PARTNERSHIP AGREEMENT
between Slovenia and the European Commission
for the period 2014-2020
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<td>AA</td>
<td>Audit authority</td>
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<tr>
<td>ARSKTRP</td>
<td>Agency of the Republic of Slovenia for Agricultural Markets and Rural Development</td>
</tr>
<tr>
<td>BSO</td>
<td>Budget Supervision Office of the Republic of Slovenia</td>
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<td>CA</td>
<td>Certifying Authority</td>
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<td>CEF</td>
<td>Connecting Europe Facility</td>
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<tr>
<td>CF</td>
<td>Cohesion Fund</td>
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<tr>
<td>CLLD</td>
<td>Local development led by the community</td>
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<tr>
<td>CNVOS</td>
<td>Centre for Information Service, Co-operation and Development of NGOs</td>
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<td>CPP</td>
<td>Commission Position Paper</td>
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<td>CSF</td>
<td>Common Strategic Framework</td>
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<td>CSR</td>
<td>Country Specific Recommendations</td>
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<td>EIB</td>
<td>European Investment Bank</td>
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<td>EC</td>
<td>European Commission</td>
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<td>EAFRD</td>
<td>European Agricultural Fund for Rural Development</td>
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<td>EGTC</td>
<td>European grouping of territorial cooperation</td>
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<td>EMFF</td>
<td>European Maritime and Fisheries Fund</td>
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<td>ERDF</td>
<td>European Regional Development Fund</td>
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<td>ESF</td>
<td>European Social Fund</td>
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<td>ESFRI</td>
<td>European Strategy Forum on Research Infrastructures</td>
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<td>ESI</td>
<td>European Structural and Investment Funds</td>
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<td>ESS</td>
<td>Employment Service of Slovenia</td>
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<td>ETC</td>
<td>European territorial cooperation</td>
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<td>EU</td>
<td>European Union</td>
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<tr>
<td>EUSAIR</td>
<td>European Union Strategy for the Adriatic and Ionian Region</td>
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<td>EUSAR</td>
<td>European Union Strategy for the Alpine Region</td>
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<td>EUSD</td>
<td>European Union Strategy for the Danube Region</td>
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<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
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<tr>
<td>GHG</td>
<td>Greenhouse gas emissions</td>
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<td>GDP</td>
<td>Gross domestic product</td>
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<td>GODC</td>
<td>Government Office for Development and European Cohesion Policy</td>
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<tr>
<td>IB</td>
<td>Intermediate body</td>
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<tr>
<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>ICZM</td>
<td>Integrated Coastal Zone Management</td>
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<td>ICT</td>
<td>Information communication technology</td>
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<tr>
<td>IMAD</td>
<td>Institute of Macroeconomic Analysis and Development of the Republic of Slovenia</td>
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<tr>
<td>ISC</td>
<td>Interdisciplinary steering committee</td>
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<tr>
<td>LAG</td>
<td>Local action groups</td>
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<tr>
<td>LDS</td>
<td>Local development strategy</td>
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<tr>
<td>LEADER</td>
<td>Liaison Entre Actions de Développement de l’Économie Rurale, English: Links between the rural economy and development actions</td>
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<tr>
<td>LFA</td>
<td>Less favourable areas</td>
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<td>LIFE</td>
<td>Financial Instrument for the Environment</td>
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<td>MA</td>
<td>Managing Authority</td>
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<tr>
<td>MLFSA</td>
<td>Ministry of Labour, Family and Social Affairs</td>
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<td>MF</td>
<td>Ministry of Finance</td>
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<tr>
<td>MEDT</td>
<td>Ministry of Economic Development and Technology</td>
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<tr>
<td>MESS</td>
<td>Ministry of Education, Science and Sport</td>
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<tr>
<td>MAE</td>
<td>Ministry of Agriculture and the Environment</td>
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<tr>
<td>MI</td>
<td>Ministry of the Interior</td>
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<td>MISP</td>
<td>Ministry of Infrastructure and Spatial Planning</td>
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<td>NKBM</td>
<td>Nova kreditna banka Maribor</td>
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<td>NVQ</td>
<td>National vocational qualifications</td>
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<td>NDP</td>
<td>National development programme</td>
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<tr>
<td>NUTS</td>
<td>Nomenclature of Territorial Units for Statistics</td>
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<tr>
<td>NGO</td>
<td>Non-governmental organisation</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<tr>
<td>OP/OP ECP</td>
<td>Operational Programme for the Implementation of the EU Cohesion Policy in the Period 2014–2020</td>
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<tr>
<td>OP HRD</td>
<td>Operational Programme for Strengthening Human Resources Development</td>
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<td>OP EMFF</td>
<td>Operational Programme for the Implementation of the European Fisheries and Maritime Fund for the Period 2014–2020</td>
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<td>PA</td>
<td>Partnership Agreement</td>
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<tr>
<td>RDI</td>
<td>Research, development, innovations</td>
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<td>RDP</td>
<td>Rural Development Programme</td>
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<tr>
<td>RES</td>
<td>Renewable energy source</td>
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<td>S3/SSS</td>
<td>Smart Specialisation Strategy</td>
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<td>SDSS</td>
<td>Spatial Development Strategy of Slovenia</td>
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<td>SORS</td>
<td>Statistical Office of the Republic of Slovenia</td>
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<td>SVRKP</td>
<td>Government Office for Development and European Cohesion Policy</td>
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<td>TO</td>
<td>Thematic objective</td>
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<td>TA</td>
<td>Technical assistance</td>
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INTRODUCTION

Partnership agreement (PA) is a strategic document setting out the use and delivery of ESI Funds. The document structure follows the template and guidelines of the European Commission (EC) on the content of the Partnership Agreement. PA covers all five EU Funds which are 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 contents with the contents and orientations of the Operational Programmes (OP) for the 2014-2020 period. Slovenia will develop three OPs, 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 upcoming 2014-2020 period, the European Commission prepared the Position of the Commission Services on the development of Partnership Agreement and programmes for the period 2014-2020, so-called Commission Position Paper, for each EU Member State (published on 22 November 2012). The latter outlines the country’s challenges and main funding priorities and serves as the framework for the preparation of the relevant documents and for a dialogue between the Member State and the European Commission. Development of the PA and the OPs closely followed the Commission Position Paper as well as the relevant Country Specific Recommendations addressed to Slovenia by the Council on the basis of the review of Slovenia’s National Reform Programme (NRP) and Stability Programme.

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. The Ministry of Economic Development and Technology of the Republic of Slovenia (Division for Development Planning, Monitoring and Evaluation) was tasked with coordination of the document preparation prior to that date. The document has been prepared in close cooperation with the Ministry of Agriculture and the Environment, other ministries and key stakeholders, programming process going hand in hand with the coordination and consultation process with the European Commission.
1 ARRANGEMENTS TO ENSURE ALIGNMENT WITH THE UNION STRATEGY OF SMART, SUSTAINABLE AND INCLUSIVE GROWTH AS WELL AS THE FUND SPECIFIC MISSIONS PURSUANT TO THEIR TREATY-BASED OBJECTIVES, INCLUDING ECONOMIC, SOCIAL AND TERRITORIAL COHESION Article 15(1) (a) CPR

1.1. An analysis of disparities, development needs, and growth potentials with reference to the thematic objectives and the territorial challenges and taking account of the National Reform Programme, where appropriate, and relevant country-specific recommendations adopted in accordance with Article 121(2) TFEU and relevant Council recommendations adopted in accordance with Article 148(4) TFEU

Being a fully-fledged EU Member State, Slovenia has committed itself to contribute to the Union strategy for smart, sustainable and inclusive growth (Europe 2020 Strategy) in accordance with the EU and national legislation. As an EU flag 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, the state 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 2013 National Reform Programme2 and a Council opinion on Slovenia’s Stability Programme for 2012-2016, Slovenia has adopted and has been implementing the relevant measures and reforms that relate in particular to the following:

- Correct the excessive deficit by 2015 in a sustainable manner and reach the medium term objective by 2017, correct durably fiscal imbalances, safeguard growth-friendly spending, adopt measures to improve tax compliance and complete the adoption of the balanced public finance rule.
- Adopt general government budget balance/surplus rule.
- Strengthen the long term sustainability of the pension system beyond 2020, including through linking the statutory retirement age to gains in life expectancy.
- Monitor closely the effects of the recent labour market reform and if necessary identify the areas where further action is needed to foster job creation and tackle segmentation, including through the regulation for student work. Take further measures to increase employment of the young, address the skills mismatch. Ensure that wage developments, including the minimum wage, support competitiveness and job creation.
- Take the necessary steps to contract an independent external adviser to conduct a system-wide bank asset quality review.
- Provide additional capital, fully comply with the state aid rules during restructuring measures, implement a comprehensive sector strategy to ensure management of reformed banks and swiftly proceed with the privatisation of NKBM.
- Review the bank regulatory framework, and, if appropriate, strengthen supervisory capacity, transparency and statistical disclosure.
- Accelerate the reform of regulated services, including a significant reduction of entry barriers. Improve the business environment, including through ensuring the independence of and providing sufficient and autonomous financing to the Competition Protection Agency.
- Further reduce the length of judicial proceedings.
- Classify core and non-core state assets with a view to divesting non-core assets, make the Slovenia Sovereign Holding operational and ensure professional management of SSH, transfer the ownership and management of all stakes to SSH, develop sector-specific strategies for key stakes, introduce a register of management and supervisory board appointments in state-owned firms.

