>
(2) Enhancing access to, and use and quality of, ICT	6c	<ul style="list-style-type: none"> In recent years, the trend of Slovenia lagging behind in the development of broadband infrastructure has been marked and is increasing. Gaps in the availability of broadband infrastructure also constitute an obstacle hindering economic productivity in rural areas. Accessible broadband infrastructure reduces the digital divide and increases the involvement of individuals in contemporary social movements. Standard fixed broadband coverage of households exceeds 99% in ten EU Member States, while Slovenia, the coverage of which stands at 73.6%, is among the four countries with the lowest 	<p>Increasing broadband service coverage, especially in white areas where broadband infrastructure has not been built and where commercial interest is non-existent.</p>

		coverage and ranks last in the coverage of rural areas - which is just above 10%. ¹⁹⁶	
(3) Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and of the fisheries and aquaculture sector (for the EMFF)	2a, 2b, 3a	<ul style="list-style-type: none"> • In order to ensure an increase in productivity with the simultaneous sustainable use of natural resources, the RDP 2014-2020 measures will support investments in enhancing the overall performance of agricultural holdings, investments in processing and marketing agricultural products and investments in agricultural and forestry infrastructure. • To ensure generational renewal on agricultural holdings, the initiation of activities for young farmers will also be the subject of support in the RDP 2014-2020 framework. • To increase participation in quality schemes, support under the RDP 2014-2020 will be given to new participation in quality schemes for agricultural products and foods. • To promote horizontal and vertical integration in agriculture, forestry and processing, support in the RDP 2014-2020 framework will be given to producer groups. • To promote the implementation of animal welfare, support in the RDP 2014-2020 framework will be given to farmers who voluntarily assume obligations in the field of animal welfare which exceed the relevant mandatory standards. 	<p>Increased productivity of supported agricultural holdings and agro-food industry facilities</p> <p>Improved environmental efficiency of supported agricultural holdings and agro-food industry facilities</p> <p>Increased number of heads of agricultural holdings under the age of 40</p> <p>Increased participation in quality schemes and increase in added value of agricultural products and improved offer of local high-quality products on the market</p> <p>Increased number of breeders who realise above-standard requirements for animal welfare</p> <p>Increased market orientation and efficient horizontal and vertical collaboration between all actors in the agro-food and forest-wood chains</p>

196

<p>(5) Promoting climate change adaptation, risk prevention and management</p> <p>(6) Preserving and protecting the environment and promoting resource efficiency</p>	<p>4a, 4b, 4c</p>	<ul style="list-style-type: none"> • To reduce the negative impacts of agriculture on biodiversity, improve soil management, and reduce the introduction of PPPs and fertilisers, the RDP 2014-2020 will support farmers or groups of farmers who voluntarily undertake to implement activities which include one or more agri-environmental or agro-climate obligations or switch to, or continue with, organic farming. • For more efficient water use and the adaptation of agriculture to climate change, the RDP 2014-2020 will support farmers or groups of farmers who voluntarily undertake to implement activities that include one or more agri-environmental or agro-climate obligations or switch to, or continue with, organic farming. • To preserve and further promote the cultivation of agricultural land in less-favoured areas or other specific handicaps, support under the RDP 2014-2020 will be allocated in the form of compensation payments. • To prevent and eliminate damage to forests due to forest fires and natural disasters as well as catastrophic events. 	<p>Increase, or at least preserve, areas of land where above-standard sustainable agricultural practices are implemented.</p> <p>Increase areas of land where organic farming or switching to organic farming is being implemented.</p> <p>Halting the loss of biodiversity at the most vulnerable Natura 2000 sites and preventing overgrowth of agricultural land by further preservation of cultivated agricultural landscape.</p> <p>Reduction in water and soil pollution by fertilisers and PPPs and consequent preservation of water resources and land.</p> <p>Reduction of erosion risks and risks of loss of organic matter from soil and improvement in the physical, chemical and biological properties of soil.</p> <p>Appropriate land treatment and reduced use of PPPs and fertilisers and other above-standard agricultural practices conducive to an indirect reduction of</p>
---	-------------------	--	--

			<p>greenhouse gas emissions.</p> <p>Preservation of agricultural activities in areas with natural handicaps or other specific constraints.</p> <p>Restoration of forest potential</p>
(8) Promoting sustainable and quality employment and supporting labour mobility	6a	<ul style="list-style-type: none"> • To promote entrepreneurship and complementary activities in rural areas, support in the context of the RDP 2014-2020 will be given to start-up and investment in non-agricultural activities. • To enhance competitiveness and the number of jobs in the forest-wood chain, support under the RDP 2014-2020 will be given to investment for the purchase of new machinery and equipment for timber harvesting and investment in primary wood processing. 	<p>Preserving jobs or creating new ones in non-agricultural activities in rural areas.</p> <p>Creating new jobs in primary wood processing.</p>
(9) Promoting social inclusion and combating poverty	6b	<ul style="list-style-type: none"> • To strengthen local development initiatives and social capital in rural areas, support under the RDP 2014-2020 will be given to promoting local development through the implementation of LEADER actions. 	<p>Number of inhabitants included in local action groups.</p>
(10) Investing in education, training and vocational training for skills and lifelong learning	1c	<ul style="list-style-type: none"> • To enhance competences and the level of information and enhance the transfer of knowledge, especially with the help of demonstrations in practice, support under the RDP 2014-2020 will be given to training, skills 	<p>Enhanced competences and a higher level of information is a precondition for promoting innovation in rural areas.</p>

		acquisition and demonstration activities.	
--	--	---	--

3. European Maritime and Fisheries Fund (EMFF)

With the implementation of the European Maritime and Fisheries Fund in the period 2014-2020, Slovenia will contribute to the following thematic objectives:

- (3) Enhancing the competitiveness of small and medium-sized enterprises, of the agricultural sector (for the EAFRD) and of the fisheries and aquaculture sector (for the EMFF),
- (6) preserving and protecting the environment and promoting resource efficiency,
- (8) promoting sustainable and quality employment and supporting labour mobility.

The analysis of the Slovenian fisheries sector showed that the capacity to compete in the fisheries sector (commercial sea fishing, aquaculture, processing) is relatively poor for various reasons (small sector in terms of the number of enterprises and production; fishing fleet which on average is outdated, consisting primarily of vessels intended for small-scale coastal fishing; decrease in shared fisheries resources; lack of exchange of knowledge and good practice in all sub-sectors; dispersal of the aquaculture sector; lack of organisation, etc.). In order to enrich the offer and improve the consumption of local products (from sea and aquaculture), primary producers should be more efficiently integrated in the food marketing chain (either through the creation of brands, by adding value to products, marketing local products or setting up shops associated with fish farms). Investments should focus on the promotion of local markets and advertising campaigns at the national level; the organisation of the sector should be improved and the breeding of new fish species in aquaculture should be promoted. The situation will be improved through the implementation of thematic objectives 3. Experience from the current 2007-2013 programming period has shown that knowledge on the use of marine and other natural resources (inland water, space), protected species, good fishing practices, the marine environment and spatial management, environmentally-friendly aquaculture practices is not applied efficiently and that Slovenia will have to make considerable efforts to implement such measures in the future. In terms of the Common Fisheries Policy accompanying measures, the data set should be improved, cooperation of the sector on collecting data enhanced, the information system upgraded and the monitoring system of the Common Fisheries Policy further pursued also through an integrated maritime policy. Thematic objective 6 will contribute to this objective. New knowledge and the more efficient use of natural resources will contribute to two Europe 2020 Strategy objectives: smart and sustainable growth. The establishment of merely one – coastal – action group in the scope of sustainable fisheries areas development proved to be an error, as the integration of fresh water aquaculture into existing local action groups could add value to both the aquaculture sector as well as rural areas. The situation will be improved through the implementation of thematic objective 8. Sustainable fisheries development led by CLLD, networking measures, facilitating integration in the local market, integration and cooperation of the sector with other stakeholders, acquiring and upgrading knowledge will further contribute to the inclusive growth objective under the Europe 2020 Strategy.

The selected thematic objectives will contribute to Union priorities under the European Maritime and Fisheries Fund, helping to achieve the following expected results:

Table 8: Selected thematic objectives and a summary of the main results expected for the EMFF

THEMATIC OBJECTIVE	RATIONALE	EXPECTED RESULTS (QUANTITATIVELY)
<p>(3) Enhancing the competitiveness of small and medium-sized enterprises, of the agricultural sector (for the EAFRD) and of the fisheries and aquaculture sector (for the EMFF)</p>	<ul style="list-style-type: none"> Compared to other sectors of the economy in Slovenia and fishing sectors in the EU, the Slovenian fisheries sector is small, its competitiveness and innovative capacity being poor. The transfer of knowledge between the scientific-research sphere and the sector is poor, including the cooperation of the fisheries sector with scientific-research institutions. Therefore, we should strengthen the acquisition of new knowledge, which can lead to better management decisions and greater technological and competitive progress in the sector. 	<p>In the context of commercial sea fishing, we expect improvements in the promotion of the sector, marketing practice and direct sales of products, the development of new complementary activities and supporting infrastructure, as well as adding value and quality to products.</p> <p>Production in the aquaculture sector is expected to increase in technological terms with advanced equipment at aquaculture facilities. Marketing techniques should improve, including direct sales of own products, the farming of new species and diversification of the sector.</p> <p>Exchange of best practices, collaboration with the scientific-research community, acquiring new skills and networking will also indirectly help boost the competitiveness of the sector. The commercial sea fishing sector will attain new knowledge about the uses of the sea, the environmental status of the marine environment and resources, the method of scientific data processing; new knowledge on the state of resources is also expected for the science and research sector in the context of cooperation between fishermen and scientists. In the context of the exchange of good practices and networking, we expect an improvement in fishing practices, collaboration and organisation of representatives of the sector. New knowledge about the use of the sea will also be used for technological development in the context of integrated maritime policy, such as the development of new innovative products with high added value. The aquaculture sector will attain new knowledge about water resources, environmentally-friendly equipment and cultivation techniques, as well as practices of farming aquatic animals or plants in other Member States. The acquisition of new</p>

		knowledge concerning aquaculture is also expected in the research and scientific sectors and environmental protection.
(6) Preserving and protecting the environment and promoting resource efficiency	<ul style="list-style-type: none"> • The Slovenian fishing fleet consists mainly of small-scale coastal fishing vessels which target shared and migrating fish stocks shared with other countries in the region. The size of the fishing fleet declined considerably in the 2007-2013 period. The sector remains highly dependent on natural resources (water, space, biological – fishing – resources, etc.). • Sharing of knowledge between the economic sector and administration on the one hand and research sphere on the other is poor; this may lead to poor governance regarding resource efficiency. • Current experience indicates that knowledge about the use and condition of the sea and caught products, the use of other natural resources (inland water, space), on protected species, on good fishing practices, methods of managing the marine environment and space as well as environmentally-friendly practices in aquaculture is underutilised. • The promotion of environmental awareness among fishermen on the importance of preserving the marine environment and their active participation in implementing measures to preserve the marine ecosystem are essential for the sustainable development of fisheries. Promoting redirection to organic farming is sensible given the current poor representation of organic farming in aquaculture. Although production is thereby less intensive, the quality of fish is better. 	<p>New knowledge relating to natural resources (fishery resources, water, space) and the application of knowledge for improved governance and the exploitation of resources with the objective of the sustainable management of sea fishing in accordance with the objectives of the Common Fisheries Policy reform, as well as in the sense of an integrated maritime policy is anticipated.</p> <p>The active participation of fishermen involved in sea fishing in the implementation of measures for the preservation of marine ecosystem and activities in the field of protection (e.g. NATURA sites, protected areas) is expected.</p> <p>For the aquaculture sector, we envisage investment in modern, environmentally-friendly equipment and the disposal of waste from aquaculture, and assistance for the sector with regard to eliminating risks associated with natural phenomena. Organic farming is expected to expand, including the promotion of aquaculture development, which provides environmental services.</p> <p>We primarily expect a stronger improvement of data acquisition in the sector at all levels and, secondly, improved use of data in the context of management decisions, including an integrated maritime policy to upgrade knowledge about the marine environment for suitable drafting of effective measures to improve and preserve the marine environment, comprehensive maritime planning and strengthening of integrated maritime surveillance, which will include the monitoring of vessels.</p>
(8) Promoting sustainable and	<ul style="list-style-type: none"> • Measures targeting sustainable fisheries areas 	Community-led sustainable development offers an opportunity to

<p>quality employment and supporting labour mobility</p>	<p>development had considerable success in the 2007-2013 period. Commercial fishermen mostly diversified into tourism. However, fresh water aquaculture has not yet been integrated into sustainable development measures. The acquisition of new expertise and integration of stakeholders are also poor, especially in the aquaculture sector.</p>	<p>create new business opportunities: adding value to fisheries products and products from aquaculture; integration with other activities, diversification of activities; education, training, and networking; strengthening cooperation among various stakeholders; better organisation of the sector, promoting the development and protection of the environment, and natural and cultural heritage, including creating new jobs with measures for the sustainable development of fisheries areas or in the context of measures of community-led sustainable development. Raising the level of acquiring new knowledge, professional skills and training required for the effective implementation of commercial sea fishing and aquaculture activities, as well as interconnections and cooperation in various sectors, are also envisaged.</p>
--	--	---

1.4 The indicative allocation of support by the Union by thematic objective at national level

Indicative allocation of support by the Union by thematic objectives at national level for each ESI fund separately (in EUR million) (total Union support, including performance reserve).

1.4.1. The indicative allocation of support by the Union by thematic objective at national level

Table 9: Indicative allocation of support by the Union by thematic objectives at national level for each ESI fund separately (in EUR million) (total Union support, including performance reserve)

Thematic objective	ERDF	Eastern Slovenia	Western Slovenia	ESF	Eastern Slovenia	Western Slovenia	CF	EAFRD	EMFF
1. Strengthening research, technological development and innovation	461,739,161.44	254,356,627.35	207,382,534.09					24,126,000.00	
2. Enhancing access to, and use and quality of information and communicating technologies	68,518,277.30	39,768,000.00	28,750,277.30					7,500,000.00	
3. Enhancing the competitiveness of SMEs in the agricultural sector (for the EAFRD), the fishery and aquaculture sector (for the EMFF)	526,078,420.57	361,921,307.20	164,157,113.37					238,948,972.00	9,358,077.00
4. Supporting the shift to a low-carbon economy in all sectors	21,024,204.54	10,014,152.02	11,010,052.51				260,607,798.40		
5. Promoting climate change adaptation, risk prevention and management	30,000,000.00	30,000,000.00					53,021,932.11	206,323,170.00	
6. Preserving and protecting the environment and promoting	131,125,357.14	82,125,360.49	48,999,996.65				269,111,315.81	206,323,170.00	8,166,308.00

resource efficiency									
7. Promoting sustainable transport and removing bottlenecks in key network infrastructures	39,668,020.17	39,668,020.17					223,092,280.39 ¹⁹⁷		
8. Promoting sustainable and quality employment and supporting labour mobility				287,736,602.41 ¹⁹⁸	146,770,526.76	140,966,075.65		77,790,000.00	5,300,000.00
9. Promoting social inclusion, combating poverty and any discrimination	75,053,657.36	40,035,380.06	35,018,277.30	145,249,584.93	80,265,223.81	64,984,361.12		41,892,491.00	
10. Investing in education, training and vocational training for skills and lifelong learning	20,023,290.67	10,014,152.02	10,009,138.65	208,996,759.06	116,815,742.99	92,181,016.07		10,000,000.00	
11. Enhancing the institutional capacity of public authorities and stakeholders and an efficient public administration				62,073,980.31	25,082,882.44	36,991,097.87			
Technical assistance	17,162,509.83	14,112,243.90	3,050,265.93	12,868,043.29	9,072,156.80	3,795,886.50	89,537,036.29	24,946,000.00	1,984,729.00
Revoked measures								3,971,250.00 ¹⁹⁹	
TOTAL	1,390,392,899.00	882,015,243.20	508,377,655.80	716,924,970.00	378,006,532.80	338,918,437.20	895,370,363.00	837,849,803.00	24,809,114.00

¹⁹⁷ The CF amount for thematic objective 7 does not include CEF funds = EUR 159,787,792.00.

¹⁹⁸ The ESF amount for thematic objective 8 does not include the YEI funds = EUR 9,211,536.00.

¹⁹⁹ The EAFRD amount for revoked measures is included in the amount under thematic objective 3.

In the 2014-2020 period, Slovenia will be eligible for European funds totalling approximately **EUR 4.118 billion** (CF, ESF, ERDF, EAFRD, EMFF, YEI, FEAD, CEF, ETC). The resources under the ESI funds are allocated to realise Member States' national objectives in the context of the EU 2020 Strategy objectives.

In the 2014-2020 period, Slovenia will be eligible for approximately **EUR 3.255 billion** under the EU Cohesion Policy Funds, of which EUR 159.8 million will be allocated to the Instrument Connecting Europe Facility – CEF (for transport), EUR 9.2 million to the Youth Employment Initiative (YEI), EUR 21 million from the Fund for European Aid to the Most Deprived and EUR 64 million for programmes under European Territorial Cooperation (ETC). The ETC funds are allocated at EU level to Member States in relation to the programmes the Member States are participating in and with regard to the number of their inhabitants. Each Member State then distributes the funds according to individual programmes. In addition to the Slovenian contribution to EU funds (European Regional Development Fund – ERDF), the overall amount per individual ETC programmes also includes the contribution to EU funding (ERDF) of the participating Member States and the obligatory part of national co-financing. Altogether, the funds under the ERDF and ESF were broken down for each cohesion region on the basis of the common EU methodology. The basic breakdown of the ERDF and ESF takes into account the development disparities of the regions, the needs and situation in the labour market, including the forecast of an increase in the risk of poverty. In the cohesion region of Western Slovenia, 40% of the funds will be allocated to the ESF and 60% to the ERDF. In the cohesion region of Eastern Slovenia, 70% of the funds will be allocated to the ERDF and 34% to the ESF. This means that the **cohesion region of Western Slovenia will be eligible for approximately EUR 847 million** and the **cohesion region of Eastern Slovenia will be eligible for EUR 1.260 billion. The Cohesion Fund (CF) is not divided and will be available for the whole of Slovenia (altogether, Slovenia will be eligible for EUR 1.055 billion).**

The OP ECP 2014-2020 also includes a specific objective within the priority axis of 'Promoting sustainable and quality employment and transnational labour mobility' intended **for a youth employment initiative in the cohesion region of Eastern Slovenia (EUR 20.7 million).**

The possibility of adjusting levels of co-financing as per suitable articles of Regulation (EU) No 1303/2013 will apply to co-financing measures of the priority OP ECP 2014-2020. Furthermore, the possibility of exemption under Article 13(2) of the ESF Regulation will be available in justified cases when implementing ESF measures. The application of this possibility will be defined in individual measures of the OP for thematic objectives 8, 9, 10 and 11 (e.g. this possibility will apply in all systemic measures which require a uniform approach relating to contents of thematic objective 10 (e.g. teacher training, e-contents in education, innovative approaches and learning environments, higher education, and similar)).

The definition of the priorities and the breakdown of funds take into account to the greatest possible extent the realisation of the EU 2020 Strategy. To realise the EU 2020 objectives, the EU Cohesion Policy funds for the 2014-2020 period will be allocated to the following **priorities**:

- investing in research, development and innovation (RDI), competitiveness, employment and training (ERDF and ESF),
- infrastructure to achieve a better environmental status, sustainable energy use and sustainable mobility, as well as the efficient management of resources (CF and ERDF).

Concentration on these areas is justified by the need for short-term actions to enhance access to finance for enterprises, research and incentives, and to enhance employment and employability by also establishing a long-term stable environment which will stimulate the development of quality jobs with a changed economic structure, while observing demographic trends. The state's

investments have to be oriented to economic development, which will be supported with 'soft content'.

Investment in greater productivity is needed since the latest analysis shows that a high level of productivity is needed (twice as high as the level before the crisis) if we do not want the effect of a decreasing share of the active working population to have a negative impact on economic growth. In Slovenia, the working-age population will already begin to decrease after 2015 (this means that a smaller working-age population will have to create income for a larger population – greater economic dependence). To enhance growth potential, the measures have to focus on an adequate combination of policies or a so-called 'policy mix' which combines investments in human resources, activation, mobility with technological and non-technological investments, RDI and greater energy and material efficiency. The correlation of measures will be especially important in the implementation, and complementary co-financing of ESF content will have to be provided.

- **Level of concentration of funds and breakdown of funds for the two cohesion regions (Eastern Slovenia and Western Slovenia)**

Slovenia will concentrate approximately **80% of the ERDF funds** (the cohesion region of Eastern Slovenia 77% and the cohesion region of Western Slovenia 83%) on RDI, competitiveness, ICT and low-carbon society and **70% of the ESF funds** (on average at the level of both cohesion regions) on employment and lifelong learning. In light of disparities between the levels of development of the cohesion region of Western Slovenia and the cohesion region of Eastern Slovenia, the concentration level on RDI and competitiveness is lower and earmarks more than **20% of funds** to climate change adaptation, better environmental status and biodiversity, the construction of infrastructure for sustainable mobility and social inclusion, as well as institutional capacity. In accordance with the EU regulation, social inclusion will receive the least ESF funds, i.e. **20.26%**; however, additional funds will be provided from the ERDF (activation, social entrepreneurship, deinstitutionalisation of long-term care and measures relating to health). In comparison to the 2007-2013 period, the share of the ESF funds is not drastically different given the situation in the labour market (negative trends) and the worse social and economic situation in Slovenia.

The proposal identifies the following **ESF investment priorities in the cohesion region of Western Slovenia**:

- access to employment for job seekers and inactive people, including the long-term unemployed and those who are furthest from the labour market also through local employment incentives and the promotion of labour mobility (20.94%),
- sustainable integration of young people into the labour market, especially those who are not in employment, education or training, including young people who are exposed to social exclusion and young people from marginalised communities (16.22%),
- active inclusion, including the promotion of equal opportunities and active cooperation, as well as enhancing employability (12.09%),
- enhancing equal access to lifelong learning for all age groups in the formal, informal and non-formal contexts, improving the knowledge, skills and competences of labour force and the promotion of flexible learning opportunities, also through career guidance and the validation of acquired competences (22.98%),

- investment in institutional capacity and the efficiency of public administration and public services at national, regional and local levels in order to provide reforms, better legislation and good governance (9.43%).

The proposal identifies the following **ESF investment priorities in the cohesion region of Eastern Slovenia:**

- access to employment for job seekers and inactive people, including the long-term unemployed and those who are furthest from the labour market also through local employment incentives and promotion of labour mobility (20.4 %),
- sustainable integration of young people into the labour market, especially those who are not in employment, education or training, including young people who are exposed to social exclusion and young people from marginalised communities, also through the implementation of Youth Guarantee (13.27%),
- active and healthy ageing (5.15%),
- active inclusion, including the promotion of equal opportunities and active cooperation as well as enhancing employability (13%), and
- enhancing equal access to lifelong learning for all age groups in the formal, informal and non-formal contexts, improving the knowledge, skills and competences of labour force and the promotion of flexible learning opportunities, also through career guidance and the validation of acquired competences (26.65%).

The funds under the Cohesion Fund will be allocated to the construction of environmental and transport infrastructure and the sustainable use of energy. In so doing, we have to realise the objectives which have a positive impact on the realisation of the EU climate and energy package objectives and which are needed for the implementation of EU regulations. Investments which do not cause 'trade-off' effects among individual measures are needed. The Cohesion Policy funds also include funds related to the **Instrument Connecting Europe Facility – CEF (EUR 159.8 million) which are allocated exclusively to transport projects**. To implement this instrument effectively, the projects need to be prompt and well-prepared (the funds have to be allocated to transport infrastructure projects by the end of 2016).

In the 2014-2020 period, Slovenia will be eligible for EUR 837.8 million under the EAFRD and for EUR 24.8 million under the EMFF.

1.4.2 Information on the Youth Employment Initiative

Promotion of sustainable and high-quality employment and labour mobility, and the second special objective of priority investment in the sustainable integration of young people into the labour market, especially those who are not in employment, education or training, including young people who are exposed to social exclusion and young people from marginalised communities, also through the implementation of the Youth Guarantee.

Table 10: Information on the Youth Employment Initiative programmed under thematic objective 8

Youth Employment Initiative (YEI) specific allocation	EUR 9,211,536.00
ESF matching funding	EUR 9,211,536.00

1.4.3 Information on the share of ESF (%) of structural funds (ERDF and ESF)**Table 11: Information on the share of ESF (%) of structural funds (ERDF and ESF)**

Share of ESF in structural funds (ESF, ERDF) in the 2007-2013 programming period	28.1%
Minimum ESF share of a Member States	29.3%
Share of ESF in structural funds (ESF, ERDF) in the 2014-2020 programming period	34%

1.4.4 Information on the allocation of technical assistance**Table 12: Information on the allocation of technical assistance for Cohesion Policy Funds according to regions**

Fund	Region	Allocation of technical assistance (EUR million)	Share of technical assistance in % by Fund
ERDF	Eastern Slovenia	14,112,243.90	1.6
	Western Slovenia	3,050,265.93	0.6
ESF	Eastern Slovenia	9,072,156.80	2.4
	Western Slovenia	3,795,886.50	1.1
CF	NA	89,537,036.29	10.0

1.4.5 Total indicative amount of EU support for climate change objectives**Table 13: Total indicative amount of EU support for climate change objectives (in EUR)**

ESI Fund	Share (%) of the support under individual Funds allocated for climate change adaptation objectives
----------	--

CF + ERDF + ESF	20%
EAFRD	51.25%
EMFF*	16.55%

The ESI funds measures for realising climate change objectives are planned at an indicative amount of **20%** of the funds under the Cohesion Fund, the European Regional Development Fund and the European Social Fund, of which the contribution of the individual Fund is as follows: 39% under the Cohesion Fund, 16% under the European Regional Development Fund and 2.5% under the European Social Fund.

Table 14: Indicative amount of funds (CF, ERDF, ESF) for climate change objectives

Thematic objective	Indicative amount of funds for climate change objectives (in EUR million)	% of OP amount
(1) Strengthening research, technological development and innovation	48,000,000.00	1.6
(3) Enhancing the competitiveness of SMEs	88,000,000.00	2.9
(4) Supporting the shift to a low-carbon economy in all sectors	252,000,000.00	8.4
(5) Promoting climate change adaptation, risk prevention and management	83,000,000.00	2.8
(6) Protecting the environment and promoting resource efficiency	51,000,000.00	1.7
(7) Promoting sustainable transport and removing bottlenecks in key network infrastructures	61,200,000.00	2.0
(8) Promoting employment and supporting labour mobility	10,000,000.00	0.3
(10) Investing in education, training, skills and lifelong learning	8,000,000.00	0.3
TOTAL	601,200,000.00	20.0

The analysis of the amount of support for climate change objectives will be included in the annual reports on the implementation of programmes and progress reports on the implementation of the Partnership Agreement. In setting the indicative amount of support, the common European Commission methodology was used, which is based on weighting individual categories of actions. The weighting depends on the foreseen outcomes of individual expenditure for the support for climate change objectives. The fields of individual thematic objectives and Funds according to which actions will be implemented are:

Supporting the shift to a low-carbon economy in all sectors:

- promoting the production and distribution of renewable energy sources (100%),
- supporting energy efficiency and the use of renewable energy sources in public infrastructure, including public buildings and the housing sector (100%),
- developing and implementing smart low- and medium-voltage distribution systems (100%),
- promoting low-carbon strategies for all types of areas, particularly urban areas, including the promotion of sustainable urban mobility and adaptation measures for climate change mitigation (40%).

Promoting climate change mitigation and adaptation as well as risk prevention and management:

- supporting dedicated investment for climate change adaptation (100%),
- promoting investment to treat specific risks, ensuring disaster preparedness and developing disaster management systems (100%).