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1 http://www.mf.gov.si/si/delovna_področja/evropski_semester/nova_evropska_razvojna_strategija_do_2020/
2 http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm
- Remove existing legal and administrative impediments to sustainable restructuring of overindebted/undercapitalised companies. Increase private investment, including foreign direct investment, and achieve efficiency gains in troubled companies as part of the restructuring process. Adopt the necessary legal framework for out-of-court restructuring, improve the enforcement of corporate insolvency procedures and in-court settlements. Carry on timely and efficient resolution of non-performing loans which was initiated in December 2013.

Activities in the abovementioned specific areas will pave Slovenia's way out of the crisis. A detailed discussion on the implementation of activities is available under the analysis made per individual thematic objectives indicating the main challenges and needs of Slovenia in the 2014-2020 period that will be addressed by means of ESI Funds.

The following part of this chapter provides an overview of economic trends and challenges Slovenia has been confronted with in the past few years at national, regional and cross-border level. It is important that we take the identified development needs and challenges on board, while building our future action on them with a view of fully meeting 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 among world players in the global economic market, as a result of an increasingly important role of emerging markets and global societal challenges, such as demographic trends, climate change and growing environmental pressures.

Global economic and financial Economic crisis Slovenia has been faced with revealed the structural weaknesses of the Slovenian economy and relatively low level of competitiveness vis-à-vis the EU counterparts and beyond EU, low technological complexity of a part of the industry and rigid business environment (administrative barriers, non-flexible labour market, high tax burden on labour).

Deterioration in economic competitiveness has been accentuated by growing labour costs per unit of product, low added value in the majority of activities and the lost share in the world market ever since the crisis outbreak. **Deterioration in cost competitiveness** came to a halt in 2011 as a result of restrictive pay and labour costs policy in public sector. However, considering the unfavourable ratio between the labour costs (share of salaries) and GDP compared with the EU even prior to the crisis outset and considerable downturn in the period 2008-2010, Slovenia is up to its knees to improve the challenging cost competitiveness.

According to the latest statistical data provided by the Statistical Office of the Republic of Slovenia (SORS) (15 January 2014, provisional data) average monthly net salary in November 2013 amounted to EUR 1,044.89 which is by 1 % higher than in November 2012.

According to the 2013 Development Report produced by the Institute of Macroeconomic Analysis and Development (IMAD⁴), **economic recovery calls for immediate correction of harmful macroeconomic imbalances**. Slovenian economy seems to be trapped in a vicious circle of low economic activity on the one hand and aggravated conditions in the financial sector and public finance on the other, which requires immediate stabilisation of conditions to allow to Slovenia access to finance. The activities Slovenia should undertake to address this are linked to delivering on country specific recommendations made by the Council.

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Economic growth in the years before the outbreak of the crisis mostly relied on favourable trends in the international community and easy access to finance. The overbearing dependency of the banks on foreign funding sources during the crisis 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 firms through capital injections, the conditions during the crisis severely deteriorated and Slovenia was hit almost hardest amongst all EU Member States. The abovementioned issues in the banking sector practically paralysed any financing of the economy, and, through the deteriorating perception of Slovenia in international financial markets further restricted access to finance that was indispensable for economic recovery.

High cost pressures and unfavourable geographical and product structure of the export undermine export competitiveness of Slovenia. Following a relatively high growth in 2011 export rates in 2012 increased by mere 0.6 %, and import shrank by 4.7 % due to a significant export slowdown and considerable decrease of domestic consumption. Correspondingly, current account of the balance of payments recorded a surplus amounting to 3.3 % of GDP. Positive contribution to economic activity will again come solely from international trade. Import in emerging markets has been on the increase recently, however the share thereof remains relatively small.

Furthermore, Slovenia is struggling with inappropriate production structure with a relatively low share of technologically most advanced products when compared to the countries whose exports seem to be bouncing back more rapidly. 2012 domestic demand fell drastically. Household consumption declined by 4.8 %, government consumption by 1.3 % and investments into fixed assets by 8.3 %. Given continued negative trends in the labour market, restrictive pay and employment policy in public sector and further rationalisation of public spending, the demand of both households and the state are further to decrease in the future. On the other hand, the investments are projected to decline considerably less (by 1.6 %).

With reduced uncertainty in the international environment and at home, GDP is expected to increase 0.5% this year owing to a further strengthening of growth in exports and a slower decline in household consumption according to the Spring Forecast of Economic Trends (IMAD, 2014). The anticipated acceleration of economic recovery in Slovenia’s main trading partners will have a positive effect on growth in exports, which will again be mainly driven by exports of high-technology products. In the domestic environment, the beginning of the banking system stabilisation improved the government’s access to funding and helped reduce uncertainty among economic agents. The deterioration on the labour market is set to be less intense than in the previous two years, which will together with improved confidence among consumers contribute to a further substantial slowdown in the falling of private consumption. On the other hand, the recovery will be dragged down by the continuing difficulties in accessing funding for the corporate sector and the necessary fiscal consolidation. Particularly public investments will help maintain the previous year’s level of investments. In 2015 and 2016 GDP growth will be steadily increasing amid the anticipated faster economic recovery in the international environment, a further stabilisation of the banking system and fiscal consolidation, and the beginning of corporate restructuring. Economic growth in the next two years will otherwise remain weak. It will continue to rely primarily on growth in exports, but for the first time since the beginning of the crisis we also expect a modest positive contribution from domestic consumption. Furthermore, business investment is expected to pick up, particularly investments in the housing sector and investments in plant and machinery.

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Foreign direct investment (FDI) is a key element leading to enhanced global economic integration. Slovenia has not been attractive enough for FDI so far. Therefore, efforts to increase the visibility of Slovenia and its attractiveness for foreign investment to be worth made as well as to reduce the constraints caused by unfavourable business environment should be continuously made. Despite a relatively low share of FDI in GDP compared with other EU states, the FDI nevertheless does play an important role in Slovenian economy. Firms having FDI accounted for 4.5 % of total firms in the end of 2012, but managed to represent 19.8 % of the capital, 23.2 % of the assets and 21.7 % of the employees in the total entreprenerial activity. In particular, these firms were successful in terms of international trade where they accounted for 40 % of the exports and 43.1 % of the imports of the Slovenian entrepreneurship sector. Nevertheless, support to inward FDI should be enhanced, as the 2010-2012 period saw EUR 36.2 million spent for this purpose, of which 94.5 % were intended for financial incentives. According to potential foreign investors, improved business environment conditions and gradual reduction in numerous administrative barriers would help significantly improve attractiveness of Slovenia’s market for FDI.

Conditions in the labour market further aggravated in 2013. Due to a general slowdown in economic activity and a massive transition to inactivity in 2013, the employment rate according to the statistics of national accounts fell by 0.8 % in 2012 and is even expected to shrink by 2.3 % in 2013. Employment rate in Slovenia has been on a steady decrease since 2008 and the gap from the Europe 2020 target has increased: the 20-64 age group employment rate stood at 68.3 % in 2012 (by 4.7 % less than in 2008), equalling 66.9 % in Vzhodna Slovenija and 69.8 % in Zahodna Slovenija cohesion region. Even though the employment rate was higher in Zahodna Slovenija, it experienced a sharper drop than in Vzhodna Slovenija⁶. Employment rate of women in 2012 fell to 64.6 % although it is still higher than the EU-28 average. Employment rate of men has decreased since 2008 standing at 77.4 %, to 71.8 %, which is below the EU-28 average. Employment rate of men saw the highest drop in the cohesion region Vhodna Slovenija, it fell by 4.6 percentage points from 2008 to 2012 (in the cohesion region Zahodna Slovenija by 3.1 percentage points), while Zahodna Slovenija recorded a 4.8 percentage points drop in the employment rate of women from 2008 to 2012 (3.1 percentage points in Vzhodna Slovenija).⁷ Educational attainment importantly shapes the employment figures. Higher education levels go hand in hand with 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 amounted to 52.2 %.⁸ On the other hand, the unemployment rate has persistently grown. The number of registered unemployed individuals is anticipated to overtop 120,000 by 2015. Registered unemployment rate stood at 13.5 % at the end of 2013 (SORs).⁹ According to the Employment Service of Slovenia (ESS) 59 % of the unemployed were registered in the cohesion region Vzhodna Slovenija. The unemployment is expected to slightly rise in 2014 and then gradually start declining in the following two years.

According to the Europop projections the working age population is estimated to start declining as early as beyond 2015¹⁰, and low productivity will have to be enhanced so that the declining working age population figures will not have negative repercussions on the economic growth. Furthermore, this trend will inevitably result in higher dependency ratio. Projections for Slovenia anticipate rapid population ageing¹¹, which calls for adjustment of the healthcare and long term care systems to the demographic and other changes in the environment with tailor-made solutions. The economic crisis has undermined material prosperity the people enjoyed so far. Disposable income per household has experienced a downward trend for the last four years and was by more than 6 % lower in real terms

⁶ Eurostat
⁷ Eurostat
⁸ Eurostat
⁹ http://www.stat.si/novica_prikazi.aspx?id=6059
¹⁰ 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
than in 2008\textsuperscript{12}. Notwithstanding the noticeable rapid negative trend, the risk of poverty remains at a relatively low level in comparison with other European states. The negative trend has mostly affected the unemployed, elderly and multiple-children households. On top of that, material deprivation has soared even higher and several material prosperity indicators show concern-raising levels\textsuperscript{13}. The social consequences of the on-going economic crisis which practically turned the labour market upside down and which mirror in the growing social inequalities and gradual breakdown of social cohesion as well as demographic changes put Slovenia in a position that requires confrontation with future challenges and prompt delivery of tailored solutions.