Protecting the environment and promoting sustainable resource efficiency:

- protecting and restoring biodiversity and soil, and promoting ecosystem services, including the Natura 2000 network and green infrastructures (100%).

Promoting sustainable transport and removing bottlenecks in key network infrastructures:

- developing an integrated, high-quality and interoperable rail system (40%),
- supporting the multi-modal Single European Transport Area by investing in the trans-European transport network (TEN-T) (CF) (40%).

With investments in rail and other non-road infrastructure, we will establish conditions for the transfer of freight traffic from roads, which will have a positive impact on the reduction of greenhouse gas emissions from transport.

➤ **European Regional Development Fund:**

Strengthening research, technological development and innovation:

- research, development and innovation projects and the transfer of technologies to support the achievement of climate change objectives (100%)

In the framework of this thematic objective, we will support eco-innovative projects which will contribute to the development of new products, services, production processes and business models, which will have a positive impact on energy efficiency and reduce greenhouse gas emissions in industry as well as the wider society due to the penetration of more efficient energy solutions into the general consumption market.

Enhancing the competitiveness of small and medium-sized enterprises and the agricultural sector (for the EAFRD) and of the fisheries and aquaculture sector (for the EMFF):

- actions to enhance the material efficiency of enterprises (40%)

These actions will raise the material productivity of enterprises, which will have a positive impact on the reduction of CO₂ emissions.

➤ **European Social Fund – secondary topics**

Supporting the shift to a low-carbon society, resource efficiency and climate change resilience (100%):

- complementary funding and supporting incentives for employment measures, resource efficiency and the shift to a low-carbon society,
- training and modifications of training and education programmes.

These actions will create synergies between Funds in the creation of green jobs and also enhance competitiveness relating to the significance of the low-carbon society, resource efficiency and climate change.

➤ **European Agricultural Fund for Rural Development**

The aspect of climate change mitigation and adaptation is included in the priorities addressed by the **Rural Development Programme (RDP) 2014-2020**, especially under priority 4. The RDP 2014-2020 will allocate approximately 51.25% of the EAFRD funds to the objective of climate change mitigation.

Table 15: Indicative amount of funds (ERDF) for climate change objectives

Priority and area	Marker	Action	Amount (EUR million)
4a, 4b, 4c	100	Agri-environment and agro-climate payments	152,705,540.00
		Organic farming	41,400,000.00
		Payments for areas with natural or other specific limitations	203,200,000.00
		Investment in forest area development and improvement of forest viability	15,340,800.00
6b	40	LEADER	16,756,996.00
Total			429,403,336.00

The contribution of the RDP 2014-2020 actions to climate change mitigation and adaptation is calculated on the basis of markers identified in the implementing act of the CSF. In line with priority areas programmed under the RDP 2014-2020, the calculations take into account only the above-mentioned priorities and actions, while other priorities and actions have a 0-marker or are not programmed.

➤ **European Maritime and Fisheries Fund**

In the framework of EMFF, certain actions can contribute 0% or 40% to climate change adaptation, as per the provisions of the implementing act of the CSF. The calculation of the EMFF contribution for attaining climate change objectives was thus prepared on the basis of measures of the OP EMFF 2014-2020.

1.5 The application of horizontal principles

1.5.1 Partnership principle

The partnership principle is the key underlying guide that Slovenia pursues in the context of drawing funds under the Common Strategic Framework (CSF). The country is aware that the measures aimed at increasing competitiveness and greening the economy and jobs require the mobilisation of all key stakeholders, whose knowledge and expert opinions can enhance a common commitment to effectively drawing funds.

The preparation of the Partnership Agreement (PA) is coordinated by the newly-established Government Office for Development and European Cohesion Policy (GODC) (in the period preceding 1 March 2014 the coordinating role was carried out by the Ministry of Economic Development and Technology) together with the Ministry of Agriculture and the Environment and in cooperation with other competent ministries.

Interested stakeholders have been involved in the preparation of the programming documents for the 2014-2020 period since September 2012, after the draft of the inclusion in the process of preparation of all key strategic and programming documents in Slovenia was prepared. The coordinators wished to include a wide range of stakeholders from different areas and institutions in order to pool knowledge and needs on which to build the identification of key investment areas. The list of the stakeholders included is provided in Annex 1 of the Partnership Agreement. The key objective of the public involvement in the process of preparing programming documents is to prepare a high-quality document as the basis for drawing funds that are available in the programming 2014-2020 period, and to achieve greater ownership of the document and alignment of the content.

The process of preparing programming documents consisted of several stages:

- Phase 1: analysis of the situation and identification of Slovenia's development needs,
- Phase 2: identification of specific objectives and results,
- Phase 3: identification of investment areas (in the PA up to the level of investment priorities and the upgrade to the level of measures in the operational programmes) and identification of relevant indicators,
- Phase 4: preparation of the draft PA and three operational programmes (for cohesion policy funds, rural development and fisheries development). The preparation of these documents is coordinated and aligned in terms of the content and programming cycle.

The inclusion of different stakeholders in the process of the PA preparation was implemented at several levels; we tried to capture the views of the widest and the most diverse range of stakeholders in order to cover as many content areas as possible and to obtain high-quality content contributions and comments from various sources and aspects with regard to their experience and needs. When selecting stakeholders, the partners included in the dialogue were selected according to the following criteria: representative organisations (e.g. chambers, professional associations, universities, institutes, etc.); NGOs' representatives; people participating in social dialogue, and institutions active in regional development.

The preparation and harmonisation of strategic and programme documents required the establishment of the following partnerships:

- **Cooperation between ministries**

Working groups for the preparation of the key programming documents (Slovenia's Development Strategy, Programme of development priorities and investments and the programming documents for the next EU financial period) were established at ministerial level in June 2012. The representatives of other public bodies included by the ministries according to the specifics of each sector also participated in the preparation. Furthermore, the ministries included other institutions or organisations in the preparation of the documents. Formally established working groups for the preparation of the programming documents eventually lost their role, and regular dialogues and coordination at the operational level are held with the ministries, and in the case of the coordination of priorities and the allocation of financial resources, dialogue and coordination is held at the level of State Secretaries and/or Ministers. MEDT (Government Office for Development and European Cohesion Policy from 1 March 2014 onwards) acting as coordinator of the preparation of the PA organised a number of inter-ministerial coordination meetings. Representatives of ministries also actively participated at meetings and workshops with the European Commission (EC).

The Ministry of Agriculture and the Environment also plays an important role in preparing the PA, namely in the segments pertaining to the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF). Thus, two separate operational programmes which have to be aligned with the PA are being drafted, which requires coordination and alignment activities for the PA (to the level of investment priorities) along with the coordination process with various stakeholders for each operational programme.

- **Cooperation with representatives of various publics**

An ad hoc working group was established in the framework of the Economic and Social Council (ESC) to prepare strategic documents. Representatives of the ESC proposed members of the ad hoc working group independently.

A second ad hoc working group comprises representatives of non-governmental organisations (NGOs). The selection of NGO representatives was led by the NGO umbrella organisation – Centre for Information Service, Co-operation and Development of NGOs (CNVOS), which selected 17 representatives through a transparent invitation published on its website. A list of members in the two ad hoc working groups is available in Annex 1.

The GODC regularly meets representatives of the two ad hoc working groups and informs them on relevant orientations and developments regarding document preparation (the PA and the OP). Representatives of both groups had the opportunity to comment directly in meetings and also in writing (on the following e-mail address: eu2014.mgrt(at)gov.si).

Cooperation with the representatives of regions was also established. The content of the programming documents (the PA and the OP for Cohesion Policy Funds) was coordinated with regional development agencies responsible for preparing 12 regional development programmes for 12 statistical regions.

- **Cooperation with two development councils of cohesion regions**

The development councils of the two cohesion regions (Eastern and Western Slovenia) also have a special role in the preparation of key Cohesion Policy documents (the PA and the OP), which, *inter alia*, are responsible for guiding and directing the preparation of the regional development programme and its adoption. The development councils of the two cohesion regions consented to the adoption of the PA and OP in line with the relevant national legislation. In light of the partnership principle, regular consultations with the cohesion region development councils take place, and representatives of the public are invited to attend these events, which gives them additional opportunities to express their opinions on the drafts. Six regular and one extraordinary meetings of development councils of the two cohesion regions have been held: the Managing Authority presented the first draft PA at the first meeting (18 July 2013); comments on the first draft PA and the timeline for the preparation of the PA and OP were discussed at the second meeting (4 and 8 October 2013); the third meeting (20 November 2013) saw the second draft and conclusions regarding further preparation and coordination of the final PA version. The fourth meeting (held on 26 and 27 March 2014) focused on the GODC response to comments received on the PA and OP, the updated timeline of document programming and envisaged date of PA approval, while discussing remaining issues. The fifth meeting (3 and 13 June 2014) focused on the development needs in the regions as well as current and future activities related to programme documents. The consent to the content of the Partnership Agreement was given on 10 July 2014 in the West cohesion region and on 24 July 2014 in the East cohesion region. At the second meeting, the representatives of the cohesion region of Eastern Slovenia voted in favour of preparing two operational programmes due to the

division of Slovenia into two cohesion regions; however, the GODC rejected this decision on the basis of weighty arguments.

- **Cooperation with the National Assembly of the Republic of Slovenia and the National Council of the Republic of Slovenia**

During the preparation of documents, the representatives of the GODC (previously MEDT) also attended meetings of the Committee on EU Affairs at the National Assembly of the Republic of Slovenia and meetings of committees at the National Council of the Republic of Slovenia, where they presented the status of preparations of programme documents, including the PA. The members of committees provided their opinions on the draft documents being prepared. The council presidents of both cohesion regions were invited to the committee meetings at the National Assembly of the Republic of Slovenia and they presented their positions on the cooperation and integration of members of cohesion regions in the preparation of strategic documents.

- **Inclusion of the wider public**

The first stage of the document programming saw a list of representative organisation groups for the suitable representation of all important substantive fields included in the OP ECP. The structure of wider public groups enabled participation in different fields (science, education, the environment, social issues, non-governmental organisations, local communities, representatives of regions, professional associations, etc. – Annex 1). These were informed via a mailing list about events and updated document versions. Thus far, three public events regarding the drafting of the PA at which representatives of the EC were also present have been organised. The response from the public was very good and proved useful to the drafters of the PA. The organisations representing the interests of the disabled were also included in the preparation of documents with an array of various events organised by the relevant ministry. The cooperation with these organisations will further improve and strengthen in the phase until the final version of the OP ECP, whereby sufficient inclusion of representatives of these organisations in implementation, monitoring and evaluation will also be provided.

The first PA draft was adopted by the Government of the Republic of Slovenia on 4 July 2013. On 5 July 2013, it was submitted for informal coordination to the EC. On 17 July 2013, the EC initiated the inter-service consultation. Slovenia was among the top ten Member States which succeeded in carrying out the consultation already during the summer.

The PA draft was also submitted and presented to the representatives of the ad hoc working group for cooperation with the ESF, the ad hoc working group for cooperation with NGOs, representatives of the regional development agencies and the representatives of the cohesion regions of Western and Eastern Slovenia. The PA draft was also published on the MEDT website. The public consultation that provided comments of the interested public continued until 5 September 2013.

A public event attended by a wide range of stakeholders and EC representatives was organised on 18 September 2013. The event focused on showcasing the first PA draft and stakeholders' comments.

Stakeholders' comments and unofficial EC comments regarding the first PA draft received on 23 September 2013 were incorporated *mutatis mutandis* into the new PA draft. It was clearly indicated which comments had been taken into account and which were not (the partnership principle).

In the preparation of the new PA draft, the following comments of the interested public were taken into account:

- further prioritisation,
- improved coherence with other strategic documents,

- link between the ERDF and the EAFRD for Natura 2000 sites (conservation of biodiversity and agricultural landscape),
- focus of thematic objective 7 on rail infrastructure,
- greater emphasis on social entrepreneurship and vulnerable groups,
- greater emphasis on investments in skills, education and transfer of knowledge and lifelong learning in the context of thematic objective 10,
- deletion of references to facilities for heat treatment,
- inclusion of CLLD initiatives,
- identification of seven functional areas in section 3.1.3 (the second PA draft does not list them),
- youth issues, significantly more underlined in the new draft,
- concerns and comments on Integrated Territorial Investments (ITI): Chapter 3 of the new draft presents a comprehensive approach to territorial development; ITIs are also mentioned in the context of Urban; there is also a basis for possible ITIs after 2014, and
- improved transparency of the document.

Certain comments were more concerned with the content of the OP and will as such be dealt with in the preparation of the next version. They involve the level of measures: the initiative to draft two operational programmes and the need to prioritise individual sectors. As no sectoral approach is adopted in the PA and the OP, individual sectors will not be included in both documents; however, reference to the Smart Specialisation Strategy will be made.

The knowledge and expert opinions of key partners undoubtedly contributed to improving the PA. The following proposals which were received as comments on the second draft PA by 13 December 2013 (altogether 33 comments from individuals and organisations) were taken into account: a more integrated approach and integration of measures and the search for synergies between the environmental, social and economic components (the main value added), since the latter is crucial for a transition to a circular economy, greater transparency of the document (changes to the structure of the analytical segment of the document) and greater compliance with other key strategic documents. The draft PA was supplemented with a short introduction and a list of abbreviations.

Consultations with key partners repeatedly raised concerns about the under-represented role of social entrepreneurship; the latter has not been given due in Slovenia thus far. According to numerous partners, more attention should be paid to the introduction, promotion and implementation of supportive tools, the development of new services and integration of individuals in social entrepreneurship projects, since the latter play a positive role during the crisis and can contribute significantly to economic development and new jobs. The comments will be duly taken into account when preparing new versions of the PA. Partners' concerns also related to the role and involvement of social partners which is provided in the design of programmes in thematic objective 8 and thematic objective 9. Thematic objective 11 will provide for strengthening the capacities of social partners at national and regional levels.

Partners' key proposals pertain to a more significant role of cooperatives and their contribution to reducing the negative effects of the crisis on employment and the operation of companies. Cooperatives will be supported in thematic objective 9, namely in the context of social entrepreneurship, where support will be given to various projects of intergenerational cooperation more clearly defined in the OP. The PA was also updated with content relating to the overlooked role of small and medium-sized enterprises as the driving force behind job creation and sustainable growth; also, measures targeting the removal of administrative barriers and promotion of green public procurement were embedded in the document. In terms of lifelong learning, the partners

highlighted the need for more participation by older workers and retirees; although the target group comprises mostly older and less educated people, the main focus was on competence building to increase employability and job preservation. Also, it was proposed that the PA refocus on tertiary education – the PA underlines quality and mobility, while enrolment is not an issue in Slovenia. The partners further recommended incorporating the area of community-based services of care and the need to address the issue of the poverty of the elderly; the latter is dealt with under thematic objective 9.

The partners' comments repeatedly raised issues regarding a community-led local development (CLLD) funding approach. The CLLD approach will be supported with the EAFRD, EMFF and ERDF resources. It was mentioned several times that thematic objective 2 requires equal treatment as other thematic objectives. Questions were also raised as to the funding of broadband connections in thematic objective 2. The document will identify criteria for selecting relevant urban areas/cities as regards Urban and support for sustainable urban development measures (Chapter 3.1.3).

We responded to all stakeholders via e-mail on 24 January 2014.

The updated PA version was prepared on 28 February 2014. It was then submitted for informal coordination to the EC and made public.

A public event showcasing the main developments in the PA and OP preparation, headliners in the new PA version of 28 February 2014 and main comments of stakeholders received on the second draft PA was organised on 14 March 2014. The event participants welcomed the orientations, updates and amendments made in the new draft PA, but underlined the key missing area, i.e. broadband connections in rural areas, where Slovenia lags considerably behind the DAE 2020 objectives. The participants proposed, *inter alia*, introducing an instrument of community-led local development, also in the scope of the European Cohesion Policy, and the continuation of funding adult education provided by adult education centres. Also, the authorities responsible for the preparation of documents were invited to rethink the criteria applied in the scope of selecting cities under the urban development instrument, to consider increasing the funds intended for local and regional infrastructure and to pursue the enhancement of cooperation between the academic sphere and private sector. The participants proposed that the implementation of 2007-2013 Funds be reviewed and that investment areas which yield tangible results be identified and further pursued. They also urged the relevant authorities to work further on removing administrative barriers and simplifying procedures.

On 3 April 2014, the Government of the Republic of Slovenia took note of the new PA version published on the dedicated GODC website and was officially submitted to the EC services for inter-service consultation on 10 April 2014.

On 26 June 2014 European Commission sent formal comments on the PA. In line with those comments in July new final version of the document was prepared and after it was adopted by the Government of the Republic of Slovenia it was submitted to European Commission for its approval.

- **Inclusion of the wider public in preparing the OP for the Implementation of the EU Cohesion Policy**

Responsibility for preparing the Operational Programme (OP) for the Implementation of the EU Cohesion Policy lies with the GODC (MEDT until 1 March 2014). The preparation of the OP also took into account the partnership principle. The key objective of including partners in the OP drafting

process is to prepare a high-quality and coherent document as the basis for drawing EU funds under the 2014-2020 programming period.

The OP and the PA are prepared simultaneously. The relevant partners (broader public) have been involved in the following activities implemented so far:

- analysis of the situation and identification of Slovenia's development needs,
- identification of specific objectives and results, and
- identification of investment areas (in the PA up to the level of investment priorities and upgrade to the level of measures of the operational programmes) and identification of relevant indicators.

A more detailed description of the involvement of the relevant partners in the preparation, monitoring and implementation of the OP will be given in the OP under chapter 7.2.

- **Inclusion of the wider public in the preparation of the RDP**

The partnership principle is embedded in long-term development plans and programmes, including the RDP 2014-2020.

The Ministry of Agriculture and the Environment has provided for the involvement of social partners, experts and the general public in its activities since the publication of the proposals for European legislation for the 2014-2020 programming period and the Common Agricultural Policy reform proposals until 2020. A public consultation, forums and various events showcasing Common Agricultural Policy reforms until 2020 took place, focusing, among other things, on rural development.

In accordance with the multi-level governance approach, the representative and competent partners are included in the preparation of the Partnership Agreement and will be included in the preparation and implementation, monitoring and evaluation of the RDP 2014-2020 within the framework of the RDP 2014-2020 Monitoring Committee.

Organisations and institutions acting in the field of rural development are included in the national rural network with a view to enhancing their involvement in the process of preparation, implementation and monitoring of the RDP 2014-2020 as well as improving the quality of the RDP 2014-2020. The network organises a variety of activities which encourage active participation and feedback for the better implementation of the RDP, namely with a view to increasing the involvement of stakeholders in preparing documents in the field of Rural Development Policy.

- **Inclusion of the wider public in the preparation of the OP EMFF 2014-2020**

With the aim of active participation and preparation of the Operational Programme for the Implementation of the European Maritime and Fisheries Fund of the Republic of Slovenia for the 2014-2020 period and in accordance with Union guidelines, the Ministry of Agriculture and the Environment appointed a working group for the preparation of the Operational Programme which includes all key ministries and social partners that will be actively involved in all stages of preparing the Operational Programme. Workshops have been organised for all stakeholders to present the measures, exchange opinions and proposals for the implementation of the measures. Both evaluators were invited to, and participated in, the workshops. When the first draft of the Operational Programme is prepared, a wider public consultation will be carried out. Social partners and other interested parties will be invited to submit their opinions and suggestions.

- **Inclusion of the wider public in the implementation**

In accordance with the multi-level governance approach (Article 5 of Regulation (EU) No 1303/2013 of the European Parliament and the Council of 17 December 2013 laying down common provisions for ESI Funds (CF, ESF, ERDF, EAFRD and EMFF)), Slovenia establishes partnership with competent regional and local authorities (also in accordance with the European Code of Conduct on the Partnership Principle) and includes the latter in the preparation of the Partnership Agreement and operational programmes. The partners are included in all stages of programme preparation and implementation, including participation in committees responsible for monitoring the implementation of programmes (in accordance with Article 48 of the Common Provisions Regulation). As members of the monitoring committees, the partners are involved in selecting criteria for the selection of projects/measures within each operational programme; they also monitor the achievement of defined objectives and results, examine and confirm annual and final reports on implementation, participate in the discussion and approval of amendments to operational programmes and can propose to the Managing Authority any changes and adjustments to the operational programmes with the aim of improving the management and implementation thereof.

1.5.2 Promotion of equality between men and women, non-discrimination and accessibility

The Republic of Slovenia provides for respect for the principles of non-discrimination, equal opportunities and gender equality within its fundamental acts.

Pursuant to Article 14 of the Constitution of the Republic of Slovenia, everyone is guaranteed equal human rights and fundamental freedoms, irrespective of national origin, race, sex, language, religion, political or other conviction, material standing, birth, education, social status, or any other personal circumstance. Article 63 of the Slovenian Constitution prohibits the incitement of national, racial, religious or other inequality.

The umbrella act regulating the field of non-discrimination is the Implementation of the Principle of Equal Treatment Act, which defines the common foundations and principles for ensuring the equal treatment of all persons in the exercise of their rights and obligations and the exercise of their fundamental freedoms in any area of social life, in particular, in the fields of employment, employment relationships, participation in trade unions and interest groups, education and schooling, social security, access to goods and services and the supply thereof, regardless of personal circumstances such as nationality, race or ethnic origin, gender, health, disability, language, religious or other belief, age, sexual orientation, education, financial status, social status or other personal circumstances.

In the field of equal opportunities of men and women, these two key documents apply:

- Equal Opportunities for Women and Men Act, which provides common bases for the advancement of women and the creation of equal opportunities for women and men in political, economic, social, educational and other spheres of social life,
- Resolution on the National Programme for Equal Opportunities for Women and Men 2005-2013, a strategic document that sets out the objectives and measures and key policy makers for the realisation of gender equality in various spheres of life of women and men in the Republic of Slovenia for the period 2005-2013. The basic purpose is to improve the status of women and to ensure sustainable development in the promotion of gender equality.

The authority, responsible for equal opportunities (Equal Opportunities Sector under the Ministry of Labour, Family, Social Affairs and Equal Opportunities), performs, among others, the following tasks: (i) coordinates policy making and the preparation of regulations on the prevention and elimination of

discrimination, (ii) monitors the status of women and the realisation of their rights guaranteed by the constitution, acts and international conventions, etc.

The Ombudsman for equal opportunities, which operates within the Ministry of Labour, Family, Social Affairs and Equal Opportunities, has a variety of opportunities to informally monitor compliance with the prohibition of discrimination, to promote respect for the right to equal treatment and to provide advice, support, assistance and information in this area. The Ombudsman provides support to everyone, especially to victims, but also to potential violators, public authorities, companies and others who wish to improve their business performance or simply require more information on this topic.

The field of accessibility is regulated by the Equalisations of Opportunities for Persons with Disabilities Act (Official Gazette of the Republic of Slovenia, nos. 94/10 and 50/14), the purpose of which is to prevent and eliminate discrimination of the disabled based on their disability, with the aim of providing equal opportunities for the disabled in all fields of life. Therefore, the act also requires that the disabled should be provided with accessibility to various fields of life and social integration. It especially refers to accessibility to goods and services, i.e. information, communication and other services and assistance in emergency cases, the removal of constructed obstacles in facilities offering public goods and services, the assurance that public and private entities offering public goods and services follow all aspects of accessibility for the disabled in order to provide adequate support in offering public goods and services, especially with other person (readers, interpreters of Slovenian sign language, interpreters for the deaf/blind) and providing Braille signs in an easily readable and intelligible form. The disabled must also be provided with accessibility to inclusive education, health, residential environment, information, public transport, etc. The Act is actually an implementation of the Convention on the Rights of Persons with Disabilities ratified by Slovenia and monitored by the United Nations. Apart from the above-stated, Slovenia has adopted the Action Plan for Persons with Disabilities 2014-2020, which among other measures also foresees accessibility for persons with disabilities in different areas.

Slovenia has fully respected the horizontal principles of gender equality, the prevention of all forms of discrimination and respect for equal opportunities and accessibility from the very beginning of the 2014-2020 document programming for ESI Funds. Compliance with these principles is, of course, not limited only to the programming, but should be guaranteed in the process of the preparation of strategic documents, as well as in the process of implementing, monitoring and evaluating programmes. Compliance with these principles should be provided, as defined also in Article 7 of the Common Strategic Framework – CSF provision, in all funds defined by this provision, while special attention is given to respect for, and the implementation of, these principles with activities funded from ESF funds – to provide the full scope of these principles, special measures are foreseen to improve the situation, i.e. better integration of disadvantaged groups and equality of the status of men and women and the provision of equal opportunities in the employment market and in social life. These actions are defined in more detail in the Operational Programme for the Implementation of the EU Cohesion Policy in the period 2014-2020.

In the programming process, special attention was paid to the inclusion of relevant institutions responsible for the promotion of gender equality, non-discrimination, equal opportunities and accessibility. From the beginning of drafting the programming documents, their inclusion has been guaranteed and interactive. Representatives of the relevant national institutions, such as the equal opportunities service within the Ministry of Labour, Family, Social Affairs and Equal Opportunities and the directorate for the disabled within the same Ministry, as well as other representatives of interest groups, the non-governmental sector and relevant professional associations actively

participated and co-designed the programming documents and also participated in all the events presented in the chapter pertaining to the inclusion of partners.

Respect for the principles of gender equality, non-discrimination and equal opportunities, as well as accessibility in all Funds will be guaranteed in the implementation phase.

In the priority areas where the status differences between women and men or other population groups are the greatest, certain measures and means for their implementation will also be determined that focus on special target groups of women and men or other groups at risk of discrimination and unequal opportunities.

To ensure that the horizontal principles of equality and non-discrimination are respected, these elements will also be included in the preparation of calls for proposals and other criteria for the selection of operations. This will practically prevent any non-compliance with the horizontal principles of gender equality, non-discrimination and equal opportunities as well as accessibility. Monitoring and reporting on the implementation of, and respect for, these principles will be ensured through monitoring under the project principle, with reports for implementation which will also include a special segment on the realisation of horizontal policies, such as descriptions of the implemented activities, their results and their contribution to the realisation of the horizontal principles' objectives, as well as through the adequate supervision of implemented projects, and especially through adequate evaluations of individual programmes.

The realisation of horizontal principles will also be monitored in the framework of the attainment of the indicators set in the operational programmes. All of the above-mentioned as well as the selection of appropriate measures and implementation and realisation of the set objectives will be within the competence of the monitoring committee for the relevant Fund or operational programme, which will cooperate with representatives of the relevant institutions authorised to provide respect for, and the implementation of the principles of gender equality, non-discrimination, equal opportunities and accessibility in the Republic of Slovenia. The monitoring committees will have a balanced representation of women and men. However, the final decision on proposed members of these committees will be made by the organisations that appoint these members. Important data will be entered into the information system for the whole implementation period in order to ensure the reliability of reports. According to the partnership principle, the relevant stakeholders will be included in the evaluation process.

In the 2014-2020 programming period, more attention – in addition to the above-mentioned aspects – will be given to:

- training and capacity building for the relevant actors on mainstreaming gender equality and non-discrimination,
- ensuring a balanced representation and participation of women and men in decision-making, planning and monitoring,
- planning and ex-ante criteria for mainstreaming the above-mentioned horizontal principles.

Training and capacity building to mainstream the principle of gender equality and the aspect of gender incorporation into the budget will be dealt with under the support structure providing guidelines and assistance for the implementation of gender equality in ESI funds. The funds for operating this structure will be allocated from the technical assistance fund.

1.5.3 Sustainable development

Sustainable development will be the central guiding principle in the preparation of programmes for the implementation of EU funds, whereby Slovenia will promote measures facilitating a shift to a low-carbon resource-efficient society that will provide prosperity for its citizens. Funding will target measures that enhance social cohesion, reduce poverty risk and strengthen social equality, while contributing to solutions that address demographic challenges. By investing in measures to raise the level of material and energy efficiency, climate change mitigation and adaptation and pollution prevention, the country seeks to ensure the long-term environmental sustainability of a society which respects its own culture and cultural heritage and recognises the richness of multi-culture.

The investments will pursue a principle of efficiency that strengthens the value of:

- economic capital by increasing added value,
- natural and cultural capital by enhancing environmental performance and the provision of ecosystem services while preserving natural resources and cultural features,
- social capital by enhancing knowledge, creativity, innovation, civil society and efficiency of social services.

The environmental pillar of sustainable development (according to the Environment Protection Act, the sustainable development principle is the basic principle)²⁰⁰ will be embedded in all three operational programmes at the highest level, as mitigation measures recommended by the comprehensive environmental impact assessment for each of the Slovenian 2014-2020 period operational programme will be taken into account. Each operational programme will horizontally support the shift to a low-carbon society and resource efficiency through all measures, and vertically through certain sets of measures. Therefore, the selection of projects will include the requirements and criteria pertaining to climate change mitigation and adaptation, resource efficiency and reducing other environmental pressures. These activities will help gather a set of projects/measures able to demonstrate a positive contribution to the environmental pillar of sustainable development or a positive environmental impact.

The environmental pillar of sustainable development will be horizontally supported through investment in the field of RDI and entrepreneurship that pursues development and the use of eco-innovation and environment-friendly technologies, products, processes and services, as well as the development of new business models, which on the one hand contribute to reducing environmental pressures and on the other to enhancing the competitiveness of companies and breakthrough to new markets. Complementary investment in measures for the education and training of employees and the unemployed as well as searching for synergies offered by social entrepreneurship in the area of green jobs will also be fundamental.

In the area of decreasing the greenhouse gases emissions, Slovenia will monitor the progress according to the national objectives in this field. GHG emissions in the areas not part of the emissions trading with coupons (transport, agriculture, waste removal, households and services) may increase by 4% by 2020 compared to 2005.

²⁰⁰ Environment Protection Act (Official Gazette of the Republic of Slovenia, nos. 39/06 – official consolidated text, 49/06 – ZmetD, 66/06 Decision of the Constitutional Court 33/07 – ZPNačrt, 57/08 – ZFO-1A, 70/08, 108/09, 108/09 – ZPNačrt-A, 48/12, 57/12 and 92/13), Article 4

The principle 'the polluter pays' is one of the fundamental principles in the Environment Protection Act²⁰¹ and will be implemented with relevant taxes in regard to waters and waste management. Among the basic principles of the Environmental Protection Act is also the principle of prevention that determines that threshold emission values, environment quality standards, rules of conduct and other environment protection measures shall be projected and every environmental intervention shall be planned and conducted as to cause a lesser environmental impact²⁰².

The Environment Protection Act also defines economic and financial instruments of environment protection as it introduces the system of trading with rights to GHG emissions in the European Union and permissions for GHG emissions (Article 117 and 118 of Environment Protection Act). The Operational programme of measures²⁰³ is foreseen to reduce the GHG emissions in the non-trade sectors. The measures for the reduction of GHG emissions determined in OP TGP 2020 are directed to achieve greater development effects of the investment public finance means and to improve cost efficiency of the implementation of measures. The measures determined in OP TGP 2020 provide a shift to the low-carbon economy which completely separates the economic growth from the GHG emissions: It improves the resource application efficiency, decreases the level of GHG, enhances competitiveness through efficiency and innovations and stimulates growth and employment. A distinctive disproportion between the GDP growth and GHG emissions is characteristic for Slovenian economy. However, there is no disproportion between the economic growth and common use of material resources which is crucial to attain the objectives of reducing GHG and long-term competitiveness. Operational Programme for limiting greenhouse gas emission until 2020 is thus focused on measures in the fields or divisions that represent the highest shares in GHG emissions, i.e. energy efficiency renovation of buildings, traffic, agricultural and waste management emissions.

Investment in infrastructure will also focus on the measures for climate change mitigation and adaptation and efficient realisation of environmental objectives in the field of protecting the quality of water, waste management and provision of access to quality drinking water for all the inhabitants and improving the quality of air, mainly in cities. Smart investments in the preservation of biodiversity and application of appropriate criteria in the planning of projects in protected areas will contribute to the preservation of ecosystems and their services by strengthening the holders of sustainable development and management (natural and cultural heritage). The country will thus enhance resilience of the society to environmental stress and preserve its comparative advantage as a country with exceptional biodiversity and landscape diversity.

The system level beyond the mere implementation of measures in the context of EU Fund drawing will see an important lever for attaining sustainable development in the form of the establishment of mechanisms for the internationalisation of external costs (e.g. elimination of environmentally harmful subsidies, development of financial instruments, Green Tax Reform), mainly in the field of air quality and climate change, waste management and the management of waters, with the objective of promoting sustainable consumption and production.

The key responsibility for the consistent integration of environmental topics into the operational programmes will lie with all the relevant managing authorities and intermediate bodies or other

²⁰¹ Article 9 (polluter-pays principle)

²⁰² Article 7. Article 17 of Environment Protection Act defines the measures of environment protection in regard to the threshold values and their proper handling, in Point 1 for emissions.

²⁰³ The Operational Programme for GHG emission reduction by 2020 (hereinafter OP TGP 2020) represents the implementation plan of measures by which the Republic of Slovenia will attain the objective of reducing emissions on the basis of Regulation (EC) No 406/2008, under which it can increase GHG emissions until 2020 by 4% more than the 2005 level.

potential implementing institutions, with help and guidelines from the ministry responsible for the environment. The use of instruments which the public sector can utilise as a lever for promoting sustainable development (green and innovative public procurement, energy accounting, environmental management systems, etc.) will also play an important role.

Since 2011, the Decree on Green Public Procurement²⁰⁴ has applied in Slovenia, and is mandatory for all public clients for the following groups of products and services: electric power; foods, beverages, agricultural products for food and catering services; office paper and hygienic paper products; electronic office equipment; audio and video equipment; refrigerators, freezers and their combinations; washing machines, dishwashers and air conditioners; buildings, furniture; cleaning agents, cleaning services and laundry services; personal and transport vehicles and bus transport services; tyres. The country promotes environmental responsibility among companies and the development of green products and services by reducing taxes for the introduction of the EU ECO-LABEL and EMAS system, as well as subsidies in certain areas.

A contribution to air quality is a horizontal criterion in relevant measures of the Operational Programme for the implementation of the European Cohesion Policy.

In the field of monitoring adjustment to climate change, the tools such as early warnings, risk mapping, new records of managing the flood risk and risk evaluations will be supported.

Slovenia is committed to a model of sustainable development in agriculture, which in the context of structural adjustment means that the country has to boost the economic efficiency of agricultural holdings, and also ensure the more efficient and more sustainable use of natural resources and increase climate change resilience and adaptation. This sets the objective of enhancing the production of agricultural holdings, but not at the expense of reducing natural resources preservation.

This is especially important for agricultural holdings in areas with legally prescribed restrictions (e.g. water protection areas), in Natura 2000 areas. Agricultural holdings located in areas of restricted possibilities for agricultural activity have to be guaranteed further progress that would include the importance of preserving agriculture in these areas and the special needs of these holdings due to more demanding production conditions.

The RDP 2014-2020 does not treat environmental aspects separately from productivity, but rather as an indispensable component. From the view point of investment actions, this means that investment will be required to follow multi-layered objectives and these will have to be in line with the objective of environmental performance in addition to economic performance, which is in tune with the strategic orientation of the country, which supports a sustainable model of agriculture.

1.5.4 Horizontal policy objectives

Other horizontal principles will be complied with in accordance with the Common Strategic Framework, Annex 1 of Regulation (EU) No 1303/2013:

²⁰⁴ Decree on Green Public Procurement (Official Gazette of the Republic of Slovenia, nos. 102/11, 18/12, 24/12, 64/12 and 2/13).

- **Accessibility:** managing authorities will ensure that the principles of equal opportunity and non-discrimination will form an integral part of decision-making regarding the selection of investment areas under all thematic objectives for all ESI Funds. The accessibility of ESI funding will be related to the involvement provided for all citizens, including those with special needs.
- **Demographic changes:** this area will be directly supported by investments in the context of thematic objectives in the field of the labour market and social inclusion, as well as the prevention of poverty (thematic objectives 8, 9 and 10). Demographic changes were observed in programming, indicator and result setting, and will be taken into account also in the implementation phase. Slovenia faces marked ageing of the population. However, the young also need to be observed, since they represent an important asset for the future, and it is on these two groups that measures related to the employment market, health, social inclusion and education focus. The relevant managing authority will provide for the adaptation of measures to demographic changes and take care of the realisation of the objectives and indicators, as well as synergies among various Funds.
- **Climate change mitigation and adaptation:** this area will be directly supported by investments under the relevant thematic objectives (thematic objectives 4, 5 and 6), and also indirectly through other thematic objectives (thematic objectives 1, 3, 7, 8 and 10). Climate change mitigation and adaptation are important objectives in the PA, which is becoming increasingly put to the fore in Slovenia. Numerous measures in different investment fields and resources are aimed at attaining this objective. The share of support of an individual fund assigned to climate change adaptation is presented in detail in Chapter 1.4.5 of the PA and in the operational programmes where concrete measures will be implemented and explained in detail. Namely, this is regarded as a contribution to the EU's 2020 objectives and thus the field of coordination between individual measures and funds will receive special attention, while, at the same time, the control of funds disbursed to attain the objective will increase.

1.6 The list of programmes under the ERDF, the ESF and the YEI, the CF, the EAFRD and the EMFF with applicable framework sums of allocated support for each fund and each year

For the drawing of the funds available under all three Cohesion Policy Structural Funds (ERDF, ESF, CF) and the YEI, Slovenia is preparing a single operational programme, namely as the contribution to realising the Union Strategy for smart, sustainable and inclusive growth. The operational programme will be in due accordance with the Common Strategic Framework guidelines and the Partnership Agreement. The operational programme will cover two cohesion regions: the cohesion region of Eastern Slovenia and the cohesion region of Western Slovenia.

In the 2014-2020 period, Slovenia will be eligible for approximately **EUR 3.255 billion** under the EU Cohesion Policy Funds, of which EUR 159.8 million will be allocated to the Instrument Connecting Europe Facility – CEF (for transport), EUR 9.2 million to the Youth Employment Initiative (YEI), EUR 64 million to the programmes under the European Territorial Cooperation (ETC) and approximately EUR 21 million from the Fund for European Aid to the Most Deprived. Altogether, the funds under the ERDF and ESF were broken down for each cohesion region on the basis of the common EU methodology. In the cohesion region of Western Slovenia, 40% of the funds will be allocated to ESF and 60% of the funds will be allocated to ERDF. In the cohesion region of Eastern Slovenia, 70% of the funds will be allocated to ERDF and 30% to the ESF.

Under the Cohesion Fund (transport and environmental infrastructure and sustainable use of energy) in the programming period 2014-2020, Slovenia as a whole will be eligible for EUR 1,055 billion at current prices (of which EUR 90 million will be used for technical assistance and EUR 159.8 million for CEF); altogether amounting to EUR 3.255 billion at current prices.

The cohesion region of Western Slovenia will be allocated approximately EUR 847 million at current prices. The cohesion region of Eastern Slovenia, at 73% of the EU's average development rate, will be allocated EUR 1.260 billion at current prices (including the Youth Employment Initiative).

For the commitment of available funds under the EAFRD, Slovenia is drafting a Rural Development Programme for the 2014-2020 period. In 2014-2020 programming period, Slovenia will be eligible for EUR 837.8 million. The table shows the commitment appropriations of the EAFRD funds for each year, which are drawn in accordance with the n+3 principle.

Slovenia is also preparing an Operational Programme for the Implementation of the European Maritime and Fisheries Fund in the Republic of Slovenia for 2014-2020, which will be the basis for the commitment of funds available under the European Maritime and Fisheries Fund (EMFF). In the period 2014 -2020 from EMFF EUR 24.8 million will be available for the Republic of Slovenia.

Table 16: Framework amounts of allocated support for each Fund and each year (total Union support, including the performance reserve)

Programme title	CSF Fund (ERDF, ESF, CF, EAFRD, EAFRD, EMFF or YEI)	Total	2014	2015	2016	2017	2018	2019	2020
OP ECP	Cohesion Fund	895,370,363.00	119,552,544.00	122,458,287.00	125,375,853.00	128,092,675.00	130,625.667.00	133,446,635.00	135,818,702.00
	ESF	716,924,970.00	96,430,333.00	98,360,903.80	100,329,848.80	102,337,786.50	104,385,847.50	106,474,827.90	108,605,422.50
	YEI	9,211,536.00	5,175,020.00	4,036,516.00					
	ERDF	1,390,392,899.00	187,015,456.00	190,759,574.20	194,578,115.20	198,472,277.50	202,444,254.50	206,495,590.10	210,627,631.50
RDP 2014-2020	EAFRD	837,849,803.00	118,678,072.00	119,006,876.00	119,342,187.00	119,684,133.00	120,033,142.00	120,384,760.00	120,720,633.00
OP EMFF 2014-2020	EMFF	24,809,114.00	3,400,584.00	3,444,026.00	3,475,509.00	3,531,839.00	3,614,022.00	3,638,734.00	3,704,400.00

1.7 Request for the transfer of Structural Funds allocations between categories of regions

Not applicable to Slovenia.

1.8 Transfer from the European Territorial Cooperation goal to the Investment for Growth and Jobs goal

Not applicable to Slovenia in this phase.

1.9 Request for a transfer of technical assistance to the European Commission

Not applicable to Slovenia in this phase.

1.10 Information on the allocated funds related to the performance reserve

The amounts excluded from individual ESI Funds for the purpose of calculating the performance reserve in accordance with the CPR account for 6% of the resources. Amounts under ESF in the cohesion region of Eastern Slovenia have been excluded and will be additionally allocated to the Youth Employment Initiative. Excluded amounts under the Cohesion Fund are transferred to the Connecting Europe Facility (CEF).

Table 17: Information on allocation related to the performance reserve, broken down by CSF Funds and, where appropriate, by category of region, and on amounts excluded for the purpose of calculating the performance reserve (Article 15 (1) (a) (vii) of the CSF)

1.	2.	3.	4.	5.	6.	7.	8.
			Amounts excluded for the purposes of the performance reserve calculation ²⁰⁵				

²⁰⁵ In accordance with Article 8 of CSF Regulation.

Fund	Category of region	Total Union support ²⁰⁶ (EUR)	Matching ESF support to YEI (EUR)	Transfers within the CAP ²⁰⁷	Union support subject to the performance reserve (EUR) ²⁰⁸	Performance reserve (EUR)	Performance reserve as a share of the Union support subject to the reserve ²⁰⁹
ERDF	More developed regions	508,377,655.80			508,377,655.80	30,502,659.35	6%
	Less developed regions	882,015,243.20			882,015,243.20	52,920,914.59	6%
TOTAL ERDF					1,390,392,899.00	83,423,573.94	6%
ESF	More developed regions	338,918,437.20			338,918,437.20	20,335,106.23	6%
	Less developed regions	378,006,532.80	9,211,536.00		368,794,996.80	22,127,699.81	6%
TOTAL ESF					707,713,434.00	42,462,806.04	6%
EAFRD	NA	837,849,803.00			837,849,803.00	50,270,988.18	6%
CF	NA	895,370,363.00			895,370,363.00	53,722,211.78	6%
EMFF ²¹⁰	NA	24,809,114.00			24,809,114.00	1,488,546.84	6%
Total		3,865,347,149.00	9,211,536.00		3,856,135,613.00	231,368,136.78	6%

²⁰⁶ Including the performance reserve, after transfers between categories of regions and goals, where applicable.

²⁰⁷ Resources transferred from Pillar 1 of the Common Agricultural Policy to the EAFRD under Articles 7(2) and 14(1) of the Direct Payment Regulation (2013/...) and Transfers to the EAFRD in application of Articles 10b, 136 and 136b of Council Regulation (EC) No 73/2009 as per the calendar year 2013 or 2014.

²⁰⁸ The total funds for each CSF Fund and category of region are to represent 6% of amount determined in column 6.

²¹⁰ The EMFF amounts will be included after the adoption of the EMFF Regulation.

(All Funds)							
-------------	--	--	--	--	--	--	--

The performance reserve will form the basis for the active management of the ESI Funds, namely for rewarding those thematic objectives in the context of which results are achieved to the greatest extent possible or with less input. A system for monitoring the achievement of expected results will be designed and will not only serve the purpose of performance reserve application, but will likewise become a springboard for decision-making before and beyond 2019. Where discrepancies occur, corrective measures will be taken.

2. ARRANGEMENTS TO ENSURE THE EFFECTIVE IMPLEMENTATION OF CSF FUNDS

2.1 The arrangements that ensure coordination between the CSF Funds and other Union and national funding instruments and with EIB

- a) *Key institutions envisaged for the implementation of the Operational Programme as the contribution to the EU strategy for smart, sustainable and inclusive growth*

Operational Programme for the Implementation of the EU Cohesion Policy in the period 2014-2020 – OP ECP 2014-2020

For the commitment of 2014-2020 Cohesion Policy Structural Funds, Slovenia has prepared a single Operational Programme as the contribution to the realisation of the EU Strategy for Smart, Sustainable and Inclusive Growth; the operational programme strategy is in accordance with the Common Strategic Framework and the content of the Partnership Agreement.

The OP ECP 2014-2020 encompasses the two cohesion regions and the ERDF, the ESF, the CF, and other relevant forms of implementing instruments.

In accordance with Article 124 of the CPR, the Government of the Republic of Slovenia will designate a managing authority, a certifying authority and an audit authority.

MONITORING COMMITTEE

In accordance with Article 47 of the CRP, the Government of the Republic of Slovenia will set up a single committee to monitor European Cohesion Policy Structural Funds. The committee will convene once a year and, pursuant to the CPR, will include representatives of all the relevant institutions. The committee's rules of procedure will lay down the tasks and responsibilities for its efficient functioning with a view to ensuring complementarity and synergies between all funds, including the preparations and implementation of macro-regional strategies.

MANAGING AUTHORITY

At its 47th regular session, on 27 February 2014, the Government of the Republic of Slovenia, by means of a decree, set up **an independent government office** to implement EU Cohesion Policy (Government Office for Development and European Cohesion Policy); the office will perform the function of managing authority and will cover key areas of European Cohesion Policy and development. The European Territorial Cooperation was also transferred to the GODC in the framework of the European Cohesion Policy. The participating partners are still discussing the institutional framework for implementing the ETC programmes.

The tasks of the managing authority will be centralised, and a common system will be established to provide managing, implementation, monitoring and evaluation tasks. One managing and control system and common instructions for the mediation bodies and eligible entities will be formed for the OP ECP 2014-2020 on the basis of experience from the programme period 2007-2013. The instructions will consider the particularities of individual Funds, but will nevertheless be formed in such a way that the terms and requirements are clearly and unambiguously stated, contributing to the mitigation of administrative burdens, especially for the eligible entities.

CERTIFYING AUTHORITY

The function of the certifying authority for both Structural Funds (EF and ERDF) and the Cohesion Fund **will be carried out by the Ministry of Finance, the National Fund.**

AUDIT AUTHORITY

The function of the audit authority for both structural funds and the Cohesion Fund **will be carried out by the Budget Supervision Office of the Republic of Slovenia** (hereinafter BSO). The BSO is a body affiliated to the Ministry of Finance, performing the task of coordinating the internal control system of public finances and the task of independent control (PIFC system) of all EU funds; it is authorised to coordinate the fight against fraud.

The main changes that have been envisaged concern institutional relationships within the existing structure, namely in relation to intermediate bodies and beneficiaries in terms of simplifying the implementation system. The final implementation structure will be defined at a later stage, when the precise final structure of the OP ECP 2014-2020 is known.

Rural Development Programme for the period 2014-2020 – RDP 2014-2020

For the implementation and management of the RDP 2014-2020, a managing authority, a monitoring committee and an accredited payment agency will be designated.

The tasks of the managing authority are conducted by the Ministry of Agriculture and the Environment, Agriculture Directorate. The management authority is responsible for successful, efficient and correct programme management and implementation in accordance with Article 66 of Regulation (EU) No 1305/2013. Some tasks of the managing authority relating to the implementation and control will be transferred to the Agency of the Republic of Slovenia for Agricultural Markets and Rural Development (ARSKTRP), which is a body within the Ministry of the Agriculture and the Environment, and in accordance with Article 16 of the General Administrative Procedure Act implements tasks of the first instance decision-making body.

The tasks of the payment agency under the RDP 2014-2020 are carried out by the Agency for Agricultural Markets and Rural Development. The Agency for Agricultural Markets and Rural Development is the only accredited payment agency responsible for implementing all CAP measures in the Republic of Slovenia. The Agency is responsible for the management and control of EAFRD expenses. The ARSKTRP carries out the tasks laid down within the meaning of Article 7 of Regulation (EU) No 1306/2013. The Ministry of the Agriculture and the Environment is the competent body for issuing and withdrawing payment agency accreditation, as well as for continuous monitoring of the fulfilment of accreditation criteria.

The certifying authority for the EAFRD expenses is the Ministry of Finance, Office for Budget Control. The Office for Budget Control submits an opinion, drawn up in accordance with internationally recognised audit standards, on the completeness, correctness and authenticity of annual accounts of the payment agency, the correct operation of its internal control system and legality and the correctness of expenses for which the Commission demands refunds. The authority works independently of the ARSKTRP and the Ministry of the Agriculture and the Environment.

A monitoring committee for RDP 2014-2020 will be appointed no later than three months after the decision on the programme's approval. The committee members are representatives of ministries and governmental services (mainly representatives covering areas of other OPs, Union instruments and national instruments where overlapping is possible or which are implemented complementarily), economic and social partners, non-governmental organisations concerned with the development of rural areas and local communities. The monitoring committee will also include representatives of bodies and organisations responsible for environment protection and gender equality.

OP EMFF 2014–2020

For the commitment from the European Maritime and Fishers Fund, Slovenia will draw up a single operational programme for the entire territory of the Republic of Slovenia, as a contribution to achieving the objectives of the renewed Common Fisheries Policy and Integrated Maritime Policy, to stimulate sustainable and competitive fisheries and aquaculture and to promote the implementation and development of the Integrated Maritime Policy in cooperation with other European instruments. To implement and manage the programme, **a managing authority** operating under the ministry competent for the fisheries and aquaculture, **a certifying authority**, the tasks of which will be executed by ARSKTRP, and one **audit authority**, the tasks of which will be conducted by BSO, will be appointed. **A monitoring committee** will be established to monitor programme implementation. The Integral Maritime Policy – the protection of the maritime environment and the improvement of knowledge of maritime environment status – will be covered by the Ministry of Agriculture and the Environment.

The description of the system of management and control for implementing the OP EMFF 2014-2020 and all other supportive documents required to implement the programme efficiently will be drawn up in accordance with the requirements of Regulation (EU) No 1303/13 and the EMFF Regulation and their delegated and implementing regulations.

b) Identification of areas where CSF Funds will be used in a complementary manner

Table 18: Areas where CSF Funds will be used in a complementary manner

Thematic objectives	ERDF	ESF	CF	EAFRD	EMFF
1. Strengthening research, technological development & innovation	✓			✓	
2. Enhancing access to, and use and quality of, information & communication technologies	✓			✓	
3. Enhancing the competitiveness of SMEs in the agricultural sector (for the EAFRD) and the fishery and aquaculture sector (for EMFF)	✓			✓	✓
4. Supporting the shift to a low-carbon economy in all sectors	✓		✓		✓
5. Promoting climate change adaptation, risk prevention & management	✓		✓	✓	
6. Preserving and protecting the environment and promoting resource efficiency	✓		✓	✓	✓
7. Promoting sustainable transport and removing bottlenecks in network infrastructures	✓		✓		
8. Promoting sustainable and quality employment and support labour mobility		✓		✓	✓
9. Promoting social inclusion, combating poverty and discrimination	✓	✓		✓	
10. Investing in education, training and lifelong learning	✓	✓		✓	
11. Enhancing institutional capacity of public authorities & stakeholders and efficient public administration		✓			

Under thematic objective 1, the ERDF and EAFRD funding will be used in a complementary manner. The ERDF funds will be allocated to strengthening research, development and innovation, with a particular emphasis on integrating academic and research areas, the transfer of research results into practice and on RDI marketing. The EAFRD funding will also be used to strengthen research, development and innovation, with a particular emphasis on enhancing productivity and sustainability in agriculture. The EAFRD resources will be also used for specialised counselling and thus the transfer of specialised knowledge to the agriculture sector.

The resources of Structural Funds are actually complementary to national investments focusing on the basic research projects and are not directly related to the Smart Specialisation Strategy, but rather support scientific excellence in all fields of research. To achieve better effects and a link between the academic and economic environments, the resources of ESI Funds related to research and development (TO 1) will be reserved primarily for research and innovation activities related to the market or economy (therefore, they will be supported by ERDF Funds), whereas national resources are also provided to establish a wide spectrum of knowledge (based on basic research) that provide a further upgrade by means of Structural Funds. National funds, as a major component, are also available to strengthen human wealth (in the scheme for young researchers – PhD students). On this basis, directed instruments will be formed (on the basis of RIS3) that accumulate additional capacities and critical mass in the priority fields to attain the objectives defined in strategic documents.

According to the principle of providing synergies among different resources in planning ERDF and ESF activities, the instruments under TO 1 are complemented in three points in particular:

- instruments for widening participation, whereby the project proposals that receive a positive EC evaluation will be also financed from structural funds in line with the application. The main emphasis will be on the so-called *Teaming* instrument, as well as on *Twinning* and *ERA-chair* instruments;
- research infrastructure synergies – in regard to ESFRI initiatives, the priority research fields and attained synergies will be linked as a result of combining national infrastructure investments. In the field of infrastructure, Horizon 2020 funding will be linked, as well as other related structural and national funds allocated to this field.

Under thematic objective 2, the ERDF and EAFRD funding will be used in a complementary manner. The resources of both Funds will be primarily allocated to resolve rural issues where no broadband infrastructure has been constructed and where the market interest in construction is lacking. Under TO 2, the ESI Funds are crucial for attaining the objectives related to the establishment of broadband connections, while the national resources are used in a complementary manner, i.e. to fulfil preliminary conditionality, including the installation of free WiFi networks in rural areas and e-service development projects focused on content related to the rural population.

Under thematic objective 3, the ERDF, EAFRD and EMFF funding will be used in a complementary manner. The ERDF funding will be allocated to enhancing the competitiveness of small and medium-sized enterprises (SMEs), strengthening entrepreneurship and innovation and thus technological development and, consequently, raising the added-value of products and services, with an emphasis on establishing a more effective supporting environment for individuals and enterprises, as well as the knowledge triangle. Also in this area, the funds can be complemented by Union instruments (e.g. COSME, Horizon 2020) and national instruments to promote entrepreneurship and a supporting environment. Also a funding gap will be recognised. The EAFRD funding will be used to enhance the productivity of SMEs and, in the field of food-processing, large enterprises, generational renewal in agriculture and the promotion of various forms of cooperation and integration to improve the

competitive performance of players in the market; integration into quality schemes will also be encouraged. With the objective of enhancing the competitiveness of Slovenian companies, the EMFF funding will be used to enhance the competitiveness of micro and small enterprises registered for commercial sea fishing, the farming of aquatic organisms and processing of fisheries products. In this way, we will indirectly enhance the ability of Slovenian enterprises to improve their productivity and competitiveness.

Under thematic objective 4, the ERDF, CF and EMFF funding will be used in a complementary manner. To enhance the energy efficiency of the public sector and households and sustainable mobility, the CF funding will be predominantly used. Through certain measures, the complementary investment from the ERDF will be used to develop and commercialise new products and services (TO 1) and improve energy and material efficiency in enterprises (TO 3) for a faster transition to a low-carbon society by also enhancing economic growth. The ESF funding will be used for the relevant incentives in employment (TO 8). For the implementation of the TO 4, Slovenia will also use its budget resources for climate change mainly to form incentives to reduce air pollution in areas that exceed PM₁₀ concentrations by providing subsidies to replace individual heating systems in the integral energy renewal of buildings and the purchase of new green buses.