Compared with other EU Member States, the Slovenian economy relies heavily on consumption of raw materials, notably on account of the structure of the manufacturing industry. This translates in low material and energy productivity, another factor of poor competitiveness of the economy, and an important challenge for additional investments, particularly in SMEs. The sharp fall in greenhouse gas (GHG) emissions in the 2009-2010 period was not due to structural changes as the emission intensity remains at high levels. CO\textsubscript{2} emissions in 2011 increased by 1.5 \% against 2010, mostly on account of land transport and energy supply, whereas emissions generated by manufacturing and households dropped\textsuperscript{14}. Despite implementation of measures to preserve biodiversity in the light of ever-rising pressures generated by various activities, the loss of biodiversity could not be halted\textsuperscript{15}.

Slovenia’s competitiveness is severely undermined by the citizens’ widespread distrust of the rule of law, which has been confirmed by the World Bank data\textsuperscript{16}. A country founded on the rule of law is the pre-condition for a smooth functioning of all systems of such a country. Public trust in a just country governed by the rule of law and its institutions is at an alarmingly low level and the widespread negative perception undermines healthy competition and hinders smooth social development.

The overview of Slovenia’s development in the past years shows that Slovenia’s moving away from strategic objectives in the economic, social and environmental areas during the on-going crisis was brought about by the inadequate and inefficient implementation of key strategic policies during the crisis. Against the backdrop of a persistent crisis and changed international conditions, Slovenia needs to reflect on a new, inclusive and sustainable development-oriented model that will equally take on board economic, social, environmental and cultural dimensions of development 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 is called for to help Slovenia find its way out of the crisis. Slovenia initiated the preparation of new strategic documents for 2014 and beyond bearing this in mind.

The following three areas were recognised as key for economic development in the framework of already identified priority axes during the preparation of the strategic documents covering the period 2014-2020: research, development and innovation, small and medium-sized enterprises, employment. Development should be based on improved efficiency of all resources used, be it human, financial or natural, as well as on fair sharing of burdens and benefits from increased employment. It is of paramount importance that all sides acknowledge their responsibilities and contribute to delivering common objectives through synergy measures.

\textsuperscript{12} IMAD, 2013 Development Report, p. 12
\textsuperscript{13} http://www.stat.si/novica_prikazi.aspx?ID=5743
\textsuperscript{14} http://www.stat.si/novica_prikazi.aspx?id=5733
\textsuperscript{16} 2011 World Bank Governance Indicators
**Regional development**

Dispersed and size-heterogeneous territorial structures are characteristic of Slovenia, which makes it difficult for development policies to take a concentrated and targeted approach. There are as many as 212 municipalities in Slovenia characterised by distinctive heterogeneous features but brought together in 12 statistical regions at the NUTS 3 territorial level. Limited finances require focus on key priorities and complementarity of development policies to create synergies, which can only be delivered if there are rational territorial structures.

National legislation sets out development integration of municipalities in the areas of development regions, and joint preparation of strategies and collaboration in delivering projects. According to the OECD 2011 Territorial Review of Slovenia, implementation of the EU Cohesion Policy should be focused on a smaller number of larger functional areas providing critical mass of development potential that would 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 the reduction of disparities between different territorial levels and geographical areas with different specific characteristics.

Statistical regions by and large kept up the pace with the average EU development level in the period 2005-2008, Osrednjeslovenska even surpassing it, when the economic crisis abruptly stopped the progress in 2009 and 2010, sending the country back to square one. Compared to 2005, Koroška most increased its lag behind the EU average. Osrednjeslovenska in 2010 boasted a 2.1 times higher GDP per capita than economically weakest Pomurska, 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 lowest at the NUTS 3 level. Relative dispersion of regional GDP per capita as one of the indicators of regional disparities in 2010 fell to 22.4 %, a fall by 0.4 percentage points over 2009, and has increased by 0.6 percentage points since 2005 (2013 Development Report, IMAD).

Regional development in Slovenia in the 2007-2013 period received EU and national support. A specific priority axis under the Operational Programme for Strengthening Regional Development Potentials (OP SRDP) was dedicated to regional development and particularly provided for funding of public infrastructure that was indispensable for development of particular areas. Additional monies were made available for the 10-kilometre border area with Croatia which suffered from access-related issues, particularly low economic growth and consequent area depopulation.

Evaluation of the fourth priority axis under the OP SRDP (OIKOS, 2013) discussed the appropriateness, compliance, efficiency, effectiveness and sustainability of the planning and implementation of the priority axis. The set goals in the area of environmental infrastructure were more than achieved – about twice as many individuals as initially planned enjoyed quality and safer water distribution system and connection to the collection system. Construction or modernisation of 27 kindergartens is also underway (3 % of the total number of kindergartens). Economic infrastructure (lands intended for economic development) and the number of projects implemented in the Natura 2000 sites recorded the worst results.

Implementation of the priority axis “Development of regions” targeted investments in development and enhancement of local and regional potentials. The funds were spread 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.
Large number of operations made the impact too weak and results were not achieved as fully as expected. Underlined orientation in complementarities, development and enhancement of local and regional potentials consequently reduced the number of operations targeting integration of target groups and development of products for synergy effects and their breakthrough in foreign markets. Lower number of measures seeking this breakthrough hampered possible external competitiveness of regions; however, approved operations may improve the advantages of regions in the future.

Evaluation further suggested that in future monies should first and foremost be invested in the functioning and provision of services rather than in physical assets at all levels. Local and regional sources will thus be given useful value and 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. Monies should in the future be allocated to already supported operations or development potentials, their integration and market launch so that their underlying advantages are harnessed for development opportunities.

Appropriate transport infrastructure that facilitates access to the TEN-T network, enhances mobility of the population and acts as a catalyst for economic development plays an important role in balanced regional development. Transport infrastructure that meets the relevant needs of the regions is considered the sine qua non for a balanced regional development.

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

Regional dimension will be explicitly taken into account in the process of priority setting, i.e. through entrepreneurial discovery process that is to take place in the final round of public discussions. Regions have already put forward areas where they see their biggest potentials for future development (in the framework of regional development plans), which shall be taken into account when focusing towards definition of "areas of applications". The extent to which regional dimension shall be eventually taken into account will thus largely depend on where solid entrepreneurial interest will be identified in conjunction with Slovenian comparative advantages that promise long term perspective.

Slovenia will be divided into two cohesion regions at the NUTS 2 level in the upcoming multi-annual financial framework 2014-2020, i.e. more developed Zahodna Slovenija and the less developed Vzhodna Slovenija: Vzhodna Slovenija consists of 8 statistical regions (pomurska, podravska, koroška, savinjska, zasavska, spodnje-posavska, jugovzhodna Slovenija and notranjsko-kraška) and covers 12,212 km²; Zahodna Slovenija comprises 4 statistical regions (osrednjeslovenska, gorenjska, goriška and obalno-kraška) covering 8,061 km².
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The latest available data from 2010 reveal that development problems are, by and large, concentrated in Vzhodna Slovenija, which reached only 82.7 % of the Slovenian average GDP. Development issues to a lesser extent nevertheless do exist also in Zahodna Slovenija reaching 119.5 % of the national average GDP in the same year.

The cohesion region Vzhodna Slovenija lies on the junction of the Alps, the Pannonian Plain and the Dinaric Alps which is reflected in its landscape diversity: north-western part of the region lowers towards wine-growing hills in the east on the edge of the Pannonian Plain and to the south to the karst-like Dinaric Alps. Vast forest areas and sparsely populated border areas make the population density fall below the national average. Total population is reported at 1,083,768.

In terms of the economy, the region is considered to be less developed. It is characterised by agricultural activity as there are more than 70 % of agricultural households and a large share of agricultural lands. Nevertheless, agriculture contributes modestly to GVA. Industry contributes much more (around 40 %) and amalgamates traditional and modern branches (mining, textile industry, automotive industry, pharmaceuticals and electrotechnical activities). The region is an important provider of energy to the whole of country as the only nuclear power plant is located there along with the majority of energy infrastructure. Industry provides the majority of jobs and accounts for 44 % of total jobs in the region. In terms of transport, several regions are faced with poor accessibility to motorway 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 overburdening of larger regional centres induced by daily migration patterns in the long run.

The cohesion region Zahodna Slovenija stretches from the Alps across the Karst and partially across Dinaric Alps to the northernmost part of the Mediterranean. The only national park – Triglav National Park lies in the Alps. South-western edge of the region stretches to the 47-kilometre long coastline of the Adriatic Sea. The region further boasts two European logistics hubs – the Port of Koper in Koper and the capital Ljubljana with the international Ljubljana Jože Pučnik Airport.

The population in Zahodna Slovenija tends to achieve higher educational levels, and labour force participation rate and unemployment rate show better figures. Average salaries are higher and the share of service activities and expenditures spent on research, development and innovation are higher as compared with Vzhodna Slovenija. 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 Zahodna Slovenija practically do not differ much from Vzhodna Slovenija in terms of development issues faced. Contribution of the 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 provides for 37 % of total jobs in the region. However, the region in the west of Zahodna Slovenija cohesion region - Posočje is known to be extremely earthquake-prone and has the worst accessibility to the motorway cross and to important urban centres in the whole of Slovenia.