Under thematic objective 5, the ERDF, CF and EAFRD funding will be used in a complementary manner. CF funding will be used for the construction of flood-protection measures. For the implementation of the required investments, Slovenia will also allocate its own resources from budget fund for waters and EIB credit resources, since the investment in 61 areas of potential significant flood risk is estimated at over EUR 600 million. The ERDF funding will be used in a complementary manner for investments in non-constructional flood-protection measures. The EAFRD funding will be used for the introduction or continued application of agricultural practices that contribute to the conservation of natural resources, biodiversity, preservation of the cultural landscape and its features and the mitigation of, and adaptation of agriculture to, climate change.

Under thematic objective 6, investment under four Funds will be implemented in a complementary manner: ERDF, CF, EARDF and EMFF. The CF funding will be used to construct infrastructure to improve the environment, particularly water quality and drinking water supply. The ERDF funding will mainly be used to establish a management system for the Natura 2000 network. The EAFRD funding will be used to maintain and promote sustainable farming systems in less-favoured areas and will also be used to restore forest potential destroyed by natural disasters. The EMFF funding will also contribute to preserving biodiversity; these resources will be used to promote sustainable development in the fisheries sector in line with the Common Fisheries Policy reform, namely in order to improve the conservation status of aquatic resources and ecosystems, and also to promote environmental awareness in this sector and activities in Natura 2000 areas, where the measures can provide a satisfactory status of species and habitats. The ERDF funding will also be used to invest in urban renewal projects and exploitation of the development potential of urban areas.

Under thematic objective 7, the CF and ERDF funding will be used in a complementary manner, namely the CF resources for the removal of bottlenecks on the TEN-T network and improvement of the quality of transport infrastructure. The ERDF funding will be used to improve transportation links to improve accessibility and achieve harmonious regional development. Since there are more needs related to transport infrastructure investments in Slovenia than available cohesion policy resources, national and other available financial resources have to be included to attain the objectives. Slovenia will also partly finance the projects from EIB loans and via the Connecting Europe Facility instrument.

Under thematic objective 8, the ESF, EAFRD and EMFF funding will be used in a complementary manner. The ESF funding will be used to reduce unemployment, particularly for identified target groups, and for employment incentives, as well as incentives for the adaptation of jobs and active ageing, and to

support youth employment incentives. The ESF Fund will not support job creation in rural areas. The ESF Fund will be complemented by national funds, mainly allocated to the operation of a supportive environment for the unemployed and measures in the labour market (services and measures of the active employment policy); thus the measures of active employment policy will be aimed at the most vulnerable groups and the further development of services in the labour market will be provided (in particular in coordinating supply and demand in the market, lifelong career orientation, EURES, etc.). Coordination will be provided for projects co-funded by the ESF and those directly supported by the European Commission under the Employment and Social Innovation Programme. The measures of this thematic objective will be logically related to the Smart Specialisation Strategy and measures of thematic objective 9. The Ministry of Labour, Family, Social Affairs and Equal Opportunities has already established a working group that is also responsible for coordinating the activities of this programme and ESI funds. One member of this group is the managing authority of ESI Funds. The EAFRD funding will be used to create new jobs and new employment opportunities in rural areas. In the context of the OP EMFF 2014-2020, the representatives of the fisheries sector (fishermen, fish and bivalve shellfish farmers) will be included in Community-led local development and thus bring added-value to the local area. They will also have an opportunity to improve their professional knowledge and skills and strengthen their cooperation.

Under thematic objective 9, the ERDF, ESF and EAFRD funding will be used in a complementary manner. The ESF funding will be used for the activation of target groups, the development of new services and integration of social protection and health-care services related to deinstitutionalisation and long-term care, and for the promotion of social entrepreneurship. The ESF funding will not support the development of social capacities in rural areas. The ERDF funding will be used primarily for investment to support the process of deinstitutionalisation and long-term care. The ESF and ERDF funding will support activities that add value to the respective services and programmes funded by national resources by mainly focusing on the employment of vulnerable groups and less on curative and rehabilitation activities, which is already provided by national funding. The coordination will be provided for projects co-funded by the ESF and those directly supported by the European Commission under the Employment and Social Innovation Programme. The Ministry of Labour, Family, Social Affairs and Equal Opportunities has already established a working group responsible also for coordinating the activities of this programme and ESI funds. One member of this group is the managing authority of ESI Funds. To commit resources from the Fund for European Aid to the Most Deprived, Slovenia prepared a single operational programme for the whole country as a contribution to the attainment of objectives to reduce poverty as a complementary measure to the TO 9 measures. The managing authority of the respective Fund will be the ministry competent for social affairs, which will report to the supervisory committee of ESI Funds on the Fund operation. The EAFRD funding will be used to strengthen local development initiatives and social capital in rural areas.

Under thematic objective 10, the ERDF, ESF and EAFRD funding will be used in a complementary manner. The ESF funding will be used to increase participation in lifelong learning for enhancing general and vocational competences, strengthen links between the labour market and education as well as the economy, encourage mobility especially for the socially deprived and promote a high-quality and responsive education system. The ERDF funding will contribute to enhancing the use of ICT and access to broadband by education institutions. The EAFRD funding will be used to enhance competences and strengthen the transfer of knowledge to rural areas.

The measures under thematic objective 10 will be complemented by the Smart Specialisation Strategy and TO 1. These are mainly measures to enhance innovation and creativity as well to improve the efficiency of the knowledge triangle (higher education, economy, research). At the same time, the ESF and ERDF measures will be complemented by TO 10 in the area related to the ICT investment to enhance competences. To enhance the responsiveness and the quality of educational system, to

promote the innovativeness and creativity of individuals and to implement innovative teaching methods, it is necessary to provide the proper ICT infrastructure to enable ICT application in classes and learning processes. TO 10 measures related to career orientation (employed, young, old, students) will be complemented by TO 8 measures, which also includes the unemployed as a target group. This will provide for a coordinated operation.

Under TO 10, complementarity is also envisaged through national measures for vocational education. The national funding is used to implement programmes of vocational education for students in order to acquire education in schools, while the ESI funds will stimulate employers to train secondary school students in practice in their enterprises (incentives for employers to train secondary school students in practice and mentors in the enterprises).

TO 10 also plans complementation with Erasmus+ related to student mobility. The ESI funding will be used to finance mobility of students from socially weaker environments, since the additional ESI resources will have a greater effect in the field of mobility and thus the attainment of EU objectives in this area (20% of mobile students). From its own resources, Slovenia provides a supplement to the Erasmus grant for all students. Despite this, in the opinion of students, low grants are a major obstacle to greater mobility. The number of Erasmus students with poor socio-economic status is increasing and for this reason the bridging measure was undertaken for the academic year 2014-2015 – this group of students will be provided with a supplement to the Erasmus grant from the Erasmus+ programme funding and a supplement for the organisation of mobility, while additional ESI funding is planned to be provided for this purpose in the future. Complementarity with national instruments is also provided in terms of measures that will be financed from ESI Funds in accordance with strategies in individual areas.

Under thematic objective 11 for the 2014-2020 period, Slovenia will constructively participate in activities of the Asylum, Migration and Integration Fund (AMIF) and the Internal Security Fund (ISF). The target groups of the Asylum, Migration and Integration Fund are applicants for international protection, namely those who have already acquired the protection status (refugees), citizens of third countries and their families. The Ministry of the Interior, as the responsible authority, will fund the projects to integrate these target groups into Slovenian society under the AMIF, except for the active employment policy without preparatory measures to enter the market, for which the Ministry of the Interior has no authority; thus the Ministry of Labour, Family, Social Affairs and Equal Opportunities will be responsible for these projects. Due to special legitimate measures and final beneficiaries, the ISF does not interfere with the cohesion policy. The coordination of content related to internal security projects (the AMIF and ISF) is carried out by the inter-ministerial working group and the supervisory committee for monitoring funds from the field of internal security and migrations, which also includes members who are from the representatives of managing authorities and the Ministry of Labour, Family, Social Affairs and Equal Opportunities, by which we also provide an addition to EU funding and prevent the possibility of double funding already in the planning phase.

The 2014-2020 programming period has also foreseen the implementation of **financial engineering** instruments on a stand-alone basis or in combination with the grants. Furthermore, a fund of funds is envisaged to define several policies (in particular, competitiveness, research and innovation and related employment) also in relation to the Smart Specialisation Strategy. Based on the experience from the 2007-2013 programming period, we will continue to implement certain schemes of financial engineering instruments (FEI), such as interest-rate subsidies and guarantees. Other forms of FEI will be used in accordance with the available schemes offered under CSF. Observing the content and form of interventions, several financial institutions in Slovenia implement FEI, such as the Slovenian Development Bank (SID) and Slovenian Entrepreneurship FUND (SEF), oriented to financial support for SMEs, the Eco Fund (for investments in energy efficiency and sustainable use of energy), and the Slovenian Regional Development Fund (for regional support). The planned FEI schemes will be defined in

more detail in the operational programme. Given the small size of the Slovenian market, future implementation is mainly focused on the specialisation of each of the potential providers in specific instruments or target groups in order to avoid duplication and the implementation of similar funding schemes. For the next financial period, the use of financial instruments has also been foreseen to achieve thematic objectives 1, 3 and 4, while the other thematic objectives will see the introduction of financial instruments if the gap analysis shows the need for their implementation.

For the 2014-2020 period, Slovenia will prepare a preliminary assessment of the market needs and funding gaps in the market, together with an estimate of the amount and scope of public funds for financial instruments, including the types of financial instruments for the areas of action to encourage the growth and development of SMEs, research, development and innovation (RDI), energy efficiency (EE) and the sustainable development of urban areas, including investments in environmental infrastructure, agriculture, food industry and forestry. In the scope of the RDP 2014-2020, the financial instruments will be used after the final preliminary assessment of market needs and funding gaps in the market, on the basis of which the types of financial instruments to be applied will be selected.

With a view to achieving synergies and avoiding the overlapping of measures with other ESI funds, the RDP 2014-2020 will also include a chapter on the complementarity among the activities, policies and Union priorities, with the specification of the objectives of cohesion policy and the EMFF, measures to be financed with CAP instruments, local development strategies and other instruments of the Union, and the identification of possible overlaps, together with measures to prevent overlapping. The objectives and instruments of the rural development policy complement and upgrade the measures under CAP Pillar 1.

While other ESI funding does not support structural adaptation to agriculture, we can expect synergies with CAP Pillar 1. The basic functions of both pillars differ, while both pillars together, each with its own role, provide agricultural holdings with a stable environment and development. Within the scope of direct payments from CAP Pillar 1, synergies can be expected with the new scheme for young farmers, which will additionally support generational renewal in the agricultural sector. Thus, in addition to the possibility of obtaining support from the RDP 2014-2020, young farmers can also obtain support under CAP Pillar 1, namely in the framework of a special envelope for an additional annual payment per hectare for young farmers who commence their agricultural activity in accordance with the provisions of Regulation (EU) No 1307/2013. For farmers who have participated in the scheme for small farmers for at least a year and who made a commitment to permanently transfer their entire holding to another farmer, support under the RDP 2014-2020 will not be given in the form of an annual or one-off payment. However, farmers participating in the small farmers' scheme can access other support under the RDP 2014-2020 under Cap Pillar 1. Synergies are also expected in direct payments that relate to the voluntary schemes of production-related payments since they constitute additional support for production sectors, which are especially significant for the country. Positive synergies are also expected in supports awarded to producers' organisations under Regulation (EU) No 1308/2013 and other instruments (e.g. funding of operational programmes in fruit and vegetable production, etc.), whereby duplicate funding should be avoided.

In the field of protecting natural resources, we expect synergies with the ESI Funds, as well as in connection with a green component of direct payments from CAP Pillar 1. Synergies with ESI funds are expected in connection with the preservation of productive soil potential, since anti-flooding measures will be financed from ESI funds, which is also relevant to reducing water erosion on agricultural land. Strong synergies can be achieved in the field of reaching the goals of a good water situation and the preservation of biodiversity, since investments in infrastructure for the drainage and cleaning of wastewater, reduction of the hydromorphological burden, establishment of a Natura 2000 site management system and green infrastructure will be supported by ESI funds. Synergies related to CAP

Pillar 1 are observed in the implementation of green payment as an integral part of the direct payment, for which 30% of the national envelope is reserved. The acquisition of a green payment is conditional upon the establishment of areas with ecological significance, the preservation of sustainable grassland and crop diversity. Funds from the National Scheme will be ensured to preserve the diversity of forest ecosystems for approximately 600 ha of measures (arrangement of eco-cells).

Many synergies with ESI Funds are expected in economic activities in the rural area and local development, especially in the field of broadband network development; the stimulation of entrepreneurship (social entrepreneurship); the use of RES, where wood is an important source; the improvement of the quality of life in the countryside by regulating drinking water systems; regulating municipal and traffic infrastructure; investments in health care and social infrastructure; establishing the Natura 2000 site management system, employment etc.

Payments to areas with natural or other specific constraints will be allocated entirely from the RDP 2014-2020, so there is no risk of duplicating payments under CAP Pillar 1 and 2 for areas with natural handicaps. Preventing the double financing of agri-environment-climate commitments and commitments under the measure for organic farming with agricultural practices beneficial for the climate and the environment under CAP Pillar 1 will be taken into account in the calculation of the amount paid for the measure 'agri-environment-climate payments' and 'organic farming'. The agri-environment-climate commitments under the RDP 2014-2020 will not be used as an equivalent practice to meet the commitments of the green component under CAP Pillar 1.

A system for co-financing insurance premiums for products, animals and plants is available in Slovenia; however, insurance against drought is not possible. The state budget provides means for co-financing insurance premiums. Funds to eliminate damage in agriculture which cannot be covered by insurance are provided from the state budget, when this damage exceeds the legally determined threshold.

In the field of the suitable provision of advisory services, several public services operate in Slovenia which provide advice regarding agriculture and forestry. These services were established pursuant to acts regulating agriculture and forests, and are mainly financed from the state budget. In the field of agricultural policy implementation, the significance of the Agricultural Advisory Service (AAS) which provides advice also in connection with the implementation of CAP measures should be especially highlighted. The basic tasks of the AAS are defined in legal instruments, and, in more detail, in work programmes approved each year by the Government of the Republic of Slovenia. Due to its multi-branch network of advisors, the AAS has a very important role in providing support to farmers and other entities in fulfilling the requirements and obligations determined by the CAP legal framework.

On the basis of the RDP 2014-2020, the option will be introduced to provide a greater synergy among measures. If the beneficiary submits an application for several measures for which a business plan needs to be presented, the beneficiary, on the basis of one business plan, which includes a wider development scheme, can obtain resources from different measures. This will relieve the beneficiaries of costs related to acquiring and drafting business plans on the one hand, while on the other it will relieve the authority and enable it to compare different business plans.

Synergies are also provided with the measure regarding the counselling, animal welfare, agri-environmental-climate payments (AEC) and organic farming. The measure of individual advising will be supported to prepare a programme of animal welfare and a programme of activities, and make an individual plan to convert agricultural holdings from conventional to organic production and to provide mandatory individual consulting, which is a condition or requirement for animal welfare, AEC and organic farming measures.

➤ Coordination arrangements and structures to support the complementary use of CSF Funds:

Based on the competences vested in it, the Government Office for Development and European Cohesion Policy will participate in the preparation of the relevant development documents of the Republic of Slovenia, development policies and competitiveness policy and will ensure the coordination of their implementation and methodological links between the development policies and results-oriented budgeting.

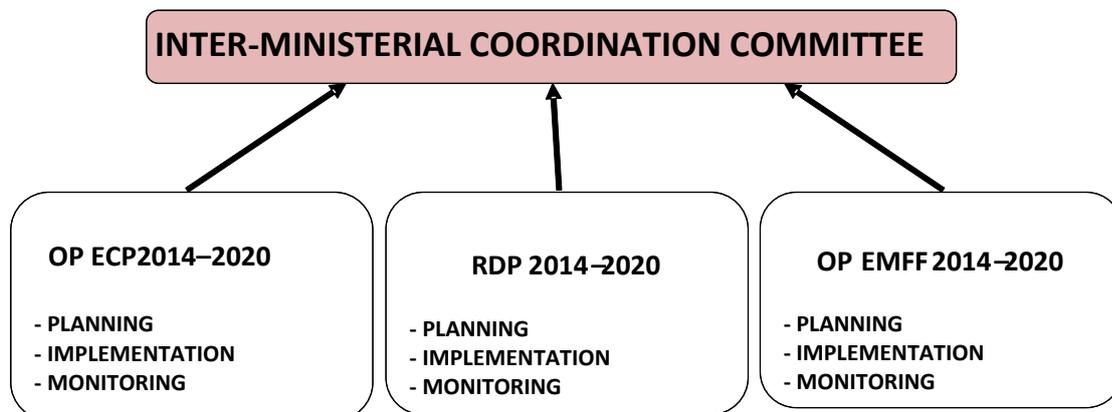
For the OP ECP 2014-2020, an Inter-ministerial Coordination Committee and Expert Groups will be established in the 2014-2020 period with a view to implementing the measures in a complementary and coordinated manner in order to create synergy effects that will help reduce administrative costs and obstacles for managing authorities and beneficiaries.

The Inter-ministerial Coordination Committee will provide for coordination between ESI Funds that are being indirectly implemented (ERDF, ESF, CF, EAFRD, EMFF, Youth Employment Initiative, Fund for European Aid to the Most Deprived, External Borders Fund, European Fund for the Integration of Third-Country Nationals, European Return Fund and European Refugee Fund, etc.) with other EU instruments (Connecting Europe Facility, Horizon 2020, Employment and Social Innovation Programme, Creative Europe, Erasmus+, LIFE, Instrument for Pre-Accession Assistance, European Neighbourhood Instrument, etc.) as well as other national instruments and the EIB. Membership of the Inter-ministerial Coordination Committee will be represented by the managing authorities of all Funds and participating ministries. Inter-ministerial coordination has already been established for the 2007-2013 period and is charged with planning and monitoring implementation (ERDF, ESF, CF) and will be upgraded through the inclusion of the other two funds (EAFRD and EMFF).

Key functions of the Inner-ministerial Coordination Committee:

- coordination and approval of Partnership Agreement revisions,
- monitoring of progress regarding the fulfilment of PA objectives and discussion and approval of PA progress reports,
- monitoring the implementation of EU Funds in terms of their inter-complementarity to attain objectives of macro-regional strategies,
- advising the managing authorities on fields related to content and organisation/implementation on the basis of the evaluation results and analyses.

Figure 2: Basic coordination structure in support of the complementary use of CSF Funds

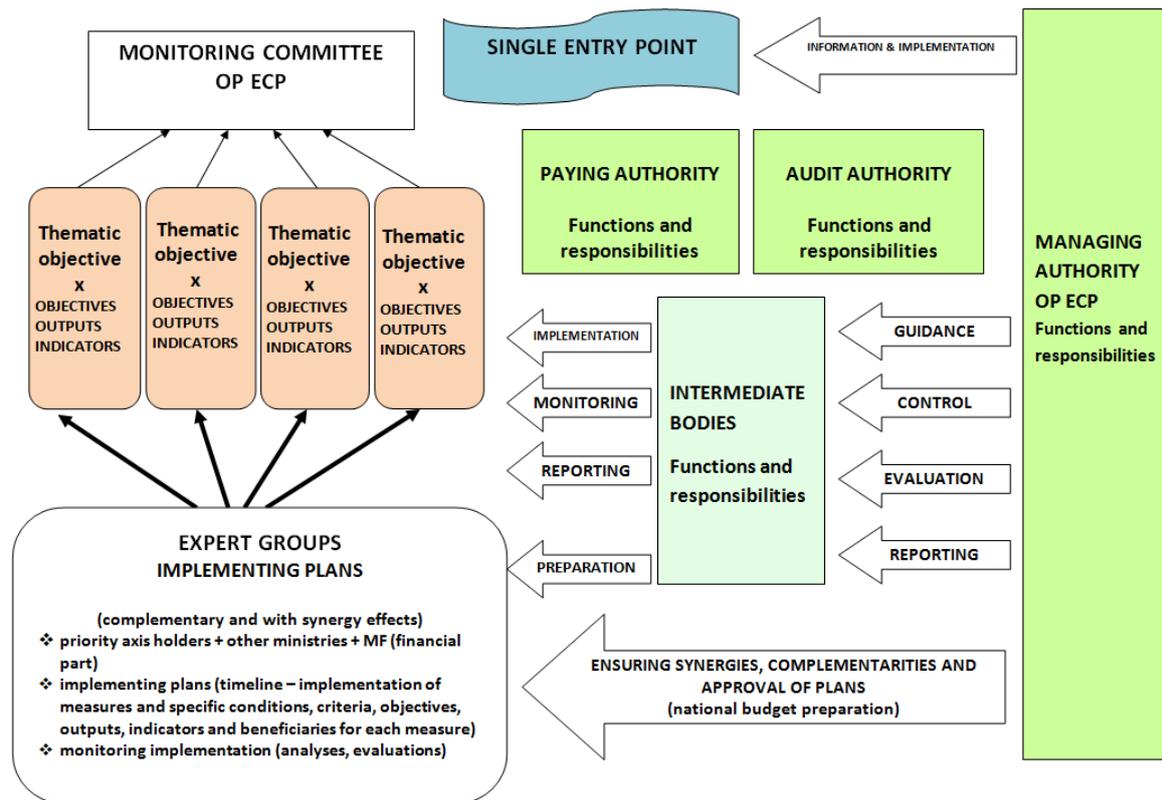


With the aim of ensuring Slovenia’s contribution to the realisation of the individual thematic objectives, the Managing Authority will establish relevant **Expert Groups** at the working level under **the OP ECP 2014-2020** to provide for the coordinated preparation of expert bases. The latter will be composed of representatives of the intermediate bodies, national authorities of European Territorial Cooperation, experts on specific areas of macro-regional strategies, information points for direct EU programmes (Horizon 2020, Employment and Social Innovations Programme, Creative Europe, Erasmus, LIFE, etc.) and, if necessary, external experts.

Key tasks of expert groups:

- development of implementing plans for the OP ECP 2014-2020 measures by taking into account complementarities between the funds (two-year plans coinciding with the national budget preparation, and if necessary, also multi-annual plans, depending on the measures) that will include the envisaged implementation of measures for each thematic objective (identification of objectives, expected results, conditions, criteria, indicators, beneficiaries and the budget in line with the operational programmes),
- providing synergies and complementarities at the level of individual operations in implementing the OP ECP 2014-2020 and RDP measures,
- monitoring implementation in fulfilment of intermediate objectives at the given milestones,
- review of implemented measures and preparation of bases for the implementation of reports, evaluations and analyses.

Figure 3: Basic coordination and OP ECP 2014-2020 implementing structure



➤ Mechanisms to ensure complementary use of funds by applicants and beneficiaries:

The mechanism to help beneficiaries under the OP ECP 2014-2020 will be designed so that beneficiaries and applicants will have access to calls for EU funds that are indirectly implemented in Slovenia and that are implemented directly by the EC via national contact points through the e-governance-supported contact point. The central info point will be set up in the form of an appropriately designed dedicated website for interactive communication and information exchange, as well as the information centre for help and support for beneficiaries and potential applicants.

2.2 Ex-ante verification of compliance with the rules on additionality

Table 19: Gross fixed capital formation in % GDP

Year	2014	2015	2016	2017	2018	2019	2020
Gross fixed capital formation (general government) in % GDP in Slovenia	4.55	4.40	4.29	4.18	4.19	4.24	4.34
Gross fixed capital formation (general government) in % GDP in the cohesion region of East Slovenia	1.80	1.74	1.70	1.65	1.66	1.79	1.83

Source: MF, IMAD, MEDT calculations

The estimation of the indicator is based on:

- estimation of GDP prepared by IMAD,
- gross fixed capital formation (GFCF) of general government as estimated by the Ministry of Finance within the framework of the budget preparation for 2014 and 2015. From 2016 on, the estimates are made on the basis of indices of growth. The budget for 2104 envisages a substantial increase in investment.
- The key for calculating the regional share of the indicator is the share of population. In the 2007-2013 reference period, gross fixed capital of general government in average accounted for around 2% of GDP. In view of the macroeconomic situation, public finance constraints, the decreasing trend in the investments and expected significant decrease in investment from the Cohesion Fund, and focusing of the ERDF resources on soft measures in the next period, we estimate the share of general government GFCF for the cohesion region of Eastern Slovenia to be approximately between 1.6% and 1.8% of GDP.

2.3 A summary of the assessment of the fulfilment of applicable ex ante conditionalities

The fulfilment of the applicable ex-ante conditionalities is given in Annex 2 to the Partnership Agreement.

2.4 The methodology and mechanism to ensure consistency in the functioning of the performance framework

OP ECP 2014–2020

The Managing Authority for the operational programmes under Objective 1 – Convergence 2007-2013 has established a monitoring and evaluation system. According to the requirements under Regulation (EC) No 1083/2006, an electronic management information system (MIS) was established that provides information support for the implementation of the European Cohesion Policy instruments and audit trail of expenditures, financial flows and indicators. The complexity of the

information system in the monitoring process often created bottlenecks when implementing complex and demanding instruments.

On the other hand, the MIS ensures access to a huge data base for the purpose of evaluating the implementation of funds. Changes in the management information system are one of the main priorities for creating an efficient system for implementing the results-oriented principle.

Methodology and mechanisms:

1. The milestones for content-related and financial indicators set out in the performance framework are specified under the priority axis.
2. The selection of various types of appropriate indicators will be in accordance with the classification requirements as laid down by the EC with a view to ensuring better qualitative analysis during the performance monitoring.
3. The setting up of appropriate monitoring system (IT support) will enable monitoring of the achievement of objectives and milestones with output indicators, immediate effects and financial indicators and key implementation steps. This will contribute to the early detection of potential performance issues and provide support for the elimination of detected issues. IT solutions will meet the SFC requirements.

Guidelines for indicators:

The Managing Authority will create guidelines for monitoring and evaluating, including the procedure for defining:

- a clear and transparent set of indicators, milestones and targets,
- the methodology and principles of monitoring intermediate and final achievement supported by IT system, together with the specific result aggregation on higher implementation levels,
- a reporting model for achieving the target values of indicators for particular levels of implementation, a model of financial reporting connected to the achievement of milestones and for reporting with respect to the particular category in the system,
- performance monitoring (monitoring committees, steering group and sub-groups, the European Commission),
- the system of financial corrections in the case of a failure to achieve targets and possible consequences,
- methodologies for evaluating links between individual data, immediate effects, results and achievement of EU 2020 objectives.

The definition of indicators will respect the bottom-up principle; the set of indicators will enable aggregation up to higher levels of implementation. With such an approach, it will be possible to clearly define the contribution of a particular operation to the specific objectives and, consequently, to the operational programme. In the case of priority axes which are financed from multiple funds, a breakdown by funds will be provided. The indicators for the ERDF and ESF will be identified for each cohesion region separately.

Performance will be monitored at different levels of the management or implementation by:

- the European Commission on an annual basis (AIR),
- the monitoring committee on an annual basis: to review the implementation of the programme and achievement of the objectives and implementation of the management and control system: the monitoring committee will be composed on the basis of the partnership principle including all relevant groups of stakeholders (social partners, relevant associations – chambers of commerce, public organisations, NGOs, etc.),

- monitoring committee of the OP ECP 2014-2020: apart from monitoring the complementarity of funds and instruments, the committee will also have predefined tasks for performance monitoring.

RDP 2014-2020

A joint monitoring and evaluation system is applicable within the framework of the RDP 2014-2020. To identify milestones and objectives in the performance context, we will apply the output indicators set out in Annex 4 of the EAFRD implementing regulation. In accordance with Article 5 of Regulation (EU) No 215/2014, the output indicators and key implementation stages set out in the performance framework should exceed 50% of the funds allocated to the relevant priority. If this condition is not met with output indicators set out in Annex 4 of the EAFRD implementing regulation, additional output indicators will be set.

Milestones will be identified on the basis of the target values of output indicators, the dynamics of the programme implementation and taking into account the experience of implementing the RDP 2007-2013. For measures where projects are to be implemented for several years and will be completed after 2018, the method of the key implementation stage will be applied.

The progress and evaluation of the impact of effectiveness and success in implementing rural development policy in the Republic of Slovenia is shown by the analyses, reports and evaluations of the programme. In accordance with the evaluation plan, evaluation activities will, inter alia, also focus on achieving the objectives under specific milestones. In the 2017-2019 period, the evaluation will also include an assessment of the progress of, and findings on, the fulfilment of the objectives relating to each priority included in the programme.

OP EMFF 2014–2020

The Managing Authority of the OP is responsible for the overall system of monitoring and evaluation. Its monitoring tasks include monitoring the quality of implementation through indicators and reporting to the Monitoring Committee and the European Commission. The Managing Authority is also responsible for the inclusion of the findings and recommendations of evaluations and audits, and for monitoring their implementation. In the framework of the evaluation plan, evaluation activities will be focused on whether the implementation of the programme is being carried out within the set limits and as expected, or where there are problems and how to resolve them, and particularly on achieving the goals set within specific milestones.

2.5 Reinforcing the administrative capacity of the authorities involved in the management and control of the programmes

1) An assessment of the need to reinforce the administrative capacity of the authorities and beneficiaries, taking into account experience from the previous programming period

To reinforce the administrative capacity of authorities, the technical assistance of the ERDF, the ESF and the Cohesion Fund will be used for the ERDF, the ESF and the Cohesion Fund, the technical assistance of the RDP 2014-2020 for the EAFRD, and the technical assistance of the OP EMFF 2014-2020 for the EMFF.

In accordance with the EU guidelines on the closure of the 2007-2013 programming period, the 2007-2013 technical assistance will also fund activities for the 2014-2020 programming period; the 2014-2020 technical assistance will also finance activities related to the closure of the 2007-2013

programming period; therefore, flexibility of technical assistance funding and the successful transfer of experience and the structure of employment in the new programming period 2014-2020 (continuity for efficient drawing in the 2014-2020 period) will be crucial.

To implement the measures of ESI funds, Slovenia will pay particular attention to reinforcing the administrative capacity of both of the bodies involved in implementing ESI funds, as well as the beneficiaries of these funds, as follows:

- by ensuring appropriate employment capacities in areas where bottlenecks in implementation have already been identified in the present programming period,
- by reinforcing the competences of employees in the implementation of ESI funds,
- with education and training of employees, as well as beneficiaries (a training programme will be prepared) to ensure smooth ESI fund implementation,
- by reinforcing models of human resources management which will also lead to the better implementation of services,
- by reinforcing actions to ensure the smooth operation of processes,
- by introducing a permanent process for evaluating quality and quality management (carrying out evaluations, etc.) on the basis of predefined criteria (standards) and indicators of the effectiveness of implementation.

The managing authorities will prepare a common human resources action plan for the 2014-2020 programming period, which will include the estimated number of civil servants needed to implement programmes and the state of administrative capacity and potential needs to reinforce human resources.

Public procurement is a crucial area in committing European cohesion funds, and for this reason Slovenia will pay special attention to training oriented to general aspects as well as green and innovative public procurement.

Key system measures in the field of public procurement:

- Analysis of public procurement status prepared by the managing authorities and the body competent for public procurement up to September 2014. The analysis will highlight issues at the system and operational levels in preparing, implementing and controlling public procurement procedures and gaps in administrative training. Also, measures will be identified to avoid major and repeating types of errors and a tool will be defined, as well as measures at all levels to provide an adequate number of qualified personnel and their sufficient qualification in the field of public procurement.
- By the end of 2014, a specific training programme will be prepared for all beneficiaries and all managing and controlling authorities, including intermediate bodies. To strengthen administrative qualifications, the training of beneficiaries will be crucial for providing the proper and complete preparation of tender documentation and implementation of public procurement procedures. The personnel composition of authorities included in the fund implementation will also be crucial, with a special emphasis on training contract custodians and controllers, who need to check precisely and thoroughly and in accordance with the legislation the correctness and integrity of concluded public procurements prior to the payment of funds related to the respective public procurement.
- A special help desk within the authority competent for public procurement (Ministry of Finance) already operates and advises beneficiaries on the preparation of tender documentation and the whole public procurement process. Technical assistance funds are envisaged to strengthen

human resources in the unit and their regular training. The help desk will cooperate closely with the managing authorities.

- On the basis of the analysis of the status of public procurement, previous practices and experience, a basis will be prepared to mitigate and raise the efficiency of the preparation of tender documentation and implementation of procedures (e.g. preparation of sample tender documentation according to various types of procedure, manual for implementing all phases of various public procurement procedures, unified control lists for examining the integrity and correctness of implemented public procurements, preparation of lists of complete public procurement documentation sent by beneficiaries together with their reimbursement claims, setting out a single entry point/common platform, etc.).
- In autumn 2014, an ad hoc consultative group for public procurement will be established to identify key issues in public procurement procedures and propose solutions at the system level. The group, who will meet if necessary, will comprise representatives of institutions which have key roles in the public procurement system.

To correct deficiencies related to the environmental compliance of projects, an inter-ministerial working group was established to prepare the methodology and review the conformity of projects co-financed by funds from the European Cohesion Policy 2007-2013, with a directive on the environmental impact assessment. The Managing Authority, Ministry of Agriculture and the Environment, Slovenian Environment Agency and the Institute of the Republic of Slovenia for Nature Conservation will prepare a methodology to review the projects in the current and new programme period. This methodology will be implemented in projects of the Operational Development of Environmental and Transport Infrastructure and the Operational Programme to Strengthen Regional Development Potentials for Period 2007-2013 (applicable for projects from the 2007-2013 programming period), which will require environmental impact assessments according to their normative framework. All projects for the construction of infrastructure facilities will be reviewed in detail. In July 2014, the Government of the Republic of Slovenia adopted the Decree on activities affecting the environment, which will be harmonised with the European Directive.

In the field of fraud prevention, a risk analysis will be prepared by the end of 2014, on the basis of which the measures of managing and controlling authorities will be prepared (first quarter of 2015).

OP ECP 2014–2020

According to first estimates of the total number of employees working in the area of the European Cohesion Policy, the figure will amount to approx. 600 (ministries, public funds, public institutes and public agencies involved in implementing Cohesion Policy in the Republic of Slovenia), of whom some 60% of the staff will deal with contract management and administration, 20% of them will perform controls, while the remaining 20% will be engaged in other activities (e.g. preparing instruments for the drawing of cohesion policy funds, managing internal units that are responsible for coordinating work and activities within the relevant bodies involved in implementing cohesion policy, public procurement, calls for proposals, project investment documentation development, work in 'system' bodies (e.g. public procurement system) etc.)

An analysis of the administrative capacities of the relevant authorities in the 2007-2013 period is the basis for the new 2014-2020 staffing structure. The staff will be paid from technical assistance under the objective 'Investing in growth and jobs', which builds on lessons from the existing 2007-2013 implementing structure and the envisaged 2014-2020 concept.

2007-2013 programming period

The 2007-2013 programming period saw a total of 555 jobs supported under technical assistance projects (167 existing civil servants and 388 of employees under technical assistance, of which 111 are permanent jobs).

The employees are divided into three main areas with respect to the nature of their work:

- ✓ Contract managers – they account for some 61.3% of all jobs and are crucial to the efficient use of EU cohesion policy funds,
- ✓ Controllers – staff engaged in verifying and certifying expenditures and the functioning of the system account for some 19.5% of all jobs,
- ✓ Other areas of work (e.g. finance, law, counselling) account for approx. 19.2% of total jobs.

Key performance issues in the implementation of the European Cohesion Policy dealt with in the 2007-2013 period:

- management verifications at the level of intermediate bodies or controls at the contract managers level: the latter are often inadequately trained to make decisions in concrete cases; they are often exposed to various pressures (both from beneficiaries and from their superiors); due to austerity measures and the consequent reduction in the number of civil servants, the overburdening of contract managers often adversely affects the quality of the checks performed,
- (non)coordination of bodies within the system, both within the bodies themselves in the framework of cohesion policy implementation (MA, IBs, AA, CA) as well as in relation to bodies in a wider context that are likewise indispensable elements in the efficient and effective functioning of the system of cohesion policy (law enforcement authorities, judicial authorities, bodies of self-governing local communities, bodies that have a key responsibility for individual systemic issues (e.g. Ministry of Finance's Directorate for Public Procurement System in the field of public procurement and public-private partnership),
- performance of public procurement, and in particular, poor competences of those responsible for preparing public procurement documents; lack of information on legislative changes (frequent changes to legislation); inconsistency of the decisions of the National Review Commission; lack of 'good practices' as sample cases (documentation templates), etc.,
- technical assistance was not exempt from the austerity measures (the problem of 'levelling' in austerity measures rather than targeted savings in areas that enjoy a surplus). Owing to austerity measures, activities in certain areas of education, training and employment/jobs were carried out only to a limited extent (there was no additional recruitment under TA in key areas, and no recognition of increased workloads in above-average burdened jobs, etc.). As a result of severely reduced activities in the framework of technical assistance, the efficiency and effectiveness of the system of Cohesion Policy implementation deteriorated accordingly.

Staffing structure in the 2014-2020 financial perspective

Slovenia has been allocated about 22% less funding under the European Cohesion Policy for the 2014-2020 period compared to the preceding 2007-2013 period. Regardless of this fact, the staffing structure is supposed to remain the same or similar in order to provide for the smooth implementation of all three funds (ERDF, ESF and CF) in the new period as well, especially under additional tasks that will result in an above-average workload for administrative staff. This is expected as a result of our effort to introduce simplifications for beneficiaries and in light of the fact that both 2014 and 2015 will see the two programming periods being implemented at the same time

(the 2007-2013 period will close only at the end of 2015, in line with the n+2 rule, and the 2014-2020 period will be closed by the end of 2023, in line with the n+3 rule).

An analysis of the workload per individual authority involved in the 2007-2013 period implementation of the European Cohesion Policy in the Republic of Slovenia is the basis for the new 2014-2020 staffing structure and will include an analysis of overburdening of individual participants according to the content and type of instruments in the 2007-2013 period and a projection of personnel required for the 2014-2020 period.

On the basis of analysis, the Government of the Republic of Slovenia will adopt a personnel plan for the implementation of ESI Funds in the 2014-2020 programming period funded by Cohesion Policy funds. The total quota of permanent and fixed-term contract jobs will thus be specified, and will not be part of the Joint Personnel Plan, but incorporated into the specific personnel plan of staff for drawing of the ESI Funds in the Republic of Slovenia to implement the 2007-2013 programming period, which will close by the end of 2015 in accordance with the n+2 rule and to implement the multi-annual financial framework 2014-2020, which will close by the end of 2023 in accordance with the n+3 rule. The number and allocation of jobs funded by ESI Funds outside the scope of the personnel plan of the relevant authority by ministries represents an indicative framework that is subject to change if there are subsequent changes in the implementing structure and organisation. This is decided by the Managing Authority.

Also, Slovenia will focus on retaining a stable and experienced staffing structure, while making every effort to improve the structure of jobs in terms of their responsibilities.

In addition to retaining a stable and experienced staffing structure, the MA should additionally build capacity through a system-wide inclusion of employees in programmes of education and training, particularly in key areas where the greatest risks have been identified (accounting, bookkeeping, general implementation of cohesion policy, public procurement, state aid), namely to improve employees' competences. TA funds for training and education will be allocated mainly at the level of public administration (ministries, public funds, public institutes, public agencies playing any role within the framework of the Cohesion Policy), and in certain cases also to other stakeholders involved in implementing the Cohesion Policy in the Republic of Slovenia. To a certain extent and in certain areas, additional staff will be needed (e.g. for public procurements).

The MA plans to use the technical assistance funds to provide an adequate administrative performance of both cohesion regions and other players for the purpose of preparing the bases for the successful commitment of funds at regional and local levels (e.g. management of projects or project investment documentation)

RDP 2014-2020

Notwithstanding the fact that less funding is allocated to the Republic of Slovenia for rural development policy under the EAFRD for the 2014-2020 period, the same or a similar level of staffing as in the 2007-2013 period is envisaged for the smooth implementation of the Common Agricultural Policy, primarily due to additional tasks (financial instruments, environmental issues, reducing error rates, etc.) which impose a greater workload, mainly on administrative staff, which is a precondition for implementing simplifications for beneficiaries. An analysis of the scope of work by individual managing and implementing tasks under the RDP 2007-2013 indicated that the stable employment structure with experienced employees has to be preserved, and also pointed out the need for additional strengthening of staffing performance in some key areas (analytics, legal matters, public procurements, environmental issues).

In the context of the RDP 2007-2013 implementation, tasks are being performed by permanent civil servants financed from national budgetary items of the Ministry of Agriculture and the Environment, as well as civil servants on fixed-term contracts financed under technical assistance measures, whose contracts expire on 31 December 2015, pursuant to the RDP 2007-2013 implementation. Due to the insufficient number of adequately trained civil servants for the successful and efficient management and implementation of the RDP 2014-2020, the Managing Authority and Payment Agency will exercise an option to employ additional civil servants who will be co-financed under the technical assistance measure.

The legislation of the Republic of Slovenia allows permanent and fixed-term contracts for employees required for project work. In the context of permanent employment contracts, staffing selection is conducted by public procurement, while fixed-term contracts follow the procedure of advertising vacancies. A transparent selection procedure has to be provided in both cases. The employment procedures also need to follow the basic requirements in the selection of the most professionally qualified candidate. To provide seamlessness for the programme implementation and a smooth transition between the 2007-2013 and 2014-2020 programme periods, candidates experienced in managing and implementing previous programmes related to rural development will take precedence over others (SPD 2004-2006, RDP 2004-2006, RDP 2007-2013). To retain qualified and experienced staff (permanent and fixed-term employees co-financed under the technical assistance measure), the MA will provide a suitable salary, reward and promotion system (co-financing of extra work or additional workloads for all civil servants conducting additional work related to the RDP 2014-2020) and adequate career monitoring for individual civil servants.

For the RDP 2014-2020, the MA is preparing a staffing action plan to implement the RDP 2014-2020 that includes the authorities responsible for EAFRD control and management, and the envisaged number of employees for individual bodies.

An integral part of the staffing action plan will be an **education and training plan**, which will define the required knowledge and skills for performing individual tasks as well as areas of training and processes of knowledge and information transfer. A special consideration will be the adequate qualification of employees in the fields of public procurement, state aid, the implementation of audit recommendations, reviewing, monitoring and evaluating.

OP EMFF 2014–2020

The Ministry of Agriculture and the Environment is the competent ministry and the body responsible for the managing and implementing the Operational Programme for Fisheries Development in the Republic of Slovenia for the 2014-2020 period. The Ministry is responsible for the operational programme, and its rational and effective management and implementation. The Ministry has prepared an analysis of the situation and needs in the field of staffing structure for managing and implementing the OP EMFF 2014-2020. The analysis is the basis for establishing the staffing structure for the new 2014-2020 financial perspective and is based on experience of the existing implementing structure model for the 2007-2013 programming period as well as the model of the future implementing structure for the 2014-2020 programming period.

The following is used as an aid in the preparation of the staffing analysis for the 2014-2020 programming period:

- obligatory guidelines for implementing activities of the Operational Programme for Fisheries Development in the Republic of Slovenia for the 2007-2013 period by the Agency for Agricultural Markets and Rural Development,
- Minister's decision on the establishment of the Managing Authority for the implementation of the Operational Programme for Fisheries Development in the Republic of Slovenia for the 2007-2013 period, and
- analysis of work by individual tasks.

2007-2013 programming period

Following Slovenia's accession to the European Union in 2004, the scope of work of staff working on fisheries policy management and implementation has been constantly expanding. To help manage and implement the European Maritime and Fisheries Fund, Slovenia is eligible for so-called technical assistance which, inter alia, helps strengthen the human resources potential for the above-mentioned tasks. In the context of technical assistance, the Ministry of Agriculture and the Environment employed highly-qualified staff for a fixed period for the duration of the project, which made sense in light of the fact that this encompasses project work. If we had not employed such staff, we would have greatly endangered if not hindered altogether the management of the OP 2007-2013. Over a period of almost ten years, the implementation of European programmes for fisheries development outgrew the framework of a project and thus became an integral part of Slovenia's fisheries policy. This is why it is essential to introduce a systemic solution for at least a segment of the staff on a fixed-term contract, namely under technical assistance.

The OP 2007-2013 tasks are carried out by staff employed permanently and financed under the national budgetary items, as well as staff on the OP 2007-2013 fixed-term contracts financed under technical assistance. One person has a permanent contract under technical assistance funding.

Fixed-term project positions were implemented in accordance with the technical assistance programme. Altogether the hiring of nine people under technical assistance was approved by the OP 2007-2013 implementation commission. On 31 October 2013, technical assistance financed one permanently employed civil servant and seven civil servants on fixed-term contracts. The Ministry of Agriculture and the Environment employed six civil servants and the Agency for Agricultural Markets and Rural Development employed two.

Distribution of tasks for OP 2007-2013 implementation:

- The Ministry of Agriculture and the Environment performs managing authority tasks,
- The Agency for Agricultural Markets and Rural Development performs intermediate body tasks, as well as the tasks of the expenditure certification authority and other tasks (payments to beneficiaries, recovery of amounts unduly paid and reporting on irregularities) with the distribution of tasks taken into account

Table 20: Current number of employees under technical assistance (full-time employments) – OP EMFF 2014-2020

Institution	Ministry of Agriculture and the Environment – Managing Authority	Agency for Agricultural Markets and Rural Development – Intermediate Body
Tasks of the Managing Authority	3.5	
Holders of measures	3.0	
Project managers, administrative	1.0	2.0

check		
On-site control:	0.5	
TOTAL	8.0	2.0

Staffing structure for the OP EMFF in the 2014-2020 period

In the context of the EMFF, the 2014-2020 financial perspective is a continuation of the current 2007-2013 financial perspective or the European Fisheries Fund. The management and control system will not be changed significantly. In addition to all the 2007-2013 financial perspective tasks, additional tasks in the context of the EMFF will also be performed, namely collecting and managing data in the context of the Common Fisheries Policy and fisheries surveillance, which means more work for employees. In the transitional period (in 2014 and 2015), tasks under two financial perspectives (2007-2013, which closes at the end of 2015 in line with the n+2 rule and 2014-2020, which closes at the end of 2023 in line with the n+3 rule) will be performed simultaneously, which further increases the workload.

The basis for drafting the analysis is the 'Analysis of the workload for individual tasks in the context of the OP 2007-2013 management and implementation'. This analysis is supplemented with envisaged additional tasks relating to the management and implementation of the OP 2014-2020. The analysis shows that it is necessary to maintain a stable, and above all, experienced staffing structure; there is also a need for further capacity building in certain key areas (implementation of measures to collect and manage data under the Common Fisheries Policy and fisheries surveillance measures in the field of the environment, CLLD, analytics).

Table 21: An overview of the total number of employees required in the context of technical assistance for the implementation of the 2014-2020 programming period

Task required	Required number of employees in the context of technical assistance (full-time employments)
Tasks of the Managing Authority	3.5
Holders of measures	3.5
Project managers, administrative check	2.5
On-site check	0.5
TOTAL	10.0

According to the assessment, at least ten new staff are needed for the implementation of the 2014-2020 programming period for the performance of Managing Authority and Intermediate Body tasks. These will be fully financed under the OP 2014-2020. Most of the tasks will not end with the closure of the 2014-2020 financial perspective by the end of 2023, as fisheries policy tasks will have to be performed also in the following financial perspectives. This means that, in the long term, the system will need to provide at least ten permanent jobs. Considering that one civil servant is currently employed permanently under technical assistance for the implementation of the European Fisheries Fund, an additionally nine permanent positions will have to be provided for. In the context of technical assistance, Slovenia will focus on maintaining a stable and experienced staffing structure, whereby improving the structure of jobs in relation to the responsibility thereof (the current structure of jobs does not match the pertaining responsibility, which means that work of great responsibility is carried out by civil servants occupying lower-ranking and lower-paid jobs). An

adequate salary scheme together with a reward and promotion system will be provided to maintain a stable and experienced staffing structure.

Systematic arrangements of jobs financed under OP EMFF technical assistance

The Ministry of Agriculture and the Environment performs the important tasks of designing, implementing and managing fisheries policy. In 2004, when the process of expanding areas of work with European subject matters was launched, technical assistance funds provided important support in the context of this process. Unfortunately, due to these opportunities to fund staffing in the context of technical assistance, the Ministry has not properly regulated the status of employees since 2004. Employees on fixed-term contracts under technical assistance have been covering fisheries policy content since the very beginning of technical assistance implementation. They gained significant experience and prove to be indispensable in designing and implementing fisheries policy. They are currently involved in both the implementation and closure of the 2007-2013 operational programme, as well as the programming of the 2014-2020 operational programme. Work in the field of fisheries policy, which was initially implemented under technical assistance, has grown into an integral part of fisheries policy and is no longer merely concerned with projects, but rather involves the continuous and systematic design and implementation of the fisheries policy. Hence the need for the systemic regulation of the status of staff on fixed-term contracts under technical assistance and for a transition to permanent employment as practiced in the implementation and management of Structural Funds in Slovenia. A transparent procedure for selection needs to be provided in this respect, following the principle of selecting the most professionally qualified candidate. To provide for the seamlessness of the programme's implementation and a smooth transition, candidates experienced in managing and implementing previous programmes related to EU funds and the Common Fisheries Policy will take precedence over others.

The importance of an adequate staffing structure for the management and control of the Common Fisheries Policy actions was highlighted by the Directorate-General for Maritime Affairs and Fisheries in a letter of 21 August 2012 addressed to the Director-General of the Directorate for Forestry, Hunting and Fisheries, who also acts as the head of the Managing Authority. The letter emphasised the importance of the continuity of the staffing structure and administrative capacities in the implementation of the operational programme for fisheries development in the coming financial perspectives.

Based on the analysis, the Government of the Republic of Slovenia will define the total quota of permanent and fixed-term jobs which are not part of the Joint Personnel Plan on the condition that the applicants are provided with ESI funding.

2) A summary of the main actions taken or envisaged to reinforce administrative capacity, outlining the application of technical assistance

OP ECP 2014–2020

In the 2014-2020 programming period, technical assistance funds will be used to finance administrative capacity at the national, regional and local levels (ministries, public funds, public institutes, and public agencies or entities performing tasks in the public interest and entities playing any role in the framework of European Cohesion Policy authorised by the managing or controlling authorities). Funds will be allocated to measures that reduce the administrative burden of beneficiaries, and measures to strengthen the capacity of beneficiaries to efficiently manage and use the Funds.

Indicative breakdown of TA funds by individual sets:

- information and publicity (3% of the TA) for up-to-date information for various publics and potential beneficiaries on their eligibility for Cohesion Policy funds; activities in line with the communication strategy will be included (e.g. websites, monthly e-publication on current events and best practices, organisation of events for the promotion of best practices and exchange of experience, radio and television broadcasts or advertisements, articles, publications in the media to raise awareness on the drawing from European Cohesion Policy funds, etc.),
- studies, evaluations and other bases, analyses, strategic programming documents in relation to the ex ante conditionalities (total 6% of the TA), which will be required to implement individual policies, operational programme priority axes or individual instruments,
- employment of civil servants at the national level to perform tasks of management and control, and other expenses in relation to employees, primarily to provide a stable and high-quality staffing structure in the field of the Cohesion Policy (70% of the TA),
- information systems (4% of the TA), mainly the optimisation of systems in the field of the Cohesion Policy (information systems of the Managing Authority and the Certifying Authority, national accounting system of the Ministry of Finance, and other information systems needed for the optimal operation of the Cohesion Policy for the more efficient and faster operation and detection of irregularities). At the same time, the technical assistance funds – should this prove necessary – will be used for activities related to the introduction of e-administration and e-cohesion,
- other supporting activities necessary for the implementation of the OP ECP 2014-2020 at the national level (5% of the TA), including lease of facilities, equipment, materials, travel expenses, contracting external experts in individual areas, etc.,
- Education, training and strengthening the capacity for better management, the efficient use of ESI Funds, attainment of objectives, synergies and complementarities among different EU Funds and other sources (8% of TA) will be provided for all who are participating in the preparation and implementation of the European Cohesion Policy in the state and public administration at the national, regional and local levels (e.g. sharing of good practices for higher quality and more innovative strategic planning to realise EU policies and national policies, project management, public procurement, state aids, preparation of simplified forms for cost management, such as lump sums, standard costs per unit, etc.),
- a portion of funds (4%) will be allocated to beneficiaries to strengthen their capacity to attain objectives and complementarities among different EU Funds (e.g. sharing of good practices for more quality and innovative planning to realise EU policies and national policies, preparation of project plans, preparation of integral, complex and quality projects, project management, preparation of project investment documentation, public procurements, state

aid, financial instruments etc.). The funds will also be allocated to strengthen beneficiaries capacity to provide efficient, timely and proper use of the allocated means.

A portion of funds under the technical assistance measure will be allocated to establish and implement key systemic measures of public procurement under Point 2.5 (1.).

The Managing Authority will use technical assistance funds for other expenses incurred on the basis of 'ad hoc' needs during the implementation of the programming period, for the costs of closing the 2007-2013 programming period, for the preparation for the 2021–2027 programming period or the costs to ensure synergies and complementarity among different sources of financing (especially in relation to the European Territorial Cooperation objective and areas that will be financed under the EAFRD and the EMFF).

RDP 2014-2020

The RDP 2014-2020 technical assistance will support activities related to preparation, management, monitoring, evaluation, informing and communication, networking, dispute settlement, control and audit. If necessary, technical assistance can also be used to support measures to reduce the administrative workload of beneficiaries, including the system of electronic data interchange, and measures to strengthen the capacity of Member States' authorities and beneficiaries to manage and use these Funds. Technical assistance can also support the preliminary work related to the demarcation of areas with natural or other special constraints. This will also help to support the operation of the rural network.

In the OP 2014-2020, technical assistance funds will be allocated primarily to finance the following activities:

- programme management (e.g. labour costs of civil servants and education and training, operation of Supervisory Committee of the RDP 2007-2013, Monitoring Committee of the RDP 2014-2020 and other steering and supervisory bodies, and costs of delegation visits, organisation and implementation of work meeting, meetings, seminars, sharing of good practices, material and service costs related to the programme management and implementation),
- studies, evaluations and other bases, analyses and documents required for managing and implementing the RDP 2014-2020 (e.g. evaluations, cost lists, calculations, analyses, etc.),
- information and publicity, and the operation of the rural network pursuant to the Action and Communication Plan of the Rural Network for the 2014-2020 period.

If necessary, technical assistance will also support activities to meet the previous conditionalities.

OP EMFF 2014–2020

An experienced personnel team within the bodies responsible for the development and implementation of programming documents is required in order to ensure the efficient implementation of the OP EMFF 2014-2020. The process of integrating new employees is time-consuming, so it is very important to retain the jobs of the current employees who have experience with the OP 2007-2013. This will ensure greater stability of the structure of jobs and the implementation of the OP 2014-2020. Should it become necessary, appropriate additional

administrative capacity will be provided within the 2014-2020 technical assistance. It is estimated that the efficient implementation of the Managing Authority and the intermediate body's tasks requires at least ten jobs that will be fully financed under technical assistance of the OP EMFF 2014-2020 funds. It will also be necessary to improve the structure of jobs with respect to the responsibility of individual positions and raise the competences of employees by continuous training and education, particularly in the key areas (e.g. implementation of CFP and IMP, implementation of public procurement, etc.).