The population is primarily concentrated 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 takes place at a more rapid pace than in Vzhodna Slovenija, thanks to natural growth and immigration. Zahodna Slovenija cohesion region has a population of 968,728.

The national targets under the 2014-2020 cohesion policy will be achieved by means of integrated regional projects with synergy effects which will lead to improved 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 address in this context. Likewise, strengthening of regional development institutions and social capital in the region will be of high importance as well as support to the setting up of development partnerships of municipalities with the economy and non-governmental sector.

**European territorial cooperation and macro-regional strategies**

Slovenia lies at the crossroads of South Europe, Central Europe, Eastern Europe, the Adriatic Sea and the Alps. The setting amalgamates the Adriatic Sea, the Alps and the Pannonian Plain.

The country has been actively participating in the implementation of the EU Strategy for the Danube Region (EUSDR), and in the planning of the EU Strategy for the Adriatic and Ionian Region (EUSAIR) and of the EU Union Strategy for the Alpine Region (EUSAR) so as to create synergies in a wider setting and contribute own capacities to the development of territorial partnerships while having an array of elements in common with the countries in this area and being confronted with mutual 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. A number of positive experiences help us focus on the activities building a “natural bridge” between the Central Europe and South-Eastern Europe or Western Balkans.
Slovenia supports the implementation of EUSDR and has been participating therein since the very beginnings as a Member that coordinates two priority areas — To improve mobility and multimodality - road, railway and air links — with the reins taken by the Ministry of Infrastructure and Spatial Planning and To step up institutional capacity and cooperation — whose coordinator is the Center of Excellence in Finance. The area of improvement of mobility and multimodality will be upgraded through inclusion of waterborne transport connections (maritime and river transport).

Being a maritime country and strongly committed to the Mediterranean space, Slovenia actively participates in the preparation of the draft EUSAIR and its action plan based on four pillars: maritime and marine growth, transport, environment and tourism. Along with Bosnia and Herzegovina, Slovenia is the 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 and will actively participate in its implementation as well as join the activities that will provide support to the efficient planning of activities at sea. Slovenian-Italian-Croatian Commission for the Protection of the Adriatic Sea and the Coastal Areas against Pollution will oversee and ensure sustainable development of shared Adriatic Sea.

The new Adriatic Ionian Programme that will support the development and implementation of EUSAIR is currently being prepared. Slovenia will participate in this programme.

The European Council of December 2013 invited the European Commission to elaborate a macro-regional strategy for the Alpine region by June 2015. Key added value of the Strategy lies in harmonious development of mountain and plain areas with large urban centres in the Alpine region area. 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 the projects that contribute to joint objectives of the EUSAR in the framework of implementing cohesion policy programmes. The country also wishes to actively participate in the scope of the first pillar on innovation and economy which is inextricably linked with the proposed areas of sustainable mobility and resource management.
Considering the length of external borders as well as the fact that most of Slovenian citizens live in the border areas, European territorial cooperation will represent one of the key instruments supporting the cross-border cooperation. In this context cross-border cooperation is particularly important from the aspect of protecting the development interests of national minorities. 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 programmes in the programming period 2014–2020:

- cross-border cooperation programmes (4): Slovenia-Italy, Slovenia-Austria, Slovenia-Croatia, Slovenia-Hungary;
- transnational cooperation programmes (5): Alpine Space, Central Europe, Adriatic-Ionian, MED, Danube;
- interregional cooperation programmes (4): INTERREG EUROPE, INTERACT, ESPON and URBACT.

Slovenia and the neighbouring countries established task forces to prepare future cross-border cooperation programmes. Key targets and priority areas for cooperation were identified based on the analysis of needs and potentials of border Slovenian regions (see section 3.1.4) that will be subject to alignment and coordination during the coordination process with the relevant stakeholders from the neighbouring countries at the regional and local level. Furthermore, Slovenia has been involved in the preparation of interregional and transnational cooperation programmes, along with other eligible countries. In this context, priority objectives and orientations will be laid down based on the analysis of accomplished achievements and potentials and collaboration with stakeholders.

The interregional programme INTERREG EUROPE 2014-2020 will provide a setting encouraging Slovenia to improve policies of regional development by means of exchange, dissemination and transfer of experience, knowledge and good practices between the European regions which will ameliorate the implementation of cohesion policy programmes. Projects and knowledge platforms that will contribute to further development of policies in the areas of research, technological development and innovation, of stepping up of SME competitiveness, and in the areas supporting 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 disparities, development needs and growth potentials by thematic objectives

An analysis of development needs, disparities and growth potentials of Slovenia and identification of investment priorities to be financed by ESI Funds taking into account 11 thematic objectives common to all five EU Funds as joint contribution to meeting the EU 2020 Strategy targets: inclusive, smart and sustainable growth.

The analysis covers identified funding priorities for the ESI Funds and has been divided in eleven parts, each covering a particular thematic objective that will be supported in the new programming period by measures and projects, and discussed in detail in the operational programmes. The Operational Programme for the Implementation of the European Cohesion Policy will include eleven thematic objectives 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 sector (for the EMFF); supporting the shift towards 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 supporting labour mobility; promoting social inclusion, combating poverty and any discrimination; investing in education, training and vocational training for skills and lifelong learning; enhancing institutional capacity of public authorities and stakeholders and efficient public administration.
thematic objectives, Rural Development Programme eight thematic objectives (thematic objectives 1, 2, 3, 5, 6, 8, 9 and 10) and Operational Programme for the Implementation of the EMFF in the Republic of Slovenia four thematic objectives (thematic objectives 3, 4, 6 and 8). Complementarities between particular programmes and Funds are discussed in section 2.1.

The analysis outlines for each thematic objective its contribution to meeting the Europe 2020 strategy targets, taking into due account the relevant Council recommendations for Slovenia, while the set of investment priorities is aligned with the Commission Position Paper. It further elaborates on coordination and complementarities between the policies, thematic objectives, Funds, as well as cooperation between different territorial levels and their integration.

The selection of investment priorities was made based on the lessons learned in the 2007-2013 programming period and on the European Commission requirements for thematic concentration and a results-oriented approach to delivering 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

<table>
<thead>
<tr>
<th>Europe 2020 smart growth target</th>
<th>Current situation in Slovenia</th>
<th>National 2020 target in the NRP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total public and private investment in research and development amounting to 3 % of EU GDP</td>
<td>2.8 % (2012)</td>
<td>3 %</td>
</tr>
</tbody>
</table>

Investments in research and technological development boost competitiveness and creation of an innovative environment, while enhancement of innovation capacity, in turn, improves efficiency, quality and availability of public services.

Thematic areas under thematic objective 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 monies under the ERDF and EAFRD will be available across the whole of Slovenia.

Situation analysis under thematic objective 1 revealed the following key needs: market RDI (products and services) in domestic and foreign markets, develop high-tech and environment-friendly products/services, promote RDI in firms; create a supportive and friendly environment for researchers (to keep them in Slovenia), create linkages between the academia and research communities and the economy (firms, institutes etc.), create a favourable environment and conditions to increase and attract private and foreign investment in RDI, construct the missing research infrastructure to step up research excellence, improve knowledge base and further support its commercialisation. Transfer of RDI results into practice in agriculture, forestry and agro-food industry and strengthening of knowledge and innovation base in rural areas are likewise essential.

SITUATION OF THE SLOVENIAN RESEARCH AND INNOVATION SYSTEM

Analyses of the Slovenian research and innovation system have underlined numerous strengths and weaknesses. The identified strengths comprise, inter alia, scientific quality of the research potential and infrastructure, integration in the international setting and reputation of the research system and a high share of corporate investments in research. Most pressing national challenges and weaknesses are reflected in the fragmentation and lack of cooperation between the relevant development and innovation generators to facilitate the transfer of knowledge and its application, inefficient knowledge triangle and in particular the unconcentrated, spread investment in R&D activities in the
areas where the country and its regions boast comparative advantages. On top of that, the economic crisis has nothing but emphasised the lack of national resources to sustain the national research and innovation-driven activity.

The expenditure spent on R&D in Slovenia is rapidly nearing the NRP target of 3%, and in 2012 surpassed the EU average standing at 2.80%. R&D intensity in Slovenia stood at an enviable 6th rank among other EU members in 2011\(^{19}\). In terms of gross domestic expenditure on R&D in 2012, the companies invested most in RDI activities, their share accounting for 61.2%, followed by the general government sources (31.5%). Compared with 2011, the structure of gross domestic expenditure on R&D saw the majority of resources in the business sector (73.9%), followed by the general government (14.3%) and higher education sector (11.8%). The share of expenditure on RDI in gross domestic expenditure on R&D in the private non-profit sector was negligible. Foreign investment has recently become an important funding source for RDI in Slovenia, the latter amounted to EUR 62.8 million or 7% of total sources in gross domestic expenditure on R&D in 2011\(^{20}\).

Slovenia’s lag in terms of investment in RDI in the ICT branch undermines economic growth and jobs, which has become all the more evident during the economic crisis. Firm support for industry to promote RDI is therefore a must to achieve the objectives of the Digital Agenda for Europe (DAE), to harness the opportunities offered by ICT and to reach sustainable economic and social benefits. It is also important to adopt measures and develop solutions based on open data of the public sector, which will help improve the competitiveness of ICT industry and upgrade e-services of the public sector. These measures are key to picking up the economic growth, stepping up competitiveness, creating digital jobs and facilitating breakthrough of Slovenian firms in foreign markets in line with the objectives of the Grand Coalition for Digital Jobs.

Comparison of innovation performance across the EU grouped Slovenia among the “innovation followers” and revealed 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 enhancement\(^{21}\)), the progress made in certain areas was too slow (intellectual property, transfer of knowledge to firms, efficient use of ICT in firms or public sector) or even fell behind (innovation activity), which has reflected in below-average added value per person employed. While certain innovation policy measures nevertheless do show good results in terms of increased number of patents or scientific publications, others perform worse as regards the application of new knowledge through sale of new products and services in domestic and foreign markets. Investments in non-technological innovation have also considerably decreased\(^{22}\).

Evaluation of measures for promotion of R&D activities in the economy and knowledge institutions (2007-2011, for the period until 2013\(^{23}\)) revealed that the targets set in the area of 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 improve, 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 the users during the preparation of bases for measures, and reduction in systemic losses due to the lack of connectedness across sectors. Systematic efforts should be made to expand the base of innovation activity in firms, civil society organisations and public


\(^{22}\) 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 thematic objective 1.

administration institutions. Whereas research excellence capacities were more or less strengthened only in Zahodna Slovenija in the 2007-2013 period, it would be sensible to align measures with the needs and potentials in the upcoming period to enable the strengthening of research excellence in both cohesion regions.

Past investments of Slovenia in RDI created a relatively R&D-supportive environment in certain areas; however, further attention should be placed on a more efficient use of the existing research infrastructure and full exploitation of the knowledge gained, as well as on commercialisation of developed products and/or services. 2014 will see an overview of the existing research equipment that received public funding, and the list will be annually updated. The existing research infrastructure (national and EU funding) and the existing partnerships between institutions will become the stepping stone on which to build infrastructure and institutional links in the national and EU setting, while being open for further pooling of potentials and their integration under coordinated structures. Knowledge centres will thus become a setting for bringing together national research organisations, while links with the EU setting will also be created through the Horizon 2020 instruments (teaming for excellence, twinning, ERA-chairs). Such concentration of research capacities will help improve R&D governance through incorporation of new forms in the existing R&D environment (linking of institutions). The R&D system will thus reach synergies between different funding sources (national, Structural Funds, Horizon 2020) and provide a solid input to building the European Research Area, while stepping up the competitiveness of Slovenian and European economy. As a result, the country expects better use of the existing infrastructure, cuts in unnecessary costs of buying the same equipment, and access to state-of-the-art equipment in the economy.

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

Programming of Smart Specialisation Strategy will see a new round of public events organised in April and May to double check investment areas. Updated baselines with an upgraded vision and monitoring system are set for the beginning of June 2014 as well as adoption of the document.

A detailed overview of the Smart Specialisation Strategy programming process is available in Chapter 2.3. on fulfilment of ex-ante conditionalities.

Investment areas will target development partnerships formed between knowledge institutions and firms showing uncontestable potential for a market breakthrough. Development partnerships in tune with the Smart Specialisation Strategy orientations represent the base for integration and seeking of synergies between the economy and research organisations. The investments will thus pursue the orientations set out by the Smart Specialisation Strategy and the challenges specified in Horizon 2020.

Additional investments made alongside development partnerships should target research infrastructure in specialisation areas. Purchase and use of additional research equipment where economy needs it would enhance Slovenia’s international competitiveness, foster research collaboration and participation in new international projects. This would facilitate the establishment of regional partnership structures for projects under ESFRI and other infrastructures at the international level and collaboration with comparable centres of excellence and similar research infrastructures.
Spurred by investments in R&D, high development levels of RDI will translate in improved technological knowledge base and increased added value per employee owing to technological and non-technological innovations.

Innovations for setting up of public service applications will be supported under thematic objective 1. Investments will target establishment of an online spatial database with a view of facilitating and improving spatial planning, efficient real estate management and increasing attractiveness for domestic and foreign investment.

**INNOVATION POLICY**

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

Slovenia will make efforts to increase the share of innovation-active firms which stood at 49.4 % in the 2008-2010 period, by 3.5 percentage points below the EU average. The share of innovation-active firms in manufacturing was higher (54.4 %) and reached 44.7 % in service activities. New technologies generate an array of opportunities for innovations in all economic activities; however, service firms tend to engage in non-technological innovations almost three times as much as in technological innovations. Certain innovation policy measures show show good results in terms of increased number of patents or scientific publications, others perform worse as regards the application of new knowledge through sale of new products and services in domestic and foreign markets. Investments in non-technological innovation have also considerably decreased\(^24\). Against the backdrop of serious contraction of technologically less complex and less competitive branches of manufacturing during the crisis, the share of technologically complex branches considerably grew in the 2008-2010 period and surpassed the EU average. However, the technological structure of exports still lags behind the EU average\(^25\), which merits future improvements.

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

While securing the necessary funds to propel the development of the national innovation system, Slovenia should tackle the structural aspects of competitiveness by altering them and, as a priority, deliver on the planned improvements in the area of research, innovation and education. Important elements conducive to higher added value are cultural and creative industries with the design, eco-innovations and development of integrated solutions. Specific data on Slovenia’s performance as regards eco-innovations reveal that on the whole Slovenia does achieve above-EU27-average figures, but experiences a considerable shortfall when it comes to environmental impacts of eco-innovation (material and energy productivity), investments in eco-innovations, and particularly to the results of eco-innovations. There are no system-wide incentives targeting eco-innovations that would provide for complementarities with general incentives for RDI and entrepreneurship\(^26\). R&D activities in firms


\(^{26}\) SORS, R&D activity, Slovenia, November 2012
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 and services.

Slovenia will, in line with the RISS orientations and recommendations made by outside experts on Smart Specialisation Strategy programming, improve the RDI governance system and thus create conditions for more efficient public investments in this field. The county will put at the forefront creation of conditions that maximise stability of the system functioning, which will further be influenced by clearer allocation of roles to different institutional stakeholders. It will make further efforts to pursue simplifications of application procedures, reduction in administrative burdens and prevention of overlapping. Targeted concentration of investment areas and enhanced links between scientific and research sphere and the economy will facilitate involvement of the representatives of the economy in making and delivery of innovation policies. The latter will help coordinate and align both private and public investments in this field. Long term efficiency and development of the RDI system will ride 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.

HUMAN RESOURCES IN RDI

Slovenian economy struggles with a serious shortage of engineers with a specialised technical knowledge and skills, whereas the supply of highly educated human resources having completed their studies is increasingly growing. The divide between the education system and the needs of the economy raises concern, and creation of a supportive environment is called for to help adapt the education to labour market needs and facilitate subsequent transfer of knowledge into market-oriented activities.

Slovenia should strive to increase the number of researchers and developers in the economy (in line with the NRP 2013-2014)27, enhance human resources competences, promote efficient inter-institutional and cross-border mobility of researchers and improve career prospects for researchers while mainstreaming the gender dimension. Interdisciplinary and cross-sectoral collaboration between the researchers from various spheres must also be supported. Coherence of both higher education and research and innovation systems is important in this context. This should allow for enhanced cooperation, not only in terms of staff mobility, but also in terms of designing study programmes and defining learning goals to improve employability of the relevant staff in the economy with a view of seeking for efficient and market-attractive solutions to existing and still unidentified societal challenges. This is important from the aspect of creating an innovation-friendly environment that would allow for implementation of efficient development projects in the economy and research institutions. Two essential factors underpin the abovementioned - human resource development and research infrastructure development as well as entrepreneurial and creative culture and environment.

Male and female researchers among regularly employed persons in RDI (a total of 21,343) accounted for 59 % (9,093). The share of regularly employed female researchers in R&D activities stood at 36 % (7,700) and accounted for 36 % of all researchers (12,578). The volume of work carried out by regularly employed researchers and outsourcers in R&D activities in 2012 expressed in FTE equals 15,333 full-time working persons, of which 9,093 were researchers. Data on the total number of researchers suggest that their number considerably jumped in the business sector with Slovenia exceeding the EU average (2010: 44.9 %) in terms of the business sector share in total number of researchers by 6.5 percentage points28.

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27 SORS, R&D activity, Slovenia, November 2012
28 SORS, R&D activity, Slovenia, November 2012
As many as 78% of total persons employed in the RDI sector came from Zahodna Slovenija. The smallest difference between both cohesion regions is recorded in the business sector where the ratio stands at 68%: 32% in favour of Zahodna Slovenija, higher education sector registers the ratio 84%: 16%\(^\text{29}\). Investments in the sector more or less coincide with the ratio, as the total RDI expenditure in 2011 in Zahodna Slovenija accounted for 70% of the spending, of which 64% in the business sector and 82% in higher education\(^\text{30}\). Nevertheless, the top three exporters in 2012 come from the Vzhodna Slovenija cohesion region.

Inflow of highly qualified staff is essential for firms as the knowledge and international connections significantly help improve competitiveness. The number of researchers and other employed persons in the R&D sector has been on a steady increase 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 sciences\(^\text{31}\) was stimulated by certain measures of the state (young researchers, young researchers in the economy, interdisciplinary groups, enlargement of R&D units in firms). Development projects should focus on applied research, thus improving its usefulness, which is particularly important for SMEs as they usually do not have own development units or research groups\(^\text{32}\).