The TA funds will also be used for studies, evaluations and other appropriate bases and the education of civil servants for effective and efficient implementation, monitoring and management, as well as for needs that arise during the implementation of the programming period. Within the TA, support activities, such as organisational, communication and promotional activities, purchase of necessary office equipment, external services (e.g. translation services, etc.), and other activities intended to support the quality implementation of the programme and better information and communication with the public will also be supported.

Thus far and following EU legislation, the Republic of Slovenia has implemented separately the programmes on data collection, monitoring and execution. Within the new perspective for 2014-2020, further demands at the EU level call for responsiveness and the reinforcement of administrative capacities. In order to respond to an increase in the volume of data collected, administrative staff are expected to increase accordingly to ensure the efficient implementation of monitoring requirements, data collection and the EMFF operational programme requirements (e.g. implementation of supervisory requirements, scope of functions of bodies, a larger set of measures).

2.6 Reduction in the administrative burden for beneficiaries

OP ECP 2014–2020

The Managing Authority for the Cohesion Policy 2007-2013 operational programmes is continuously implementing improvements to procedures for the implementation of Funds.

Experience from the 2007-2013 programming period:

a) Institutional level:

- The complexity of the implementation system, which has many implementing levels. Three operational programmes and compliance assessment for each operational programme, three documents describing the management and control system (also, many technical modifications as a result of changes in the organisational structure of ministries and government offices.),
- One national rule (regulation) for Cohesion Policy implementation, but many guidelines prepared by the Managing Authority (eligibility of expenditures etc.). And even more detailed but not unified guidelines prepared by each intermediate body,
- One information system, whereby specific issues were not covered appropriately and not well-defined at the beginning which resulted in many upgrades during the implementation.

b) Implementation level:

- definition of terms and terminology,
- problems with national legislation (public procurement legislation),
- corresponding documentation – not unified, but tailor-made at the level of calls for proposals,

- lack of external experts for the evaluation of applications,
 - complex reporting at the level of operation,
 - not all simplification possibilities have been exhausted (insufficient use of flat rate of direct costs, standard scale of unit costs, lump sum instrument is not implemented at all),
 - over-controlled system.
- c) Administrative capacity:
- a relatively low level of basic knowledge at the beginning of the programming period resulted in slow start of the implementation system, lack of specific knowledge,
 - Delays in implementation because of deficiencies in the information system (regarding the preparation of claims for payment and claims for reimbursement).

2014-2020 programming period:

In order to reduce administrative burdens, we will issue guidelines that clearly and unambiguously define the use of individual categories and will also enable beneficiaries with a simplified application procedure for projects in a clear and easy manner. In particular, we envisage simplifications in relation to eligible costs and proofs of their eligibility in the case of flat rates, standard scales of unit costs and other options under the new implementing rules for the ERDF and ESF.

Skeleton schedule for reducing administrative burdens is indicated in the table, while the envisaged points from 1 to 4 are stated in the continuation.

Table 22: Skeleton schedule for reducing administrative burden of beneficiaries by envisaged activities

Planned activities:	2014	2015	2016	2017	2018	2019	2020
1.	x						
2.	x			x			
2.1	x						
2.2	x						
3.	x	x					
3.1	x	x	Evaluation:	x			
3.2	x	x	Evaluation:	x			
3.3	x	x	Evaluation:	x			
3.4	x	x	Evaluation:	x			
3.5	x	x					
4.	x	x					
4.1	x	x					
4.2	x	x	Evaluation:				
4.3		x	Evaluation:	x			
4.4	x	x	x	x	x	x	x

Source: Managing Authority

Planned activities:

1. Simplification of national legislation (on public procurements, spatial legislation, etc.).
2. Institutional level:
 - 2.1. One operational programme and one description of the management and control system.

2.2. One national regulation for Cohesion Policy implementation; fewer guidelines, which are more detailed, with clearly defined categories and procedures.

3. Level of calls for proposal and implementation:

- 3.1. Standardisation of calls for proposals and the needed documentation, unification.
- 3.2. Standardisation of application forms, clearly defined in advance with less administrative burden concerning required supporting documents in the application phase.
- 3.3. Simplification at the implementation level – increased use of certain simplified instruments (such as 'programme implemented by beneficiary', etc.).
- 3.4. Simplification regarding the treatment of operations/projects by the national accounting system and the national budget.
- 3.5. Simplification for applicants: simplified application procedure, electronic application, implementation of the concept of one-stop-shop, based on a well-developed information system connected with other IT systems at the national level with the automatic transfer of relevant beneficiary data which already exist

4. Simplifications concerning eligible expenditures:

- 4.1. Standardisation of eligibility rules, eligible expenditures and supporting documentation to the greatest possible extent.
- 4.2. Implementation of all possible types of simplified cost options (flat rates for indirect costs, standard scales of unit costs, lump sums).
- 4.3. Standardisation of reporting on direct costs.
- 4.4. Implementation of different schemes to increase business activity (advance payments etc.).

Main simplifications for beneficiaries (reduced administrative burden):

- a) Standardised application procedures (less supporting documentation),
- b) Basic data – not required from the beneficiary, but provided by the information system,
- c) Standardised costs,
- d) Use of simplified cost options defined in advance (no additional supporting documentation required),
- e) Simplified reporting and result orientation.

RDP 2014-2020

Regarding the RDP 2014–2020, simplification and greater transparency of its implementation is crucial both for beneficiaries and the administration. In order to simplify the procedure and achieve greater stability (of conditions, obligations, etc.), public tenders for investment measures will be standardised where they are the same for all tenders. The obligations to be met by the final beneficiaries and their verifiability and the possibility of control will be defined much more clearly. Particularly in agro-environment-climate payments, any above-standard requirement will be more transparent and verifiable, while attention will be paid to their direct connection with the baseline requirements. The system of violations and sanctions, which has been considerably upgraded in the 2007–2013 programming period by respecting the principle of proportionality, repetitiveness and severity of violations, will be further developed. More attention will be paid to training and informing final beneficiaries. For the implementation of measures of the RDP 2014-2020, costs and their highest recognised values per unit to the highest extent possible will be defined in a special costs catalogue. In non-investment measures, a phased approach to simplified costs will be introduced (e.g. lump sums, flat rates). This will ensure simplification for the beneficiary and the administration, as well as the more rational use of public funds. All of this is expected to contribute to reducing the

error rate. The national implementing legal acts will also be prepared in a more transparent and clear manner. More attention will be paid to clear and advance planning of public tenders.

The established e-facilities which enable the submission of e-applications, e-claims and e-reports will be subject to further upgrading and development; automatic logic checks will be incorporated into them wherever possible to guide beneficiaries in preparing and submitting their applications correctly, and thus relieve the administration.

With the completion of the e-application form in the RDP application, the volume of work for the Agency for Agricultural Markets and Rural Development is reduced, thus reducing application processing time and enabling applicants to begin their activities more quickly.

For some measures in the 2014-2020 programming period, a system of collective submission of claims is expected to be established.

All the identified activities to reduce the administrative burden for beneficiaries (excluding training and information for final beneficiaries) will be carried out from the beginning of the implementation of the RDP 2014-2020 measures. The contents of all these activities will be defined by national regulations on the implementation of the RDP 2014-2020 measures, which provide the legal basis for implementing calls for proposals and campaigns within the RDP 2014-2020. Training and information for end beneficiaries: in 2014, we will carry out an information campaign on the RDP 2014-2020 measures (AGRA fair, etc.), and whenever a call for proposals under the RDP 2014-2020 measures is made public, information workshops will be carried out which will provide the main and essential information regarding the published call.

OP EMFF 2014–2020

For the European Fisheries Fund, the mid-term evaluation under the 2007-2013 programming period identified administrative burdens under priority axis 1 (measures aimed at the fishing fleet) and priority axis 2 (aquaculture, processing and marketing), especially in terms of difficulties in completing applications and preparing all the documentation for the application to public tender. The operators found that the complex and bureaucratic procedures deter numerous potential applicants from preparing applications for EMFF funds and that the interest in preparing and submitting applications for EMFF funds is low among many potential applicants. Therefore, the recommendation of the operators was that all the (potential) final beneficiaries have to be more familiar with the Operational programme for Fisheries Development in the Republic of Slovenia for the period 2007-2013. The Managing Authority was advised to undertake additional promotional actions and to organise workshops with presentations of experience, best practices, difficulties and solutions of the Managing Authority and the Intermediate Body during the implementation of the Operational Programme for Fisheries Development in the Republic of Slovenia for the period 2007-2013 thus far. The MA thus put more effort into promoting recognition of the actions and also began to seek best practices in other Member States to provide additional expert assistance to fishermen and aquaculture producers to prepare applications and claims for payment.

Planned activities:

In the 2014-2020 programming period, the MA will be committed to reducing administrative burdens in accordance with its competences. Before beginning the implementation of the OP EMFF 2014-2020, we will carry out counselling workshops with fishermen and aquaculture producers to ensure a reduction in administrative burdens and simplification of procedures. Efforts to improve cooperation

between national institutions and the sector will be strengthened. Data from public records will be obtained ex officio, which will help applicants to collect documentation for their applications. Greater emphasis will be put on promoting the programme and on informing potential beneficiaries and final recipients on all phases of the application and project implementation. All potential beneficiaries will thus be able to learn more about the OP EMFF 2014-2020. At the same time, greater attention will be paid to information on good practices.

3. DESCRIPTION OF THE INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT

The objective of an integrated approach to territorial development is to ensure harmonious development and to enable all citizens to make the best use of the given natural conditions and opportunities, taking into account the specifics of each area.

At the NUTS 3 territorial level, Slovenia is divided into twelve statistical regions, while in the 2014–2020 programming period, at the level of NUTS2, it will be divided into two cohesion regions, i.e. the cohesion region of Western Slovenia (4 statistical regions) and the cohesion region of Eastern Slovenia (8 statistical regions), which differ from each other in their levels of development. Development problems are mainly concentrated in the cohesion region of Eastern Slovenia. Development differences (also defined by a development risk index – IRO) affect the quality of life both at regional and local levels. The difference between the two regions is also attributable to the fact that the capital city, Ljubljana, which is the centre of social and economic activities in the country, is situated in the more developed cohesion region of Western Slovenia. The population in Western Slovenia tends to achieve higher educational levels and a higher labour force participation rate, as well as lower unemployment. The cohesion region of Eastern Slovenia has lower population density relative to the national average, mainly due to the sparsely populated border areas and large forest areas.

In order to reduce these development disparities, it is essential that special development potential and key challenges of each region or territory, which has to be included also in strategic, programming and implementing documents on the national, regional and local levels, be addressed and dealt with properly.

Parallel to the preparation of strategic and programming documents at the national level, which focus on the implementation of cohesion policy, rural development policy, maritime and fisheries, and the ETC programmes (Partnership Agreement, operational programmes, Smart Specialisation Strategy), 12 regional development programmes are prepared (NUTS 3 region) for the 2014-2020 (RDP) period. These programmes will define regional development capacities and strategy objectives at the regional level, as well as the link with national strategic objectives.

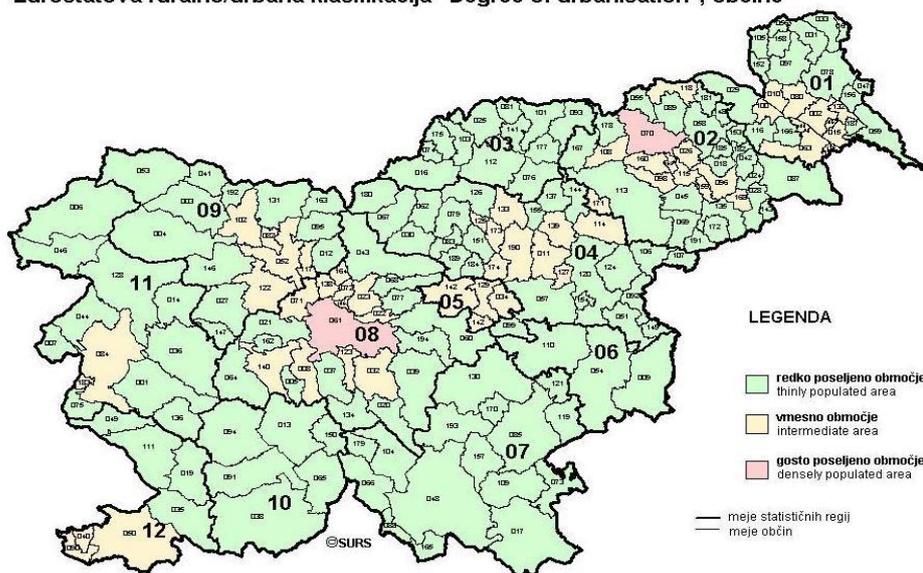
Urban centres which meet the criteria for the use of funds for sustainable areas (through the Integral Territorial Investment mechanism) will also contribute to regional development with the preparation of adequate sustainable urban strategies which are efficiently implemented and focused on issues of improving urban areas' competitiveness and the quality of life (detailed specifications regarding the funds allocated to the sustainable development of urban areas is given in Chapter 3.1.2).

Slovenia is a largely rural ²¹¹country. There are great differences in development and population density between rural and urban areas. Also, individual rural areas differ widely from one another, so one of the main objectives is to reduce the differences between them and ensure their sustainable development in the economic, social and environmental fields.

Figure 4: Representation of rural and urban areas in Slovenia

²¹¹ https://www.stat.si/tema_sposno_upravno_podezelje_predstavitev.asp

Eurostatova ruralno/urbana klasifikacija "Degree of urbanisation", občine



Viri: Eurostat, Statistični urad Republike Slovenije in Geodetska uprava Republike Slovenije

Source: Eurostat.

Development and the reduction of differences can be achieved also with the application of the local development approach, under CLLD. This approach is a tool to promote integral local development based on a 'bottom-up' approach. It facilitates tackling development problems, the coordinated intervention of various sources of finance, and flexibility in attaining development objectives. In this way, opportunities for innovations arise. The objectives are promoting social inclusion, fighting poverty and discrimination, the reduction of regional differences, and the economic development of rural areas. This approach also significantly contributes to the preservation and protection of the environment, the cultural landscape, cultural heritage and its features. Since Slovenia will start its integration into the CLLD approach, the respective approach is presented in Chapter 3.1.1 in detail.

To achieve balanced development between local areas, it is necessary to implement close cooperation among different funds, which will start resolving local development requirements through collaborating and complementing.

Territorial differences and needs at the NUTS 2 and NUTS 3 levels are presented in the introductory part of the Partnership Agreement (in the sub-chapter Regional Development) and in individual thematic objectives. On the basis of thematic objectives, the following territorial challenges below were identified.

In the scope of thematic objective 1, the development partnership will be promoted throughout Slovenia in accordance with Smart Specialisation Strategy guidelines, which serve as a basis for cooperation and seeking synergies between the economy and research organisations. To increase the added value and innovation capacities of the economy, RDI (technological and non-technological innovations) investment is also crucial for the development of both regions, especially in terms of regional development specialisation. It is therefore reasonable for regions to focus on those activities that support their own development specialisation.

In the context of thematic objective 2, there will be no more hindrance to economic productivity in rural areas after access to broadband infrastructure is guaranteed. On the basis of the recognised requirements and issues, a unified approach to the implementation of measures will be applicable in both cohesion regions.

Regarding thematic objective 3, the main developmental challenge in both cohesion regions is to upgrade and adapt the existing supporting environment, which according to their specific requirements will help to increase the entrepreneurship, productivity and competitiveness of existing enterprises and promote the emergence of new innovative companies, with an emphasis on high-tech enterprises developing technologies, products and services in areas, defined in the Smart Specialisation Strategy for Slovenia. In the cohesion region of Eastern Slovenia, more attention has to be paid to the connection of supporting institutions to transfer knowledge and competences, and a centralised offer of services. Also, the activation of the existing economic and business infrastructure will be important for both cohesion regions. It will represent the very beginning of new economic activities in individual regions at the NUTS 3 level and contribute to the process of networking of various players in the field of economic development.

Thematic objective 4 emphasises the fact that despite previous investment in the energy renovation of buildings, renewable and efficient consumption of electric power there are still great needs to continue and complement these investments in both regions. In the structure of investments in energy efficiency, investments from EU funds in the energy renewal of public buildings prevailed in the 2007-2013 period (cohesion region of Eastern Slovenia 66%, cohesion region of Western Slovenia 56%), especially of building owned by local communities.

Investment in renewables then followed, the share of which was comparable in both cohesion regions (cohesion region of Eastern Slovenia 25%, cohesion region of Western Slovenia 29%); to a lesser extent the investments were implemented in efficient electric power consumption and public lighting systems.

Regarding the contributions of Slovenia to the EU 2020 objectives, the support for measures for the energy management in the public sector and the reduction of GHG emissions will continue in the 2014-2020 period. The major contributions to this end will be provided by smart active networks that enable the active incorporation of consumption and dispersed production and the introduction of new advanced services for low-voltage power network users. An important area to allow the shift to low-carbon society is the improved situation in sustainable mobility and the use of public transport, which is under-developed in Slovenia. The key challenge will be to halt the trend of redirecting to personal transport and to design attractive complex solutions that amalgamate investments in infrastructure for integrated public passenger transport, mobility management measures and the generation of solutions for smart mobility.

Slovenia is facing the consequences of climate changes and risks due to natural disasters, etc. The respective solution will be dealt with in thematic objective 5. The last major floods in 2012 caused great material damage in the Drava river basin and other areas of the cohesion region of Eastern Slovenia. On the basis of the latest available data from 2010, it was established that development issues are more prevalent in the cohesion region of Eastern Slovenia. It is thus reasonable to allocate the ERDF funds to anti-flood measures in this area. Climate change has also affected the agriculture and forestry sectors, both of which need to adapt accordingly.

Slovenia is one of the most biodiverse EU Member States. The Natura 2000 network and other protected areas are located in almost all Slovenian municipalities (203 out of 211) and cover 42% in the cohesion region of Western Slovenia, while the percentage is somewhat lower in the cohesion region of Eastern Slovenia, i.e. 35% of the area. Due to a great number of municipalities with a Natura 2000 area and due to a great part of the area which is defined as Natura 2000 in both

cohesion regions, we will take a uniform approach at the national level when implementing measures under thematic objective 6. Thus, the funds will be used in those areas of Natura 2000 areas where the greatest possible synergy effects can be achieved (protective, economic and social). A unified approach will also increase administrative efficiency. In the context of thematic objective 6, investment in environmental infrastructure in both cohesion regions will also continue according to the recognised requirements. Past investments of CF and ERDF funds in environmental infrastructure have considerably improved the situation in this area. Nevertheless, the needs in both cohesion regions are still great, especially regarding the fulfilment of EU regulations, as Slovenia will have to deal with legal actions for violating the Community *acquis* if it fails to fulfil these regulations. Access to good-quality drinking water is still not provided for all citizens in the Republic of Slovenia, and great losses of drinking water in the water supply systems are also a great issue. Therefore, NRP also envisages investments in this area. More than a third of water bodies do not reach good ecological status, the key reasons being hydromorphological burdens. The majority of jobs are concentrated mainly in urban centres and their immediate surroundings (business zones), which is also evident from the trend of daily commuting from suburbanised areas or countryside to urban areas. This has a major impact on air quality. An issue to which insufficient importance is ascribed is waste management. The implementation of measures to prevent waste production and achieve the objectives of their recovery and reuse is an opportunity for development. In thematic objective 6, specific emphasis is also put on the restoration of brownfield areas, mainly by applying the ITI mechanism.

Thematic objective 7 deals with the requirements and capacities of Slovenia regarding sustainable transport and bottlenecks in key network infrastructures. Investments in the 2007-2013 period have significantly contributed to increasing Slovenia's competitiveness and also individual economic and logistics activities. In terms of regional road traffic infrastructure, more investments were made in the cohesion region of Eastern Slovenia but, considering the need to arrange connections, these investments were not nearly sufficient. There are more requirements in both cohesion regions than there are available cohesion policy funds for the construction and improvement of transport infrastructure, which is why other available sources need to be introduced to attain the objectives. The National Programme of Transport and Transport Infrastructure Development in the Republic of Slovenia by 2020 with a vision by 2030 will offer answers regarding the needs for investment in an adequate transport infrastructure in both cohesion regions. It will indicate key bottlenecks and define priority areas for the investment of CF and ERDF funds in transport infrastructure to increase the competitiveness and connectivity of the regions.

In the context of ensuring balanced territorial development, on the one hand, it is important to strengthen (international) competitiveness in urban centres and at the same time improve the quality of life there. On the other hand, it is also important to strengthen regional centres outside the major urban areas, which play an important role in providing (new) jobs, and which facilitate access to public services at the regional level.

3.1 The arrangements to ensure an integrated approach to the use of the ESI Funds for the territorial development of specific sub-regional areas

In Slovenia, regional development potential has not been fully exploited, so in this programming period a greater emphasis will be placed on coordinated action between national and regional levels, based on the intersection between development documents at national and regional levels. In the context of preparing regional development programmes (RDP) at the level of the statistical regions, we also concentrated on identifying the region's specialisation as a method of concentrating and

activating the region's potential. Regions will therefore promote development based on their comparative advantages (geographic, cultural, natural, economic and social). Integration between regions and the creation of joint projects and initiatives to achieve synergies in several regions simultaneously will also be promoted. In this context, the complementarity of EU Funds and other available resources is of key importance.

Pursuant to national legislation, the RDP are realised through agreements for the development of regions, new instruments of regional policy which are concluded between the ministry competent for regional development and the Regional Development Council for a four-year period. Pursuant to national legislation on regional development, the body competent for regional development issues an opinion on RDP compliance, which also includes the opinions of relevant ministries. The adoption of the RDP by Regional Development Councils is expected at the end of September. By the end of 2014, the adoption of the majority of agreements for regional development is expected.

Regions are connecting to prepare and implement interregional projects and joint development programmes that have a developmental effect on several regions and require a critical mass of development capacities. In providing the common scope of funds to co-finance regional projects in the individual regions, the eligibility regarding the EU Cohesion Policy, the population and the level of regional development are taken into account.

Projects for co-financing under ESI Funds will be selected according to a competitiveness procedure, while the formation of relevant selection criteria, taking into account the differences between regions at the NUTS 3 level will be adopted in a manner that enables less developed regions to reduce development gaps more easily.

The territorial OECD report on Slovenia (2011) states that it is necessary to exploit the comparative advantages of all 12 statistical regions (development specialisation), and improve their economic situation. Although the contribution of the Central Slovenian region to the economic development of Slovenia is the greatest, in order to increase economic growth it is also necessary to stimulate the economic growth and development in other regions with so far unexploited local territorial potential. Workforce mobility and accessibility to urban centres should be improved. It is necessary to use natural resources effectively (e.g. efficient use of land for economic development). It is necessary to overcome the dispersal of human capital and innovation potential of regions and thereby increase productivity. The latter is also associated with education, the efficiency of the innovation system and with organisational and social innovations.

Due to its geostrategic position, Slovenia is considered an important transit country. The geostrategic position also means that the country has numerous border areas, which are mostly less developed and harder to access. The requirements and capacities of these regions will be defined in detail in the RDP regions that border on neighbouring countries (Croatia, Italy, Austria and Hungary), and in the ETC operational programmes.

3.1.1 Community-led local development

Slovenia has a great deal of experience with the implementation of local development. Already at the beginning of 1990s, point-oriented projects were being prepared and implemented in rural areas, which was a new approach to rural development with the active participation of the local population. It was these projects which contributed to the establishment of numerous local players who later participated in preparing and implementing various approaches. Such experience was used when introducing the LEADER approach in Slovenia in the 2007-2013 programme period. 33 local action

groups (LAG) implemented LEADER measures under the RDP 2007-2013. The LAGs were certified by the Managing Authority at the Ministry of Agriculture and the Environment in 2008 and 2009. The LAGs carried out various projects which they selected with a bottom-up approach and which contributed to realising local development needs. In the same period, in the scope of EMFF the bottom-up principle was carried out with the fourth axis: sustainable development of fisheries areas implemented by the coastal action group. Local requirements were also dealt with in the EMFF 2007-2013 under the priority guidelines 'Regional Development'.

Spatially balanced local development is of major importance for providing sustainable and nature-friendly development of the country. Balanced local development is based on exploiting local development capacities, especially the construction of social capital with the active participation of citizens in joint planning and decision-making regarding their own local development according to the principle of subsidiarity and participatory democracy. To achieve the balanced development of local areas, it is necessary to implement close cooperation among different funds, which will start to resolve local development requirements through collaborating and complementing.

The 2014-2020 programming period envisages the application of the CLLD approach in three funds, i.e. EAFRD, EMFF and ERDF (Funds). CLLD is a tool to promote integral local development according to the bottom-up principle and provides for dealing with developmental issues, coordinated intervention with various financing sources and flexibility in achieving development objectives, and opens an opportunity for development with such an approach. The objective is the stimulation of social inclusion, combating poverty, discrimination, the reduction of regional development gaps and the economic development of areas. Furthermore, it contributes greatly to preserving and protecting the environment and cultural landscape, cultural heritage and its elements. Other challenges are strengthening and increasing the qualifications of local development partnerships and strengthening partner development decision-making as a method for the guided and coordinated treatment of development issues of local areas at the lowest level, also by applying public means.

CLLD will be implemented with a unified thematic objective for all incorporated funds: promoting social inclusion and combating poverty and any discrimination, while it will also contribute mainly to the realisation of these thematic objectives: the increase the competitiveness of SMEs, agricultural sector and maritime and aquaculture sector; support in the transition to a low-carbon economy in all sectors; environment preservation and protection and the promotion of efficient resource use, the stimulation of sustainable and high-quality employment and labour force mobility.

Integral measures are of crucial importance for development, especially in rural areas that have significantly different levels of development. Compared to urban areas, these have special developmental needs, problems and opportunities, which also call for a different developmental approach. The challenge of the CLLD approach is to accelerate the development of rural areas through joint measures and thus create opportunities for new jobs, a higher quality of life, better accessibility and also the preservation of cultural and landscape features and dealing with demographic changes.

The support under the LEADER measure is focused on the action, 'Green jobs and the coherent and sustainable development of rural areas, based on the development of the local potential of the rural environment.' To provide for the coherent and sustainable development of rural areas, apart from investing in the development of basic infrastructure, investments should also be made in the development of cultural, leisure time and other activities, especially those which contribute to greater social inclusion. The provision of infrastructure in rural areas is the first condition for

developing entrepreneurship, accommodation and other services in rural areas. The LEADER funds will thus support small infrastructure in rural areas. The high unemployment rate, especially among the young and other vulnerable groups, low economic growth and lack of jobs, as well as the high dependence of rural areas on the cities are among the challenges with which all local partnerships will have to deal. Job creation in rural areas and the promotion of higher social inclusion are thus very important tasks attainable only with coordinated operations between various sectors and Funds. Care for the environment and the sustainable use of renewables are also among the challenges.

In accordance with Article 32 of Regulation (EU) No 1303/2013, support for Community-led local development should be consistent with all the Funds which support Community-led local development. This is provided through the coordinated reinforcement of capacities, relevant selection, approval and financing of local development strategies and local development strategies. For this purpose, the managing authorities responsible for Funds will establish a CLLD Coordination Committee. The Committee will be responsible to individual managing authorities. Their task will be the provision of synergies and information flow among all Funds and bodies included in the CLLD implementation. The Committee will also cover the preparation of common national implementation regulations, which will specify in detail the tasks, relationships and responsibility of the incorporated Funds. These regulations will also define the conditions and procedure for the selection and approval of LAGs, mandatory local development strategies (LDS), financial provisions and liabilities regarding the fulfilment of the CLLD approach conditions. Another task of the CLLD Coordination Committee will be to select LDSs and LAGs which will be based on the unified procedure and common criteria. The final decision regarding the selection of LDSs and LAGs will be made by individual managing authorities.