Development projects carried out by researchers, developers and research units within the economy\(^\text{33}\) will further enjoy support in line with the NRP 2013-2014. At the same time, efficient inter-institutional and cross-border mobility of researchers should be provided, and career prospects for researchers improved while mainstreaming the gender dimension.

**RDI IN AGRICULTURE, FORESTRY AND AGRO-FOOD INDUSTRY**

Innovations with their horizontal character intervene with all rural development policy priorities. The main obstacle in the field of agriculture, forestry and agro-food industry is the transfer of results into practice or a results-oriented cooperation of all key stakeholders - researchers, advisers and users. Individual efforts have been made by young heads of agricultural holdings and agro-food industry. Cooperation between different actors in rural areas has an enormous potential for innovation-driven activity and enhancement of knowledge base. Farmers have been very active in different societies and associations which primarily aim at exchanging experience and knowledge, and mutual help. The highest innovation level is demonstrated by the individuals that offer niche services and products or have managed to undergo a successful diversification into several interconnected activities, whereas their knowledge and activities are being passed down to younger generations that are involved in the activities already at an early school stage by doing their share of work. Innovativeness is about getting the necessary information.

On-going evaluation of the Rural Development Programme 2007-2013 revealed that innovation-driven activity relies heavily on computer literacy and use of the Internet; the latter is much higher for young heads of agricultural holdings, and the country intends to support generational renewal targeting heads of agricultural holdings under thematic objective 3. Intensive investments in strengthening the knowledge and innovation base in rural areas and efficient transfer thereof into

\(^{29}\) http://pxweb.stat.si/pxweb/Dialog/varval.asp?ma=23641095&ti=Zaposleni+v+R%2DR+dejavnosti+po+sektorju+zaposlitve%2C+kohezijski+regiji%2C+Slovenija%2C+letno&path=../Database/Ekonomsko/23_raziskovanje Razvoj/02_raz_razvoj_dej/01_23641_zaposleni

\(^{30}\) http://pxweb.stat.si/pxweb/Dialog/varval.asp?ma=23642145&ti=Bruto+doma%C5%81i+izdatki+iz+sektorijih+%281000+EUR%29+po+sektorjih+izvedbe+in+kohezijskih+regijah+%281000+EUR%29+ Slovenija%2C+letno&path=../Database/Ekonomsko/23_raziskovanje Razvoj/02_raz_razvoj_dej/01_23642_izdatki-fin&lang=2

\(^{31}\) 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 abruptly stopped in 2011 when the number and share of doctors of natural and technical sciences in total number of doctors declined (IMAD, 2013 Development Report, p. 42).


practice through a firm, interactive and results-oriented cooperation between various actors in the chain of knowledge/information/innovation transfer represents a challenge for the upcoming 2014-2020 period.

All branches across Slovenian agriculture (and agro-food industry) and across forestry show significant needs for a transfer of technologies and technological know-how into practice, as well as the need for applied R&D and upgrade of research infrastructure, stepping up of competences of producers, enhanced linkages between expert services, research and academia. Different forms of cooperation between various research and expert institutions and end-users will therefore be promoted under the RDP 2014-2020 (measure Cooperation), whereby special attention will be given to the establishment and functioning of operational groups of the European Innovation Partnership.

Specialised counselling and transfer of specific know-how into agricultural sector will be supported in the context of promoting innovations and knowledge base development in rural areas. Emphasis will be given to transfer of specialised know-how pertaining to organic farming and other above-standard agricultural practices that contribute to conservation and sustainable management of natural sources (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.

1.1.1.2. Thematic objective 2: Enhancing access to, and use and quality of, ICT

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

Thematic areas under thematic objective 2 will be supported by the ERDF and the EAFRD. Both ESI Funds will be available across the whole of Slovenia.

Based on the situation analysis made under thematic objective 2, the key identified need involves investments in the development of broadband infrastructure, especially in white areas.

DEVELOPMENT OF BROADBAND INFRASTRUCTURE IN RURAL AREAS

Modern global trends are underpinned by the development of 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 speed for the use of advanced interactive multimedia e-services, over the top content etc. Available broadband infrastructure decreases the digital divide and enhances the inclusion of each individual in modern social flows. Studies point to a correlation between the growth of broadband connections and increase in economic growth, as well as to positive effects on employment rates and productivity. OECD establishes in its study that there is a direct correlation between the broadband growth and GDP – a 10 % rise in broadband connectivity results in a GDP growth ranging between 0.9 % and 1.5 %\textsuperscript{34}. Another study further suggests that the use of broadband boosts productivity and innovation-driven activity of firms\textsuperscript{35}.

DAE contains two headline goals:

- the entire EU to be covered by broadband above 30 Mbps by 2020,
- 50 % of the EU to subscribe to broadband above 100 Mbps by 2020

\textsuperscript{34} The Impact of Internet in OECD Countries, OECD, 2012, \url{http://dx.doi.org/10.178775k962hgbp5d-en}

Considering above facts, Slovenia needs fast and ultra-fast internet access at competitive prices across the whole of the country. The set goal is to cover the entire country by broadband above 100 Mbps by 2020.

The basic indicator showing the level of development of information society infrastructure is the broadband penetration rate (share of households with 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 sent it behind the EU average (29.4 %). Standard fixed broadband availability in 10 EU countries overtakes 99 %, while 73.6 % rank Slovenia among the last four Member States in this respect. NGA availability in rural areas slightly above 10 % places Slovenia at the notorious tail-end of all member States. Connection speed also leaves a lot to be desired. The share of broadband above 10 Mbps in Slovenia equals 38.9 % (EU 64 %), and the share of broadband above 30 Mbps amounts to mere 5.8 % (EU 18 %). The shortfall has become pronounced in the past few years and has grown at a fast pace.

Planning of further development of the broadband infrastructure should take on board the markedly dispersed settlement of Slovenian rural areas. Potential private investors – electronic communications operators – consider such dispersion as the main impediment to designing sustainable business models in rural areas. Slovenia used ERDF and EAFRD to co-finance broadband infrastructure in white areas in the period 2007-2013, but the operators show no interest in investing own resources. Despite past investments, basic broadband infrastructure is still not available to about a third of the citizens or to 260,000 households that are practically all located in rural areas. The country should therefore seek to ensure public and attract private investments that will improve feasibility of private business models for future investments in these areas. Otherwise, Slovenia could well compromise its development opportunities and put at stake the polycentric development of the country. EAFRD, measure Basic services and renovation of villages in rural areas will provide support exclusively for broadband infrastructure in line with Article 20 (1) (c) of Regulation 1305/2013.

The applicable Broadband Network Development Strategy in the Republic of Slovenia sets out a 90 % broadband coverage allowing for FTTH or comparable high-performance broadband connections by 2020. Mapping of broadband availability will help specify the areas where operators do not provide access to broadband infrastructure and show no commercial interest, and will be complemented by the new strategy on electronic communications which includes an ambitious plan to cover the entire country by broadband at or above 100 Mbps by the end of 2020. The new Electronic Communications Act includes certain solutions that will cut investments in overlapping of infrastructure, facilitate the search for co-investors and spur cross-sectoral assistance of other public utilities in the area of electronic communications. Mobilisation of public funds will attract private investments for joint achievement of the goals set. Mapping of broadband availability will propose a service called “Call before you dig” to avoid direct and indirect damage caused to broadband network.

Mobilisation of ERDF funding for construction of open broadband networks in local communities in the period 2007-2013 has yielded positive effects on the economic and social activity. The latter reflect in:

1. Kicking off of the investment cycle for further development;
2. Increase in the number of jobs created, especially in activities which rely on electronic operation, which is essential;
3. Attracting investments, which, in turn, increases the number of jobs created and the number of newly-founded firms;

36 http://ec.europa.eu/digital-agenda/sites/digital-agenda/files/DAE%20SCOREBOARD%202013%20-%20SW%20D%202013%20FINAL.pdf, p. 46
37 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"}
4. Enhanced recruitment of highly-qualified labour force with high added value with a view of boosting the competitiveness of economic entities;
5. Increase in the number of tourism-related visits and design of new tourism products;
6. Reduction in daily commuting flows and decline in depopulation of notably agricultural areas;
7. Moving of young families to areas endowed with broadband network and, as such, providing higher quality of living;
8. Increase in population, higher fertility rates translate in additional kindergarten and school classes.

EAFRD monies supported projects of three municipalities in Prekmurje (white areas) in the period 2007-2013.

These facts are key to propel economic and social activity in the areas endowed with new broadband infrastructure. Positive effects are expected in other areas where open broadband networks are envisaged to be constructed.

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)

Promotion and development of entrepreneurial activity and subsequent strengthening of the competitiveness of enterprises is essential to propel Slovenia’s economic growth and development. Slovenia should to this aim, create appropriate conditions for funding entrepreneurial activity as well as to establish a good business and supportive environment for the existing enterprises and start-ups. The country’s growth and competitiveness further ride on the export capacity of enterprises with high added value.

Thematic areas within this thematic objective will be financed under the ERDF, EAFRD and EMFF. In territorial terms, the funds will be available for the whole of Slovenia (for more details see Chapter 1.4.).

Based on the situation analysis, the following key requirements are essential in the context of thematic objective 3: link up 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 establishment, start-up and monitoring of operation of new enterprises, improve conditions for access to finance, increase export capacity of enterprises and improve opportunities for entry into global value chains, improve business environment, increase material and energy efficiency and enhance access to green growth measures, develop and enable restructuring of the agro-food industry, agriculture and the fisheries sector, including through promotion of sustainable forms of farming and forest management, improve energy efficiency of agricultural holdings and food-processing plants and support subsequent reduction in GHG 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 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 created that will 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, etc.), enhancement of competences and capacities,
promotion of entrepreneurship-driven culture, socially responsible entrepreneurship and internationalisation of business are also paramount to ensuring enhanced growth of SMEs. Measures in these areas will help unleash the innovation-, creativity- and entrepreneurship-driven potential (also among researchers/students/academics) and support development of enterprises, thereby contributing to increasing added value and creating and safeguarding jobs.

Just like elsewhere in Europe, SMEs in Slovenia represent the majority of enterprises (SMEs: 99.8 %, micro enterprises 92.8 %). Contribution of SMEs to employment which stands at 70.6 % (against 67.5 % in the EU) and the contribution of SMEs to added value which stands at 63 % (against 58.4 % in the EU) are above the EU-average. The number of high-tech enterprises surpasses the EU-average but their added value in the economy equals that of the EU average. Slovenian SMEs are successful in providing green products and services in the market; however, they found access to public support measures for investments in resource efficiency hindered. The ratio in the number of enterprises remains stable in both cohesion regions. 44 % of enterprises were registered in the cohesion region Vzhodna Slovenija in 2011, with the same percentage for employees that generated merely 38 % of the total revenue, which points out that added value created in Vzhodna Slovenija was lower than that created in Zahodna Slovenija. The ratio in gross value added at basic prices in the 2009-2011 period slightly improved in favour of Vzhodna Slovenija, in 2011 accounting for 44 % (Zahodna Slovenija 56 %).

High growth and creation of jobs are generated by a limited number of enterprises. Innovative and emerging enterprises in Slovenia have an enormous untapped potential to propel growth of the economy and create added value. Concentration efforts should therefore be made on boosting the start-up of new enterprises displaying high growth potential and promoting development of innovative and emerging enterprises, by ameliorating 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 areas, indeed, pose the most potential we could avail ourselves to increase the added value and step up market performance in global and domestic markets. 547 enterprises were classified as emerging in Slovenia in 2010 (the ratio Zahodna Slovenia versus Vzhodna Slovenija standing at 327:220) in terms of the number of employees, and in terms of the turnover 938 enterprises categorised as emerging (Zahodna Slovenija versus Vzhodna Slovenija: 526:412). In both regions the share of employees in such enterprises falls below 1 %.

The country will strive to facilitate access to finance for young and innovative firms, while combining reimbursable (e.g. loan guarantees, microcredits etc.) and non-reimbursable sources (e.g. interest rate subsidies etc.). Due attention will be given to emerging enterprises. The latter, according to the latest available data for the period 2008-2012 reported at 3,725, accounted for mere 2.8 % of all enterprises, but generated 36 % of earnings before interest and taxes, 22.7 % of total operating income, 19 % of total added value and provided jobs for 15.4 % of total employees in the sector.

Young and innovative enterprises will benefit from other types of support besides financial support, especially in start-up phases, but also later in further phases of their growth and development. The support will encompass professional services provided by the entities of entrepreneurship-supportive environment (e.g. university incubators, technological parks etc.) in the form of training,

mentorship, individual tailor-made counselling and other support services offered to start-ups, as well as to existing young, innovative and emerging enterprises.

Internet start-up enterprises also count among emerging and innovative enterprises, as they pool the critical mass of the population still in education or the younger entrepreneurial generation as well as technical experts in the field of ICT all of which boast particularly high growth potential, are able to rapidly adapt to market conditions, need low initial investments in equipment and have easy access to global markets. Support in the context of encouraging entrepreneurial start-up activity will be given to the establishment of so-called internet start-ups (with an emphasis on the development of e-services, mobile applications and ICT solutions).

ACCESS TO FINANCE

The key SME growth and development-hindering factor in Slovenia is the access to finance as SMEs find it more and more difficult to obtain loans, the latter, to make matters worse, being more expensive than those provided to large business entities by the banks\textsuperscript{42}. On top of that, a large number of enterprises are over-indebted, and business assets severely deteriorating. The volume of loans to the non-bank sector in 2012 experienced a considerable decrease\textsuperscript{43,44}. Easing access to finance, in particular to alternative and innovative forms of finance has thus been put at the forefront of the efforts to promote SME growth and development, and special attention will be placed on the development of financial instruments.

Financial instruments in Slovenia are implemented by a number of institutions: non-bank institutions (various funds), SID Bank, venture capital funds and other financial intermediaries. As a consequence, potential beneficiaries find themselves confused as the offer is spread too thin, non-transparent and often ends up being duplicated. A transparent ESI Funds implementation system will bring together the relevant financial intermediaries and ensure an integrated approach to funding projects/measures. Apart from the use of the instruments in support of investments in SMEs, in particular innovative SMEs, financial instruments will also be used for other purposes (for example RDI, training, social entrepreneurship, cooperatives, energy and material efficiency, etc.) whereby a combination of both reimbursable and non-reimbursable funds will be used to fund the measures. The level of the fund of funds will pool the funds under different European Funds (ERDF, ESF, EAFRD). A number of financial instruments will be identified in line with the gap analysis for Slovenia. Synergy effects should therefore be guaranteed as well as linkages to measures supported under other thematic objectives (1, 4, 6, 8, 9 and 10).

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

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 manner in the preparation of the operational programmes and individual measures. Lower efficiency of incentives was in some ways also a result of certain shortcomings in the Slovenian


business environment and inefficient functioning of institutions where Slovenia loses its advantages in comparison to other countries.45

A significant push forward should be made in the area of entrepreneurship in Slovenia. The culture of entrepreneurship should be advocated and various target groups (for example women, young) should be encouraged to take the path of entrepreneurship by providing the adequate supportive environment. According to different entrepreneurship indicators Slovenia falls close to the bottom of the monitored countries. In Slovenia, there is a wide range of entities of supportive environment for entrepreneurship and innovation whose joint mission is to provide comprehensive supportive 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. Services of individual entities differ because each type of entities offers specialised services that are tailored to the target groups. In practice, we are faced with insufficient cooperation of the involved entities and inconsistent support for enterprises and entrepreneurs, consequently, emphasis will be given to eliminating these shortcomings and raising the quality of the services offered that are able to respond swiftly to the changing trends and needs of enterprises. New types of interconnection of entrepreneurial incentives will be promoted.

In 2012, entrepreneurial activity did regain strength after a three-year decline; however, Slovenia still counts among the lower half of the EU Member States in terms of creation of new enterprises. Early-stage entrepreneurial activity and the share of entrepreneurs with business continuance both slightly grew in 2012. This shift could be attributed to enhanced self-employment subsidies given out during the crisis as the number of recipients grew considerably in the 2009-2011 period. Also, it should be noted that 1.4 % of adult population stopped pursuing entrepreneurial activity, which is 14.4 % of the total entrepreneurial activity. The major reason for discontinuance was the retirement (11 % against EU average of 7 %). Notwithstanding the formal legal equal footing with men in terms of taking up entrepreneurship activity, Slovenia found itself at the tail-end in Europe in terms of women participating in early-stage entrepreneurial activity (2.6 % adult females); internationally speaking this puts Slovenia in the 63rd place.46

Analysis of entrepreneurial activity by age groups shows that the distribution of early-stage entrepreneurial activity in Slovenia is very similar to the EU average. Among the established entrepreneurs, namely those who have owned a company for more than three and a half years, two age groups stand out, namely the age group 35 to 44 years (+ 8 % compared with the EU average), and the age group 25 to 34 years (SI 7 %, EU 12.6 %). The analysis also established a low level of early-stage entrepreneurial activity of young people which is related to the fact that young people often tend to overlook business opportunities and are less successful in transforming them into more sustainable forms of entrepreneurial activity. Based on the analysis, the development policy should focus programmes on this age population as a variety of programmes and activities can certainly contribute the most to the perception of entrepreneurship as a desirable career choice. Of course, young people firstly need training to identify business opportunities, notably through educational programmes, and assistance in developing the knowledge and skills for these opportunities to come true.

The educational structure and competences of entrepreneurs are one of the factors importantly shaping the quality and growth and development capacity of the entrepreneurial activity. Certain 2012 education-related data on entrepreneurs are reason for concern in that they show a downward trend in the share of entrepreneurs having a higher education qualification (from 44.3 % to 39.2 % in 2011), whereby the decline was even more pronounced for new entrepreneurs. The decreasing number of entrepreneurs with higher education qualifications points out that too little has been

46 Nezaznane priložnosti: GEM Slovenia 2012, 19 April 2013
47 http://www.gemislovenia.org/news/ (Global Entrepreneurship Monitor)
done for highly educated individuals to choose to pursue entrepreneurial career, which was corroborated by the results of the European Commission’s analysis; the latter suggests that more than half of European higher education level students do not receive the appropriate entrepreneurship education. The latter contributes to the development of knowledge and skills which the students use to develop technical-business skills for a successful entrepreneurial career\textsuperscript{48}. A successful push towards a more competitive activity of enterprises in the framework of services offered to entrepreneurs will realise through enhancement of the management and governance skills and competences as well as counselling skills and competences; strengthening a mindset underpinned by the drive towards creativity, entrepreneurship and innovation would also help in this respect.