In the scope of implementation of a common CLLD approach, all interested parties in 2014 will be summoned on the basis of national implementation regulations to start to form LAGs and prepare local development strategies.

The CLLD approach will be implemented throughout Slovenia. The LAGs have to be formed in areas with common local needs and challenges. It has to focus on special sub-regional areas, which means that they deal with special geographical and demographical problems. The area in which a LAG is formed has to contain between 10,000 and 150,000 inhabitants.

The definition of 'rural area' as the spatial framework in which the LEADER measure is implemented under RDP is in accordance with the requirements under the sixth paragraph of Article 33 of the EU Regulation (EU) No 1303/2013. The LEADER measure will support the operation implemented within individual LAGs and outside towns with over 10,000 inhabitants, which were recognised as non-rural areas.

In the context of the EMFF Fund, also settlements with over 10,000 inhabitants which fulfil the LDS objectives for maritime economic fisheries and mariculture can be included in the implementation measure. On the basis of criteria and experience related to the implementation of LEADER measures in the RDP 2007-2013, we expect that the number of LAGs will not change significantly. The LAGs which meet the objectives set in the LDS also with EMFF funds have to fulfil the conditions in accordance with the requirements under Point 5 of Article 3 of Regulation (EU) No 508/2014. Slovenia defined the aquaculture area with these criteria: the amount of cold-water aquaculture production of 50 tonnes per year in the area covered by the LAG, and/or 30 tonnes of warm-water aquaculture per year. At least three economic entities engaged in breeding freshwater organisms intended for human consumption should be registered within the LAG territory. Local development,

managed by the maritime economic fisheries and mariculture community, is taking place in the coastal area of the Republic of Slovenia.

Through the CLLD approach, the EMFF Fund will support measures in LAG areas and in settlements with over 10,000 inhabitants by settlement size classes according to the statistical data (Statistical Office of the Republic of Slovenia, 1 January 2014), except for settlements of urban municipalities.

In the process of preparing a local development strategy, all key elements as defined under Regulations (EU) Nos 1303/2013, 1305/2013 and 508/2014, and national implementation regulations have to be considered and included. Local development will promote LAGs in four thematic areas of action:

1. job creation,
2. basic services in rural areas,
3. environment protection and nature preservation, and
4. greater inclusion of the young, women and other vulnerable groups.

These areas will follow thematic goals and tackle challenges related to high unemployment, increasing competitiveness, improving basic services, including local infrastructure and resultant dealing with the depopulation issue, preservation of landscape identity as well as protection of environment and natural resources. Higher social inclusion and fight against poverty will be promoted.

The LAGs have to include local development strategies in all thematic areas of action, whereas the arrangement of priority tasks by individual thematic areas of action depends on identifying the need of local inhabitants, who will determine the relations between individual thematic areas of action. The LAGs have to determine in the local development strategy from which Fund the objectives of individual thematic area are going to be realised. The inclusion of the EMFF is mandatory in the coastal area of the Republic of Slovenia.

When checking and coordinating local development strategies, the CLLD Coordination Committee will ensure that the LDS content follow priority thematic areas of actions defined at the EU level, and that coordination between various development documents at the national, regional and local levels will be provided.

LAGs will perform tasks according to Regulation (EU) No 1303/2013. The LAGs will realise the objectives set in the LDS, supported with means from individual Funds, with the following sub-measures:

- a) Preparatory support for activities related to strengthening institutional qualifications, training and networking for the preparation and implementation of the LDS,
- b) Support for implementing LDS operations,
- c) Support for preparing and implementing LAG cooperation operations,
- d) Support for running costs and animation, which is used to recover the costs of LAGs operation and management.

The funds under the sub-measure 'preparatory support' will be disbursed according to Point 1(a) of Article 35 of Regulation (EU) No 1303/2013. Preparatory support will be disbursed in proportional shares from all relevant Funds included in the LDS. Preparatory support will be disbursed at a flat rate to those LAGs which prepare LDS according to the EU and national regulations. The purpose of support is to reimburse costs incurred in the LAGs during the preparation of LDS. This support thus

includes measures for training local interested parties, examining the relevant area, the costs of LDS preparation, administrative costs and aid for small pilot projects.

Financing of other sub-measures: support for running costs and animation, while support for the implementation of strategic operations of local development and the implementation of LAGs participation will take place separately from all Funds according to the LDS.

The implementation of local development managed by the community is mandatory for the EAFRD Fund. Pursuant to Article 59 of Regulation (EU) No 1305/2013, the LEADER approach should receive at least 5% of the EAFRD total contribution. EUR 41.8 million will be allocated from the EAFRD Fund to implement the CLLD approach. The CLLD approach will also be supported by the EMFF and ERDF funds, i.e. EUR 5 million from the EMFF and EUR 30 million from the ERDF.

3.1.2 Integrated territorial investments

Since this is a new instrument and its implementation is complex, Slovenia chose to use the ITI instrument only to implement integrated measures for the sustainable development of urban areas, which is described in detail in Chapter 3.1.3. In terms of other recognised content in other respective strategic and programme documents in the Republic of Slovenia, which could apply the ITI instrument due to their implementing integration and attaining clearly defined objectives, which will contribute to the realisation of Europe 2020 objectives, adequate areas and specific content will be defined subsequently and in connection with content from regional development programmes.

3.1.3 Sustainable urban development

The Spatial Development Strategy of the Republic of Slovenia is the fundamental document for steering national spatial development. It includes three interrelated spatial systems: the urban system, infrastructure and landscape. The design of the basic spatial concept is designed on polycentrism, which is based on urban centres of differing importance – international, national or regional – supporting the development of respective functional areas. Supported by infrastructure, urban centres play a key role in balanced national development as economic, trade, education, cultural, residential and service centres. The Strategy emphasises the need to raise their competitiveness by providing upgrades in the fields of entrepreneurship, services and residential areas in the cities through urban renovation, which includes improving the possibilities for sustainable mobility and the quality of the urban environment.

The concentration of the population in Slovenian towns is now estimated at slightly over 50%, while the rate of suburbanisation is above average. Towns and urban settlements constitute employment centres, since most jobs are located in urban areas, where 94% of the active working population reside, 70% of whom have secondary or higher education. Urban areas grow faster and their living space is therefore exposed to more pressures. Since the first census in Slovenia, the overall population has grown by 27%, and the number of residents living in towns and urban areas has grown by as much as 60%.

From the development perspective, three prominent urban areas in Slovenia function as centres of international importance, i.e. Ljubljana, Maribor and Koper. The urban centres are crucial for the international inclusion of the state, play a key role in transport infrastructure, accessibility and connections, while, regarding national development, each has its own special importance, development opportunities and problems. Ljubljana and Maribor are the largest urban centres (the only centres with over 100,000 inhabitants), while Koper with its coastal position and port plays an important geostrategic role. Parallel to special development capacities, these cities also face development issues. The most prominent are air pollution, poor public transport coverage and bottlenecks, poor exploitation of internal urban areas for city development, as well as existing needs for new areas for economic development, while some areas also face the issue of social exclusion. All of these cities also face the issue of adapting to population ageing, which has to be considered in development strategies and solutions, especially in the urban renovation process.

Ljubljana is developing as a national centre and the most important national transport hub (TEN-T corridors crossroads), as well as an important university and cultural centre, with all the most important functions and institutions, major business, cultural, service and supply activities, and institutions of national relevance (University Medical Centre, Constitutional Court, etc.). At the international level, it is connecting with other state and regional centres. As the capital city, Ljubljana is internationally important, has the highest population and is, as the largest employment centre and

centre of the highest functions on the national and supply level, also burdened with a high number of daily commuters. Maribor is the second largest city (in terms of population and as an employment centre), a centre of important education and culture centre in the country and also a nationally important transport hub (located on Corridor X of the TEN-T network), which is linked to the neighbouring countries of Austria, Croatia and Hungary. At the national and international levels, Koper is regarded as an important cargo transport hub and port, with a significant role in the development of the hinterland. As a coastal conurbation with Piran and Izola, it functions as a centre of national importance by carrying out supply functions, and is internationally linked to the neighbouring regions of Italy and Croatia. Apart from the port, a university centre is developing in Koper. The city also shows promising opportunities for tourism development.

In addition to these three international centres, urban areas are relevant for national development, serving as important employment and supply centres and as such offer good support for polycentric urban development. Apart from three largest centres, the Spatial Development Strategy of the Republic of Slovenia identifies twelve centres of national importance. Due to their size, urbanisation pressures, multifaceted issues and projected development it specifically addresses the issue of the coordinated development of the wider city areas of Ljubljana, Maribor, Koper, Celje and Nova Gorica, where intensive interactions between large cities and their outskirts take place. Daily labour and other commuting are characteristic of these areas. They cause dense traffic, mainly with passenger cars, which puts pressure not only on the respective city, but also on the surrounding area. Intensive interactions also take place at other centres.

As centres of international and national importance, urban municipalities, which are defined as urban authorities in terms of their tasks and position in the urban system, will be entitled to implement integral measures for sustainable urban development.

Regarding the Spatial Development Strategy provisions, urban municipalities will be able to make an important contribution to tackling the issue of urban area development, since they comprise three centres of international importance (Ljubljana, Maribor and Koper), five centres of national importance (Kranj, Ptuj, Velenje, Celje and Nova Gorica), which are cities with wider urban areas, and three centres of national importance, which represent important development hubs outside the main development axes (Novo Mesto, Slovenj Gradec and Murska Sobota).

All urban municipalities face increasing spatial and environmental pressures, such as: reduction in the attractiveness of centres due to the relocation of activities to surrounding areas (good road/traffic accessibility supports suburbanisation and peri-urbanisation); decreasing number of centre functions, in particular residential; relocation of supply functions to the outskirts; deterioration of urban areas and obsolete residential fund; large number of daily vehicles/commuters (over 100,000 in Ljubljana); underdeveloped public transport and inadequate quality of public transport services (not only in the city but mainly suburban transport) and poorly exploited existing railway infrastructure (e.g. short platforms prevent longer trains); poor air quality in some urban areas and thus health-related consequences (GHG and solid particle emissions); increasing number of brownfield urban areas (bankruptcies and associated proceedings prevent the renovation and usage of degraded industrial areas); and the difference between the spatial location of jobs and places of residence – the reason for commuting.

For this reason, we have to focus on: making urban areas attractive again by introducing efficient renovation to brownfield areas and reviving urban areas, as well as integrating the renovation of residential neighbourhoods; re-establishing their economic, residential and supply functions; improving urban environment status and possibilities for implementing sustainable mobility; improving the quality of the environment and life in cities, especially through the renovation of

energy-inefficient and non-functional residential building stock and public areas for leisure activities, relaxation and social contacts; improving cities' preparedness for climate change (e.g. by establishing green and blue belts, greening of facilities); increasing the capacities and qualification of local communities to implement integral urban development and renovation projects.

Figure 5: The polycentric structure of the urban system and development of wider urban areas



Meja na morju med RS in RH je prevezta po pogodbi o skupni državni meji med RS in RH (priloga 1), ki sta ga 19.07.2001 podpisali obe vladi. 20.07.2001 pa je bil parafiran s strani vojni pogajalskih skupin.

Karta št.4

ZASNOVA POLICENTRIČNEGA URBANEGA SISTEMA IN RAZVOJ ŠIRŠIH MESTNIH OBMOČIJ

Source: Ministry of Infrastructure and Spatial Planning

- **Approach to sustainable urban development**

Sustainable urban development is based on the principle of internal urban development (exploiting the potential of brownfield urban land, vacant and poorly used sites for development in urban areas) and good functional collaboration and networking with other cities and surrounding areas.

In Slovenia, sustainable urban development will be supported through the instrument of integrated territorial investment (ITI). With this instrument, it will be possible to implement integrated urban development and integrated urban renewal projects, linking together activities aimed at improving the quality of the living environment and security in cities/towns, energy efficiency, sustainable mobility and accessibility, entrepreneurship development and social inclusion. The emphasis is on implementing integrated investments, sensibly linking and resolving several issues simultaneously in the area of the intervention in question. Priority will be given to investments which directly contribute to creating new jobs and improving the living environment.

ITIs in sustainable urban development combine investment priorities mainly from thematic objectives 4 and 6, as well as other relevant thematic objectives.

For the successful implementation of sustainable urban development operations and promotion of the competitiveness of Slovenian cities, the application of the ITI instrument is provided at the level of urban municipalities which perform the task of providing uniform spatial and urban planning

arrangements, planning city development, and implementing and providing municipal needs, while also taking care of steering spatial development in terms of their gravitational areas. Urban municipalities need to prepare sustainable urban strategies, on the basis of which they apply for the funding necessary to implement selected integral urban projections (operations).

Based on the agreement between urban municipalities and the ministry responsible for urban development, urban municipalities will at least be responsible for the selection of operations, and depending on their qualifications, also for execution and control of the implementation of these operations.

The selection of urban areas is based on the following:

- terms and purpose of the ERDF Regulation and conditions set by the EC in negotiations with Slovenia,
- status and implementation of tasks related to an urban municipality in accordance with applicable national legislation on local government,
- valid SDSS (city's role in the polycentric urban system),
- specifics of Slovenian space and cities/towns.

On the basis of these points, eleven Slovenian urban municipalities are entitled to use the ITI instrument for sustainable urban development. These municipalities will implement operations in city areas and urban municipalities' settlements (classification of Statistical Office of the Republic of Slovenia).²¹² Other urban areas not included in the respective ITI implementation system will be entitled to funds due to corresponding priority tasks on the basis of the selected justifiable content for co-financing.

A Sustainable Urban Strategy prepared and confirmed by the urban municipality is a condition for acquiring funds for co-financing operations of sustainable urban development in the respective areas. Sustainable urban development has to include economic, environmental, climate, demographic and social challenges and objectives which are crucial to the sustainable development of a specific urban area, and also provide a proposal for integral urban projects, i.e. co-financing operations. Guidelines for the preparation of Sustainable Urban Strategy and criteria for awarding projects are formed by the ministry responsible for urban development, in cooperation with the Managing Authority.

A more detailed definition of the implementation infrastructure will be presented in the OP framework for the implementation of cohesion policy.

- ***Framework of allocation of funds at national level for integrated actions in a sustainable urban development context***

Table 23: Framework allocation of funds for integrated actions in a sustainable urban development context within the ERDF at national level

²¹² Statistical Yearbook of the Republic of Slovenia 2013, 32. Review by urban areas, Methodological explanations.

Fund	Framework allocation of funds for integrated actions in sustainable urban development context at national level (in EUR million)	Share of total allocation of resources to relevant fund (%)
ERDF	107,130,370.49	7.7 %
CF	10,000,000.00	1.1 %
Total ERDF+ESF	117,130,370.49	5.12 %

3.1.4 The main priority areas for cooperation in the field of macro-regional and sea basin strategies

Through ETC cross-border programmes, Slovenia will favour common development strategies with an active role being played by local and regional authorities, and creating conditions for joint and responsible management of common wealth, thus contributing to different views on the common space.

The establishment of cross-border functional areas has strategic importance for Slovenia. Aimed at establishing long-term territorial cohesion, the strengthening of functional links between border cities and the development of the Slovenian polycentric settlement system will also provide steady supply for inhabitants living in predominantly rural border areas. In the context of cross-border cooperation programmes, priority is given to encouraging the participation of partner institutions directly concerned with border issues and faced with specific problems and opportunities, such as eliminating disparities in the possibilities of operation of business entities, disparities in the labour market and labour mobility, or disparities concerning technological development and the flow of knowledge and information. Investments will be aimed at encouraging legal and administrative cooperation, joint environmental protection, and promoting the efficient use of sources, etc. Special attention will be paid to Slovenian minorities regarding their reintegration into Slovenian cultural life, which also has economic, cultural, historical and political significance for Slovenia.

Regarding cross-border cooperation, the existing European Groupings of Territorial Cooperation (EGTC GO, operating in the cross-border conurbation of Gorizia and Nova Gorica, and EGTC Pannonia involved in cross-border area cooperation with Hungary) and the newly created EGTC will play an important role as a promoter of strategically oriented approach, since EGTCs operating in border regions have clearly articulated objectives aimed at the development of common border areas.

The contents common to all cross-border programs (with Italy, Austria, Hungary and Croatia) and to transnational programmes (Danube and Adriatic-Ionian region) for the most part have a place among the measures of the future Danube and Adriatic-Ionic macro-regions, as an example of activities concerning:

- the preparation and implementation of water management plans and preparation of detailed water management plans for cross-border river basins (rivers Soča with Vipava, Drava, Mura, Sava and its tributaries),
- the preparation and implementation of plans to reduce flood risks in cross-border river basins (rivers Soča with Vipava, Drava, Mura, Sava and its tributaries),
- improving mobility and multimodality – road, rail, sea, river and air links,
- providing a favourable status of species and habitat types within NATURA 2000,
- developing a high-quality green tourism offer based on active nature conservation and the integration of natural and cultural potential,
- support for the capacities of SMEs for growth and integration in innovation processes, especially through the transition to a low-carbon economy in all sectors.

In the Austria–Slovenia cross-border area, Slovenia’s key thematic objectives are: strengthening research, technological development and innovation, improving the competitiveness of SMEs and protecting the environment, and promoting resource efficiency.

In the Italy–Slovenia cross-border area, Slovenia’s key thematic objectives are: research and development (cooperation of higher education institutions and research organisations, protecting the environment and promoting resource efficiency in order to protect natural and cultural heritage

and develop cross-border tourist destinations; joint actions in response to climate change and the high risk of natural disasters (e.g. floods, drought, erosion, etc. which require inter-ministerial water management) and support for the shift to a low-carbon economy in all sectors (sustainable mobility between cities and rural areas, promotion of public passenger transport and upgrading of biking trails). The programme will stimulate capacities for cross-border cooperation between administrations and citizens.

In the Hungary–Slovenia cross-border area, Slovenia is focusing on supporting employment by developing local capacities under two thematic objectives, i.e. the shift to a low-carbon society (projects in the field of energy efficiency and renewable sources, particularly geothermal), and the thematic objective of preservation and protection of the environment and promoting resource efficiency through new contents in the areas of environmental integration, cultural and natural heritage, and tourism (cross-border environmental protection, cross-border tourism destinations, health tourism, organic food and self-sufficiency).

In the Croatia-Slovenia cross-border area, the key thematic objectives were identified as environment preservation and protection, and the promotion of resource efficiency – and especially the preservation and implementation of natural and cultural heritage – as well as improving SMEs' competitiveness, and support for employment by stimulating investments in research and innovation, and the connection of enterprises with research centres, support for the transition to a low-carbon economy and promotion of social inclusion.

In the scope of cross-border programmes, Slovenia supports the notion that funds will also be allocated to small projects under the thematic objective of administrative capacities.

The coordination of the preparation of the Partnership Agreement, the Operational Programme for Cohesion Funds and cross-border cooperation programmes takes place within one institution, which both in the documentation preparation stage and during implementation provides for the complementarity and synergies of various funds at national and regional levels. At NUTS 3 level (statistical regions), Slovenia prepares regional development programmes in accordance with balanced regional development legislation to be used with investments from different sources of financing in key development areas based on territorial challenges and opportunities. In this context, the use of multi-level management instruments such as EGTC GO has been envisaged.

The coordination of the preparation of macro-regional strategies is the responsibility of the Ministry of Foreign Affairs, while the coordination and implementation of individual elements of strategies and the preparation of projects are the responsibility of individual ministries. For the period after 2014, an enhanced role of inter-ministerial coordination of macro-regional strategies has been envisaged within the committee framework, where all ESI funds are to be considered with a view to achieving better complementarity and synergy effects as a result of participation in EU macro-regional strategies.

- ***Strategic orientations of Slovenia in the preparation and implementation of macro-regional strategies in the context of relevant thematic objectives***

Thematic objective 3: Enhancing the competitiveness of small and medium-sized enterprises

Considering the small size of Slovenia's fisheries sector and its scientific research capacity, the EUSAIR represents an opportunity to develop the sector in the context of joint projects to promote further development of entrepreneurship in the field of extracting and processing seafood based on competition, rapid responsiveness to market needs and value-added products in the context of responsible and sustainable production and consumption. The Republic of Slovenia will concentrate

on the possibility of implementing joint research projects which could facilitate the integration and cooperation of the sectors, the scientific research community, mariculture and the processing industry and public institutions (participation in joint research clusters and networks under the EUSAIR). The EUSAIR, indeed, presents an opportunity to use the potential of establishing new jobs and the potential for developing (new) quality products and services. Under this thematic objective, the tourism-related SME investments will contribute to the objectives of the fourth EUSAIR Pillar, i.e. 'Sustainable Tourism' which relates to measures oriented to promoting sustainable, hinterland, coastal and maritime tourism. Preserving and introducing cultural heritage will also come to the fore. The objective of these measures is to reduce seasonal dependence on tourism visits of the whole region and its recognition as a whole.

Thematic objective 5: Promoting climate change adaptation, risk prevention and management

Climate change issues are also taken into account in the regional approach in the context of the EUSDR environmental pillar, which specifically identifies the issues of water management, environmental risks and preserving biodiversity. Slovenia strives for concrete action, which is complementary to pursuing the objectives set out in detail in *thematic objective 5: promoting climate change adaptation, risk prevention and management*, and in thematic objective 6: preserving and protecting the environment and promoting resource efficiency.

In this context, under the EUSDR and EUSAIR, Slovenia will pursue the following objectives as priorities:

- i) flood safety (also in terms of the active use of non-construction measures in the transnational river basins of the rivers Mura, Drava, Sava and Soča with tributaries),
- ii) comprehensive water management (both in terms of access to drinking water and municipal governance, by promoting investment in the water sector to meet the requirements of environmental legislation), and the implementation of the Protocol on Integrated Coastal Zone Management in the Mediterranean - ICZM), and
- iii) management of protected areas in the region (e.g. NATURA 2000), either through new transnational projects or continuing work on existing cases of transnational cooperation.

The EU Strategy for the Danube Region (EUSDR)

Based on professional forecasts, the number of extreme weather events in Europe is likely to increase in the future and the Danube region as a specific geographical area, regardless of the state borders, will be no exception to that. Given the key role of water in the Danube river basin, it can be assumed that these phenomena will cause, in particular, frequent fluctuations in water levels, which will have a direct impact on citizens and businesses in the region. In the same way, increasingly frequent and severe floods, excessive heat and lack of water also constitute some of the fundamental challenges in the region for the everyday, agricultural, industrial and other corporate and urban activities.

In the future EU financial perspective, Slovenia will strive in the EUSDR context for further cooperation concerning the joint implementation of the management plan for the Danube region. The latter is carried out under the auspices of the International Commission for the Protection of the Danube (ICPDR) and the International Sava River Basin Commission (ISRBC). It is the interaction of activities for the implementation of the strategy with ISRBC work which is looked upon as a case of successful international cooperation that we will try to upgrade, also by taking into account the water management plan for the Sava river basin.

Based on the EUSDR, Slovenia will address the issue of reducing flood risks, which is a key challenge in the region. In so doing, we will try to develop appropriate e-solutions (e.g. DANUBE FLOODRISK as an example of good practice so far, providing common databases and flood mapping). The European

cross-border project DRA-MUR-CI, the aim of which was interaction in the field of protection against floods in the Drava and Mura river basins, will be used as a basis for future cooperation and upgrading processes.

In light of climate change adaptation, Slovenia will also be active in the field of energy and sustainable water management, where it will work on the preparation of the 2nd Sava River Basin Management Plan (2nd Sava RBMP) and sustainable operational flood forecasting in real time (the proposed project: Sustainable Operational Flood Forecasting and Real Time and Water Resources Management). In the field of spatial development, within the EUSDR, Slovenia, together with other countries along the Sava River, will support the development of an urban planning concept for the Sava River from its source to its mouth for multipurpose use.

In addition, the Danube region is characterised by a large number of industrial areas at high risk, which is a permanent threat to the environment and citizens. Cases of severe pollution in the past have shown that accidents happen and that the knowledge of potential risks, disaster preparedness and rapid response mechanisms seem essential for prevention, disaster preparedness and the extent of eventual damage.

Slovenia has ratified the Protocol on the Integrated Management of Coastal Zones of the Mediterranean (ICZM) and has acceded to activities for its implementation. Slovenia also participates in the preparation of the Maritime Spatial Planning Directive (MSP). Following the adoption of this Directive, Slovenia will prepare a maritime spatial plan with specified activities at sea in connection with the coastal zone.

Thematic objective 6: Preserving and protecting the environment and promoting resource efficiency
Regarding the environment, cooperation with neighbouring countries and in general is urgent, since the environment does not recognise administrative or political boundaries, due to which the management of international river basins should be based on natural geographical and hydrological units, which follows from the Water Framework Directive.

The EU Strategy for the Danube Region (EUSDR)

Within the framework of the EUSDR, the actions to preserve biodiversity will be associated with measures of water management. In the light of the completion of the Natura 2000 management system, we will support green infrastructure projects; priority will be given to projects carried out in synergy with anti-flood measures and measures aimed at improving the hydromorphological condition of waters, as an element in comprehensive measures implemented in Natura 2000 areas.

Because we aim to improve water quality and preserve biodiversity in Slovenia and the wider region, we will work intensively on implementing the two activities under the Strategy to accelerate the implementation of the REACH Regulation on the substitution of hazardous chemicals and the WHO Resolution on obsolete pesticides and other obsolete chemicals. Furthermore, we will combine measures in this segment with measures related to flood mitigation (especially green infrastructure) that are planned in the framework of thematic objective 5 and measures that will be implemented within the framework of activities designed to improve biodiversity.

The EU Strategy for the Adriatic and Ionian Region (EUSAIR)

The Adriatic Sea is an area of utmost importance for Slovenia, both geographically and economically, because of the strategic role this part of the Mediterranean plays in connecting countries in Central Europe to global trade flows. Slovenia has defined its ecological protection zone and continental shelf in the Act Declaring the Ecological protection Zone and Continental Shelf of the Republic of Slovenia, in which it implements its sovereign rights concerning research and the sustainable use, preservation

and management of marine resources, and its jurisdiction concerning scientific research and the conservation and preservation of the marine environment in compliance with international laws and obligations arising from the Community *acquis*. The Northern Adriatic is the most sensitive part of this region; for this reason it should be declared a protected area, in agreement with all the countries in the area, which means that a regionally integrated approach would be necessary to install any new economic facility or to undertake any other intervention that may significantly affect the balance of the ecosystem.

Slovenia is coordinating the EUSAIR environment pillar 'Preserving, protecting and improving the quality of the environment' together with Bosnia and Herzegovina; as a participant in the strategy, Slovenia will focus on implementing mechanisms for the balanced management of marine resources and coastal areas. Slovenia ratified the Protocol on Integrated Coastal Zone Management in the Mediterranean (ICZM Protocol) and will actively and as a priority support the implementation of the Protocol and maritime spatial planning. The EUSAIR will be one of the instruments of cooperation with Western Balkans countries; Slovenia has good institutional connections with these countries in various fields, in particular in environmental protection, protection against natural and other disasters, and transport.

Under the EUSAIR, Slovenia will promote the implementation of the Marine Directive, which requests countries sharing the same waters to cooperate for the purpose of developing coherent marine strategies in each marine region. In this context, we consider that in the very first phase of drafting the Marine Strategy for the Adriatic Sea sub-region, knowledge on the marine environment will have to be improved in order to enable the development of efficient measures to improve and maintain a good environmental condition on the sea bed. With neighbouring Italy and Croatia and within the EUSAIR, Slovenia will continue to address the issue of the shallow Northern Adriatic by applying the basic principle of the Marine Directive, i.e. an ecosystem approach enabling the sustainable use of marine goods and services. Because of the trans-boundary nature of the marine environment, this approach is possible only with cooperation between all countries that share a particular region or sub-region. A very important step in this process is the accessibility of relevant information in the region; for this reason, under the EUSAIR, Slovenia will support the idea of establishing a regional database on the status of the sea (biological and environmental indicators) and to harmonise and unify methodologies for defining objectives and measures.

As several countries share the same marine basin, it is imperative that they cooperate under the EUSAIR in terms of exchanging data, know-how, experience and good practices on sustainable management of the marine environment, with an emphasis on the sustainable exploitation of resources and endeavours to achieve a good status for natural habitat types and species or fish stocks in the common marine basin. Slovenia and its fisheries scientists are already participating in existing initiatives concerning the collection and assessment of data on sustainable management of fishing activities (for instance, the FAO-AdriaMed Project) and are also cooperating with countries concerned in the implementation of the recommendations of the General Fisheries Commission for the Mediterranean (GFCM). It is reasonable to continue and extend this cooperation in the future, also in connection with obligations to be adopted under the common fisheries policy reform. Common and shared know-how regarding the sea bed, ecosystems and species may certainly enable the sustainable management of natural resources in the common sea basin. The implementation of common regional projects would also be valuable to the sustainable development and management of Slovenia's commercial fishing industry: the enhancement of scientific cooperation on collecting and assessing data on fish stocks, improvement of data exchange on uses of marine goods and on common stocks; activities for the exchange of good practices, innovations in the area of sustainable fishing practices; the acquisition of new fishing know-how; strengthening cooperation on supervision of the fisheries industry, and safety at sea. Considering the small scale of Slovenia's fisheries industry

and the fact that Slovenian commercial fishing depends mostly on fish from shared stocks in the Northern Adriatic, and that a large share of the activity concerns small-scale coastal fishing, Slovenia's stakeholders will participate in EUSAIR initiatives to the extent of Slovenia's needs and capacities, with close consideration of the development of initiatives and projects at EUSAIR level. The investments under this thematic objective will also contribute to objectives of the fourth EUSAIR Pillar 'Increasing regional attractiveness', which is intended to stimulate sustainable, hinterland, coastal and marine tourism.

Thematic objective 7: Promoting sustainable transport and removing bottlenecks in key network infrastructures

The EU Strategy for the Danube Region (EUSDR)

Slovenia will continue to play an active role in the implementation of the operational objectives and concrete projects of the following EUSAIR priority area, 'To improve mobility and multimodality (covering road, rail and air links)'; the coordinator of activities is the Ministry of Infrastructure and Spatial Planning. We will continue to play a leading role in the area of mobility (e.g. restoring the navigability of the Sava River) and tourism (e.g. cycling routes, encouraging inland nautical tourism). The territory of Slovenia is traditionally crossed by trans-national transport corridors (the Mediterranean Corridor, formerly known as the Fifth and the Tenth Pan-European Corridors) which are part of the great trans-European multimodal network of the Danube macro-region and beyond. This strategy devotes special attention to actions aimed at enhanced connectivity in road, rail and air transport, the elimination of bottlenecks and construction of 'missing' sections, in due consideration of sustainable transport requirements. Besides ensuring connectivity at the macro-regional level, activities target secondary and tertiary networks, in particular in view of linking rural and border areas with primary, i.e. transnational transport corridors.

The EU Strategy for the Adriatic and Ionian Region (EUSAIR)

Special attention within the EUSAIR will be given to the integration of ports, navigation safety, intermodality, connecting ports with hinterland areas, and public passenger transport services in coastal areas. The latter will improve the accessibility and attractiveness of the area with its natural and cultural potential and will upgrade the tourism offer.

3.1.5 Integrated approach to addressing the specific needs of geographical areas

The risk of poverty and/or social exclusion has been persistently increasing since the onset of the economic crisis, standing at 17.1% in 2009 and rising to 19.7% in 2012. The data suggest that the risk is continuously growing in both cohesion regions. In the cohesion region of Eastern Slovenia, the at-risk-of-poverty and/or social exclusion rate grew from 20.3% in 2009 to 22.5% in 2012, whereas the cohesion region of Western Slovenia in the same period witnessed an increase from 13.6% to 16.5%. The rate has been rising more rapidly in the cohesion region of Western Slovenia; nevertheless, it still remains higher in the cohesion region of Eastern Slovenia. Unfortunately, data based on this indicator published by Eurostat do not cover geographical areas below the NUTS 2 level, which is why we have to resort to data provided by SORS and the Ministry of Labour, Family, Social Affairs and Equal Opportunities. The highest at-risk-of-poverty rate is recorded for households where no one is working, which means that data on registered unemployment rate by Slovenian statistical regions should be considered, especially the data on the long-term unemployment rate. The impact of social transfers in Slovenia on reducing the risk of poverty seems very important, as it exceeds the EU average, making the data on the number or share of recipients of social assistance in cash by particular regions also an appropriate base on which to build.

According to the 2012 SORS data, the registered unemployment rate in Slovenia averaged 12%, while the registered long-term unemployment rate stood at 6%. The disparities between both cohesion regions are significant: while both unemployment rates for the statistical regions in the cohesion region of Western Slovenia remain below the national average, this cannot be said for the cohesion region of Eastern Slovenia statistical regions – the latter, with the exception of Notranjsko-Kraška region – have unemployment rates above the national average. The Pomurska region particularly stands out in this respect, with registered unemployment being 17.3% and long-term unemployment reaching 10.3%; at the same time, the Pomurska region has experienced the most noticeable positive trend which is reflected in the fall of the unemployment rate by about 9% in comparison to the preceding year, whereas other regions faced a rise in unemployment rates. Also, the data on recipients of financial social assistance show a similar picture. There were 41.9% of recipients of social assistance in cash per 1,000 inhabitants in Slovenia in 2011, with the statistical regions belonging to the cohesion region of Western Slovenia cohesion region below the national average and most statistical regions of the cohesion region of Eastern Slovenia hovering above the national average. The highest percentage of recipients of social assistance in cash per 1,000 inhabitants were in the Pomurska region (66.2%), followed by Podravska (63.6%), Zasavska (60.8%) and Savinjska (57.2%), while Koroška and Spodnjeposavska regions were well above the Slovenian average, with 49.3% and 48%, respectively. The data thus suggest that almost the entire area of the cohesion region of Eastern Slovenia has an above-average poverty rate in general and that no particular statistical region is exceptional in this respect. More ESF resources will therefore be ring-fenced for the cohesion region of Eastern Slovenia rather than Western Slovenia under the priority axis ‘Social inclusion, reduction of poverty risks, active ageing and health’ of the OP, particularly for programmes targeting active inclusion and the promotion of social entrepreneurship in order to reduce poverty and social exclusion. The current indicative breakdown indicates that more ESF resources are allocated to Eastern Slovenia for social inclusion, which will provide for funding of programmes and measures in these areas and will substantially improve the situation of vulnerable groups that have been most hit by poverty. Furthermore, the Youth Employment Initiative tackling youth unemployment will be implemented under the priority axis ‘Promoting employment and supporting transnational labour mobility’ of the OP only and exclusively in the cohesion region of Eastern Slovenia.

Regarding poverty risk at the NUTS 2 level, Slovenia uses Eurostat data. For the NUTS 3 level, Slovenia has its own data (SORS); however, the data refer to long-term unemployment. Slovenia does not have access to relevant data for the NUTS 4 level, so the poverty risk at NUTS 4 level cannot be precisely defined.

3.1.6 Integrated approach to addressing demographic challenges of regions or specific needs of geographical areas suffering from severe and permanent natural or demographic handicaps

In the fields of agriculture and rural development, it is of utmost importance to duly consider the fact that 86.3% of Slovenia’s territory is in less favourable areas (LFA), of which 72.3% are hill or mountain regions. Natural handicaps in these regions limit the use of land for agriculture. Such unfavourable conditions do not prevent agricultural production, but make it very difficult. For this reason, under the rural development policy, agricultural holdings may benefit from financial aid to cover additional costs and loss of income linked to the limitations on agricultural production in these areas. In hill and mountain areas, the agricultural use of land is very limited and the cost of using agricultural mechanisation is high. The vegetation period is short because of the high altitudes. Steep slopes reduce the possibility of using agricultural mechanisation and also the choice of appropriate crops. Compensation payments from the Rural Development Programme (RDP) are allocated to heads of agricultural holdings for land cultivated in areas with natural and other handicaps. At lower altitudes,

slopes are so steep that they prevent the use of regular agricultural mechanisation, requiring the use of expensive special equipment. The handicaps at lower attitudes are thus equivalent to handicaps in those areas at higher altitudes where the possibility of using land for agriculture is very limited. The implementation of this measure under the RDP helps maintain agricultural activity, maintains population density and ensures a favourable income for the population in these areas.

4. ARRANGEMENTS TO ENSURE THE EFFICIENT IMPLEMENTATION OF THE PARTNERSHIP AGREEMENT AND PROGRAMMES

4.1 An assessment of existing systems for electronic data exchange and measures for electronic data exchange

(i) *An assessment of the existing systems for electronic data exchange, including, an overview of electronic services already available to beneficiaries and of the main development needs*

OP ECP 2014–2020

In the current financial perspective, the implementation of the cohesion policy is supported by four core information systems which were created separately to respond to the specific needs of individual areas, i.e. **APPRA**, **MFERAC**, **ISARR** and **IS-PA**.

The central element in the information system for preparing the budget is the **SAPPRA** web application, which is used to draft and prepare the entire national budget, and is part of the larger **APPRA** system (system for budget preparation and analyses). The system supports all phases of drafting of the national budget, provides on-line access for the entry of data from financial plans, explanation of financial plans and of the annual financial statement, a breakdown of objectives and indicators, and enables the preparation of analyses according to users' needs.

The **MFERAC** was also developed by the Ministry of Finance as support for the implementation of the national budget by means of a single accounting system; among the above ISs, it has the largest number of users. The system was upgraded with additional functionalities not related to accounting, and has evolved into a comprehensive system for financial, accounting and human resources management in the public administration; it consists of several modules. The Cohesion Policy is monitored by the module Development Programmes Plan (DPP), which keeps track of all projects financed or co-financed from the national budget.

The **ISARR** information system was created for needs related to the implementation of the Cohesion Policy by the MA and assures full information support, from the planning phase of operational programmes to the reporting phase.

It consists of eight active modules, covering the following subject areas:

- module for calls for proposals,
- module for planning operations and projects in the context of development implementation programmes,
- data entry module,
- module to support the drawing process,
- status reporting module,
- data analysis module,
- data transmission module,
- system administration module

In the context of a dynamic framework, ISARR facilities, namely under the above-mentioned modules, support the following main processes for implementing Cohesion Policy in the Republic of Slovenia:

1. planning,

2. implementation,
3. payments and drawing,
4. reporting,
5. system administration.

The ISARR was established over the course of several years; the last substantial upgrade took place in the 2008-2011 period, and included the renovation of all procedures identified in the framework of support for drawing funds under Objectives 1 and 3. The ISARR is based on the use of web technology (NET) and as a result of accessing the information system via the Internet, it enables access to the state administration, as well as other users including cross-border programme users. The information system can be used in the Slovenian as well as the English languages.

In terms of complexity, ISARR provides monitoring of a wide range of data, especially due to the fact that these data are obtained either through data entry by beneficiaries directly or through electronic data import through various forms of sub-process. The implementation of sub-processes is accompanied by a number of conditions and exceptions, which makes the implementation of support extremely complex from the procedural aspect. The information system not only provides data entry and insight into accounting data but also other data envisaged by Regulation (EC) No 1083/2006. Therefore, ISARR is not merely a standard financial-accounting system; it is a combined system, as it allows monitoring of data on planned and realised activities and objectives (indicators). It thus encompasses the collection of substantive and financial data and provides audit trails in the context of monitoring the implementation of individual processes.

The **IS-PA** information system is the smallest in terms of the number of users. It was developed by the Ministry of Finance, the Payment Authority, to supervise the reimbursement of advance financing to the national budget; data are drawn from the ISARR and MFERAC. The system has built-in automatic controls in compliance with the rules and requirements of the European Commission, which allow for checking for errors before reimbursements are carried out. Its main function is the certification of expenditure and creation of payment claims that the Payment Authority addresses to the European Commission. The IS-PA also has access to data from UJPnet, allowing for the financial management of funds on dedicated sub-accounts used for reimbursements to the national budget, and to which cohesion funds from the European Commission are transferred.

Repeated audits of the ISARR system have shown that the system is vulnerable and partly unreliable, and that the contents and structure of data in ISs (ISARR, MFERAC, APPrA and IS-PA) often do not match.

All reports indicate, however, that there is plenty of room for simplification and improvement of the system for drawing EU funds in Slovenia. Key findings and recommendations:

- The information system should be organised in a way that allows high-quality financial management, monitoring, control and assessment, including analysis of data, and should not allow for setting up separate databases.
- There should be a unified method for entering data which must apply to all users; the entering of data into the information system must be prompt, consistent and harmonised.

Several activities were carried out concerning the European Agricultural Fund for Rural Development (EAFRD) and the relative information system already during the 2007-2013 programming period.

The Agency of the Republic of Slovenia for Agricultural Markets and Rural Development (ARSKTRP) has provided a capable information system with very good availability, which enables large quantities of data to be processed in a normal (indicative) time frame, and at the same time provides access to data for the previous programming period from 2006 on.

In the RDP 2007-2013 period, the system of electronic data exchange was continuously developed and upgraded. At the beginning, the electronic data exchange system was set up only for the implementation of Priority Axis 2 measures, where payment claims are submitted under a single application which is also used to submit claims for single area payments under the first pillar of CAP. The system of electronic data exchange for the measures of Priority Axes 1 and 3 was set up at the end of the above period.

The current system of processing of applications and claims enables applications to be submitted on-line; the beneficiary must make a request for access, and then register to use the application. The beneficiary may complete the application personally, or may authorise another person to do it. This system of registering data enables the immediate detection of logical errors, which reduces the time needed to process data, which also includes requests to complete applications due to the detection of access errors. The system of electronic data capture also enables the faster verification of information in applications and claims, resulting in quicker processing of applications and shorter periods for preparing requests to supplement incomplete applications. Claims are now recorded and processed in electronic form; this enables faster processing of claims and better control of claims submitted, which have to be consistent with decisions issued.

OP EMFF 2014–2020

As in the 2007-2013 programming period, physical data concerning EMFF applications will be registered in a particular IT application; parallel to processing applications, all data necessary for monitoring, auditing and assessing the implementation of EMFF measures will be entered in this application. The EMFF measures data will be entered in the application by the Agency of the Republic of Slovenia for Agricultural Markets and Rural Development, which is the intermediate body.

(ii) A summary of actions planned to gradually permit all exchanges of information between beneficiaries and authorities responsible for management and control of programmes be carried out by electronic data exchange with an indicative time frame

OP ECP 2014–2020

In its preparation for the new 2014-2020 financial perspective, the Managing Authority is preparing analyses and plans to improve the information support for implementing Cohesion Policy in the Republic of Slovenia. Activities already began in 2012, and an inter-ministerial working group was set up to establish synergies and find new solutions. Its task was to improve links among existing information systems at the national level in those segments where the need arises; both in terms of technologies and processes supporting them, and in terms of the options to aggregate systems providing support for cohesion policy implementation of the 2014-2020 programming period in compliance with requirements from the proposal of the new European Cohesion Policy Regulations for this period. A further measure will be to make an inventory of all existing processes (status

analysis) and prepare alternative proposals for possible simplifications, both for beneficiaries and for the bodies concerned (MA, CA, IB, and AA).

The implementation of the 2014-2020 financial perspective will be conducted in compliance with the following Commission principles and requirements:

- greater flexibility,
- clearer rules,
- simplification of reporting,
- reduction of administrative barriers, and
- simplification of the ESF, ETC and e-Cohesion.

In connection with above requirements, we are carrying out activities to ensure electronic data exchange with economic entities, civil society entities and public administration bodies. In compliance with its legislation, Slovenia must:

- enable electronic data exchange for direct beneficiaries, managing authorities, certifying authorities, intermediate bodies and audit authorities (Article 122) by 31 December 2015,
- establish an electronic data recording and storing system for all operations concerning control, financial management, verification and auditing, including data for each beneficiary, when appropriate (Article 125),
- At the level of systems:
 - ensure recording and storage of data on operations,
 - enable electronic data exchange among authorities (management, certifying, etc.).
- At the level of form:
 - ensure that data are accessible and downloadable in electronic form,
 - ensure that data are in a standardised form that enables their exchange among authorities.
- At the level of content:
 - ensure that all data fields required by the Regulation are filled in,
 - ensure structured + non-structured form of data.
- all official exchanges of information between the Member State and the Commission will be carried out using the Commission's electronic data exchange system.

In compliance with the Regulation EU on the implementation of the cohesion policy, information systems to assist the implementation of cohesion policies in the 2014-2020 period will meet the following requirements:

- ensure electronic data exchange in order to minimise administrative burdens and eliminate administrative barriers to all beneficiaries within their information systems,
- ensure reporting in the framework of electronic data exchange,
- ensure electronic data exchange among authorities responsible for the management and control of programmes,
- ensure that systems and procedures enable an adequate audit trail of all activities carried out within the information system,
- ensure that information support and the system are organised so that data are entered in the system only once,
- ensure support for electronic signatures of documents in all phases of processes when requests to submit documents in electronic form are made,
- ensure adequate systems for the electronic storage of data on the basis of prior requests.

The Managing Authority activities and guidelines are:

- At the beginning of the new financial perspective, the Managing Authority establishes a permanent coordinating body which includes all the key stakeholders under Cohesion Policy implementation, with the objective of establishing the effective and coordinated operation of all stakeholders participating in Cohesion Policy implementation and enhancing control over the eligibility and transparency of the use of Cohesion Policy funds.
- The availability of technical assistance funds is arranged in such a manner as to enable the maintenance and motivation of personnel with necessary technical skills, thus ensuring a stable organisational structure. Pursuant to the findings of the performed audits, the total dependence on external operators of certain segments of information support should be reduced, i.e. in such a manner as to enhance the staffing structure of the bodies involved in information support implementation.
 - The system of content and financial control will be organised in such a manner as to link activities and procedures of financial services, contract managers and intermediary bodies' controllers (IB; ministries awarding EU funds).
 - Information and recording systems supporting Cohesion Policy implementation in Slovenia will be harmonised to the extent that enables a single entry of data, and the safe and controlled two-way transmission of data and documents among these systems.
 - Putting in place harmonised rules and procedures for project co-financing under EU Funds and the national budget by means of amendments and harmonisation with legislation (with the Budget of the Republic of Slovenia Implementation Act, Public Finance Act and other regulations on public finance).
 - The new information system acts as a reference system for the needs of information support for the ECP. The MFERAC is a reference system for preparing (planning) and implementing of the national budget of the Republic of Slovenia, from which ISARR collects data needed for reporting on and monitoring Cohesion Policy implementation.
 - The information system is upgraded entirely in such a manner that it is completely re-established, taking over the functionalities of the existing information system which proved to function well and providing improvements for deficiencies and weaknesses discovered in the context of audits of the system by simultaneously simplifying its use for all users with a view to establishing high-quality IT support in the implementation of Cohesion Policy. For the current 2007-2013 financial perspective, the existing information system will be maintained to perform only those activities need for smooth information support for the 2007-2013 financial perspective.
 - Procedures and information systems will be adapted so that claims for reimbursement may be prepared promptly and automatically.
 - Based on the proposals from the Ministry of Finance and the Government Office for Development and European Cohesion Policy, immediate actions for the preparation of substantive and technical specifications will be carried out to serve as the basis for a call for proposals to carry out the necessary upgrades incorporated into the information system.
 - In the context of the existing building blocks and functionalities which have already been developed, and through upgrading new building blocks and functionalities in the framework of the new information system, a public platform for calls for proposals (e-tenders) or other methods of allocating Cohesion Policy funds will be established.
 - For the purpose of ensuring support for beneficiaries and other stakeholders in the process of Cohesion Policy implementation, a single web portal will be established within which harmonised support will be provided both for resolving issues related to the information system and to respond to questions posed by beneficiaries and interested publics.

Most of the European Commission requirements for IT support for the 2014-2020 financial perspective have already been met through the activities of the Ministry of Finance and the Managing Authority aimed at upgrading and modernising the overall system of drafting and implementing the national budget. This concerns primarily the introduction of e-management to the public administration, which is already set up, but not yet widely used. It enables communication in electronic form among state authorities and reduces the use of paper documents. Also addressed in the recent period were issues concerning single entry of data, linearity and transparency of carrying out of processes, and ensuring adequate keeping of records and audit trails based on consistent data throughout all systems.

Activities carried out by the Ministry of Finance and the Managing Authority are thus consistent with European Commission guidelines on a more harmonised information system and linear working processes, where every datum is entered only once and is then automatically transmitted to other systems which require such data at a later stage. Data is not exported to other systems, but are rather read from one location. Service architecture is used to link the information systems. Data discrepancies among systems will thus no longer be possible. Pursuant to the requirements, data monitoring for measures under the ESF will be provided at the level of individuals included in the operations.

The MFERAC would thus become the umbrella system for registering financial data relating to the national budget; data on payment claims (relation between the intermediary body and the beneficiary) and reimbursement requests would be processed by the upgraded ISARR which, because of its technical features (on-line application) is accessible to the general public, i.e. all users. The value of such a solution lies in the fact that it will enable complete harmonisation and transparency of national records in the field of Cohesion Policy.

Planned time frame for adapting the information system for implementing the Cohesion Policy:

- Preparation of technical specifications, inventory of processes and procedures and documents necessary for potential calls for proposals (February – April 2014);
- Launching of revamping and upgrading activities for IS according to technical specifications (March – July 2014);
- Upgrading the necessary computer infrastructure (March – September 2014);
- Testing and activating upgraded information systems (December 2014 – June 2015);
- Providing information to, and training of, users of all upgraded information systems (from December 2014 on);
- Monitoring of solutions and making necessary improvements and adaptations to the needs of users and authorities concerned (MA, CA, IB and AA) (from December 2014 on).

RDP 2014-2020

In the period 2015-2020, the information system for the implementation of the EAFRD will be further developed to ensure better processing of applications and claims, to adapt to new requirements of public tenders, to ensure greater control based on business rules, and greater control over the management of applications and claims; this will enable greater precision in planning individual phases in the processing of applications and claims and better informing of beneficiaries on the status of their applications and claims.

For the purpose of reporting, evaluating and managing the programme, the Agency of the Republic of Slovenia for Agricultural Markets and Rural Development (ARSKTRP) collects and provides data on rural development measures carried out by the Agency. It collects and provides data on the basis of

indicators defined in the RDP 2014-2020 and other data necessary for high-quality monitoring and implementation of the RDP 2014-2020. The ARSKTRP collects data on applications received and approved, on payment claims received, on payments made and on the results of audits (prior to payment, in the framework of five-year monitoring, etc.). The ARSKTRP draws data from single applications, applications for public tenders, payment claims and reports of beneficiaries of EAFRD funds. In the programming period, the ARSKTRP will ensure the recording of applications and claims in electronic form.

The quantitative and financial value of applications and claims is calculated by the application; decisions and reports are generated automatically. The system enables registering of all controls made by authorised persons during the procedure. The procedure carried out for each application or claim is entered in the electronic system and protected.

In 2015 and 2016, we plan to gradually introduce 'business intelligence' to reviewing and supervising individual beneficiaries. Currently, the pilot phase of the project is being carried out; it enables viewing of all applications and claims submitted to the Agency and approved. In the next phase, the project will also enable access to beneficiaries, who will be able to view their own applications and claims.

Concerning data exchange and control, we plan to set up a classification system (code table) of eligible costs in 2015. We also plan to link existing classification systems used to verify the eligibility of individual attributes directly to data collected by other public institutions (the Ministry of Agriculture and the Environment, Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES), Veterinary Administration of the Republic of Slovenia (VARIS)); this will enable better cross-compliance control of data provided by beneficiaries in their applications and claims.

The information system for implementing the EAFRD measures in the 2015-2020 period will be developed in several phases in order to improve the processing of tasks and requirements and to adopt the system to new requirements of calls for proposals. To attain these objectives, the development of information systems to support the implementation of EAFRD measures is divided into the following phases:

- Definition of the basic process for the e-submission of applications for individual measures (the basic process element of the information system is expected to be constructed in October 2014).
- Definition of the application form (application) (expected to be completed by November 2014).
- Definition of business rules due to the correctness of entered data, mutual congruity of entered data and their logical controls (The module for controlling business rules on the basis of entered data is expected to be prepared in October 2014).
- Definition of registries and databases to which the ARSKTRP has access, and definition of the collection of data needed by the ARSKTRP to verify applicants' data. The ARSKTRP will access the majority of data through web-services upon request (data analysis is in the preparation phase, and database owners are also coordinated – expected to be completed in January 2015).
- Definition of the eligible cost catalogue and its direct introduction into the information system for entering applications (The catalogue is already being established – expected to be completed in February 2015).
- Definition of business rules related to the acquired registry and database data (expected to be concluded in January 2015).

- Definition of mandatory documentation which the beneficiary has to attach to the submitted application (data, which the ARSKTRP cannot obtain from the external databases and registries) (expected to be concluded by January 2015).
- Definition of application-supported business plan (expected to be concluded in January 2015).

These key phases comprise the basic conditions for issuing the first calls for proposal in 2015. The entered data and their verification under logical business rules and business rules directly related to data from external databases and registries are the foundation for further verifying and awarding submitted applications that meet the criteria and objectives of calls for proposal for individual EAFRD measures.

On the basis of the conclusion of the first construction phase of the information system for entering applications for EAFRD measures, the first favourable and unfavourable decisions will be issued to beneficiaries who submitted applications. On the basis of a favourable decision, the on-site control will be implemented according to the risk analysis, together with the verification of the implementation of measures. The findings of the on-site control directly influence the application status and the status of submitted claims for the disbursement of funds. (The change of application and claims status due to on-site control findings will be implemented in the information system in February 2015.)

Regarding the EAFRD measures, where payments are directly related to agricultural surfaces, the ARSKTRP has already established an information system. It is used by beneficiaries to electronically submit their application, directly define their requirements with a graphic module and submit their application with a safe digital certificate.

The information system to support the implementation of EAFRD measures which requirements are directly related to agricultural surfaces is already operating in 2014. The upgrade project is divided into the following phases:

- Upgrade of graphic interface (concluded in September 2014).
- Implementation of the module for entering the activity plan on the EAFRD surface measures (concluded in October 2014).
- Aggregation of data from the register of agricultural holdings and data on the beneficiaries (central client register), establishing internal registries (AEC registries) (expected to be concluded in November 2014).
- Combining the new modules in the system for the electronic submission of applications (expected to be concluded in December 2014).
- Upgrade of the module for graphically processing of graphic and attributive data (expected to be concluded in March 2015).
- Module for transferring applications in the information system for the implementation of the on-site controls (expected to be concluded in February 2015).
- Information system for implementing on-site controls – transfer of graphic data from the entered applications, implementation of on-site measurements and transfer of measured agricultural surfaces in the information system for implementing on-site controls (expected to be concluded in April 2015).
- Module for transferring data established on-site (graphic and attributive) in the information system for processing applications (expected to be concluded in April 2015).
- Upgrade of the information system for processing and calculating eligible funds (expected to be concluded in October 2015).

- Upgrade of the module for sending data in Table X and implementation of payments for EAFRD measurements that are directly related to agricultural surfaces (expected to be concluded in November 2015.)

In 2013, the ARSKTRP started a project to establish an adequate environment for the application of tools for Business Intelligence (BI). The majority of data is drawn from Table X. In 2015, (July-August) the system for data transfer to the tool for BI implementation started to be upgraded, since the captured data will already have been changed. The BI system will provide access to data by several series (region, municipality, individual in the time frame, aggregated data to the required level).

OP EMFF 2014–2020

In the 2014-2020 programming period, implementation of the EMFF will be carried out by means of the existing information system, which will be upgraded, if necessary, especially to provide constant monitoring of the programme's implementation, and to ensure the accessibility and usability of data for all users.