INTERNATIONAL COOPERATION

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

Since 2007 the Slovenian market shares have fallen both worldwide as well as within the EU\textsuperscript{49}. Considering the EU average, Slovenian SMEs do seem to be more internationalised; however, data suggest that most of the revenue generated in foreign markets comes from large enterprises, whereas micro enterprises, which account for as many as 90 % of the Slovenian economy, generate merely 10 % in international markets. Analysis shows that Slovenia has been too focused on geographic markets which do not show signs of emerging markets. Most goods were exported in EU markets in 2012 (69.1 % of total exports), whereas the export in other countries remains more or less at the same level\textsuperscript{50}. The share of exports in GDP in 2012 accounted for 73 %, the share of revenue in foreign markets representing 31.8 % of total revenue (2011 data). In terms of export of services Slovenia targets EU markets (72 % of the total exports of services in 2011). The market share of the Slovenian export of services remained modest in these markets and grew smaller during the crisis (by 3.5 %), with the exception of travel service providers that managed to increase their share in the EU market in the 2008-2011 period, even though the demand in the EU shrank in the given period\textsuperscript{51}. The analysis of competitiveness and internationally-driven ambitions of early-stage entrepreneurs shows that as many as 32 % of emerging and new entrepreneurs plan to shift their activity to international markets (more than 25 % of customers abroad)\textsuperscript{52}.

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

\textsuperscript{48} ibid.
\textsuperscript{49} http://www.umar.gov.si/fileadmin/user_upload/publikacije/pr/2013/POR_2013s.pdf
\textsuperscript{50} Statistical Office of the Republic of Slovenia
\textsuperscript{51} http://www.umar.gov.si/fileadmin/user_upload/publikacije/pr/2013/POR_2013s.pdf
\textsuperscript{52} Nezaznane priložnosti: GEM Slovenia 2012, 19 April 2013
In relation to the Smart Specialisation Strategy, demonstration and pilot projects and different ways of internationalisation will be supported according to the concept of joint investments of 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 exports in the EU markets where the economic recovery takes place at a slow pace. The measures will be linked with support provided under thematic objective 1, thus helping to bridge the gap between the research and market and knowledge institutions and the economy, and facilitating inclusion of enterprises in international value chains. Furthermore, access to finance for SMEs will be made easier and the funds will be provided by the EU programmes Horizon 2020 and COSME as well as by other relevant programmes targeting SMEs at the EU level. SMEs will be encouraged to take place in calls for proposals under the LIFE programme in the part targeting the environment, resource efficiency and 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 its narrow sense referring to manufacturing activities, makes up for 20% of total added value. Since the crisis, productivity, measured by value added per employee in the manufacturing sector, has stood at around 60% of the EU average. Low productivity is also a result of inadequate integration of the fields of science, research and development with the entrepreneurial sector (lack of effective knowledge triangle), and inadequate targeting of products towards services that combine integrated solutions with technological and non-technological innovations. The potential of culture and creative industries is also underutilised in comparison to other EU Member States.

In comparison with other EU countries material productivity of the Slovenian economy is lower than the EU average and energy intensity is high, though encouraged by the fact that this reduces in the most export-oriented sector of the economy (manufacturing), where energy costs have a significant impact on competitiveness. Taking into account the expected upward trend in prices of raw materials and energy and pressures on the environment, Slovenia has to – in addition to labour productivity and efficiency – significantly improve material and energy productivity, and achieve synergy effects of such investments in the segment of enhancing the competitiveness of enterprises, reducing environmental burden and creating (green) jobs. Therefore, in terms of promoting growth and development of enterprises, special attention will be given to measures that will contribute to increased material and energy efficiency of enterprises combined with measures targeting incentives for eco-innovations under thematic objective 1, and to promotion of 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 FARMS 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 agro-food industry, even though it accounted for only around 2.5% of the created added value and only 1.2% of the Slovenian GDP and 8.4% of total jobs together with hunting, forestry and fishing according to the national accounts’ data.

Promoting the restructuring process remains one of the key challenges of the Slovenian agricultural policy. According to the average size of agricultural holdings and productivity Slovenia lags behind the EU-27 average being lower twice as much, and belongs to the states having 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 recorded in the income per unit of labour which is still much lower in the Slovenian agriculture reaching only about 50% of the EU-27 average,
which underlines the low level of labour productivity. The reasons for this can be found mainly in the unfavourable size structure of agricultural holdings, age and educational level of farmers, fragmentation of property, distance from market centres, non-collaboration, persistently low degree of specialisation and a high proportion of less-favoured areas. The Slovenian agriculture is also characterized by low economic and environmental efficiency and high vulnerability 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 related contraction in investment in agriculture and food production. This picked up in 2010 and 2011, which can be attributed, inter alia, to the impact of investments already made because in this period projects, which were approved at the beginning of the programming period 2007-2013, were completed. In the 2014-2020 programming period support should be given to investments improving general performance of agricultural holdings (economic and environmental efficiency, including mitigation and adaptation to climate change). Distinction will be made between support to restructuring and support to increasing production capacities. Also, investment areas relating to infrastructure in the agriculture and forestry, in particular provision of access to agricultural lands and forests, land reorganisation and land improvement, energy supply and water management are likewise important in this sense.

The average age of farm holders was 57 years in 2010 and has not changed since 2000. The age structure in relation to unfavourable educational structure of farm holders does not provide an adequate basis for promoting development and increasing the production capacity of farms which requires acquiring more specialised skills. Generation renewal and appropriate investments in agricultural holdings are the key measures needed in the 2014-2020 programming period for the required restructuring and increased competitiveness of the Slovenian agriculture. It is therefore, necessary to encourage young people, especially highly educated members of agricultural households to decide to carry out agricultural activities and establish a full-time job within the agricultural holdings. Generational renewal will trigger developments and improvements in terms of inventiveness, educational attainment, ICT-supported production processes and will contribute to fulfilling thematic objectives 1 and 10.

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

Low level of market-oriented activity is typical of Slovenia, as only 40% of family farms put out most of their products for sale. Weak links, in particular between producers which participate in quality schemes, hold back agricultural holdings from reaching higher market participation rates. Forestry similarly faces such cooperation and integration-related issues, the latter being particularly problematic from the aspect of extremely unfavourable, highly fragmented ownership structure of privately owned forests. Private owners thus act as individuals in the market.

More efficient and effective market integration may represent a great development opportunity and results in better exploitation of production factors; this may particularly be a window of opportunity for agricultural holdings characterised by low market orientation and small size, as this facilitates entry in the labour market and increases added value to products, thus securing an additional source of income. The amalgamation of these factors would prepare the agricultural holdings for a more successful integration in the wider local economy.

The measures under this priority area target support to horizontal and vertical cooperation between stakeholders along agro-industry and forest-wood chains, creation of added value of agricultural products, participation of primary producers in quality schemes, promotion of above-standard animal husbandry respecting animal welfare requirements, greater market orientation through promotion of establishment and functioning of groups and producer organisations in the agriculture and forestry, development of local markets and short food supply chains and promotion in local markets.
Support to agro-food industry under the RDP 2014-2020 will be given in the form of reimbursable and non-reimbursable funds as financial instruments. Also, the funds under the RDP earmarked for reimbursable incentives for enterprises will be funded via a single fund of funds, thus providing for synergy effects.

ENERGY EFFICIENT AGRICULTURE, FORESTRY AND AGRO-FOOD INDUSTRY
Agriculture, including and agriculture-related sectors, directly depends on the availability and quality of natural resources, and has direct reverse effects on the conservation status of natural resources due to its underlying activities. Energy efficiency of agricultural holdings and food-processing plants should be promoted in the 2014-2020 period to cut production costs and reduce consumption of primary energy, which will reduce heavy dependence on non-renewable energy sources (fossil). Energy efficiency contributes to reducing GHG emissions and thus mitigates climate change. The shift to an energy-efficient, low-carbon agriculture and agro-food industry will pave the way towards a rapid roll-out of technological solutions and will help step up the competitiveness of both sectors, which makes a contribution to thematic objective 4.

Support to irrigation under EAFRD investments in agricultural infrastructure will be made in the context of thematic objective 3 to promote efficient water management (efficient irrigation systems, wastewater use, storage of rainwater, reduction in water losses).

COMPETITIVE DEVELOPMENT OF THE SLOVENIAN FISHERIES SECTOR
Even though small in size, the fisheries sector (commercial sea fishing, aquaculture and processing) is as an economic activity of great importance for certain parts of Slovenia. Analysis of the fisheries sector in Slovenia revealed that competitiveness of the fisheries sector is rather weak due to various reasons: small sector in terms of the number of enterprises and production, on average old fishing fleet, decrease in shared fisheries resources, lack of exchange of knowledge and best practices in all sub-sectors, fragmented nature of the aquaculture sector, lack of organisational structures etc. The 2007-2013 financial perspective saw promotion of the fishery and aquaculture products marketing, notably through marketing local products, raising of awareness on the positive effects of fish and consumption of bivalve shellfish with a focus on advertising campaigns. The analysis of the fisheries sector, conducted as a preparation for the financial perspective 2014-2020 showed that the supply and consumption of local fishery products (from the sea and aquaculture) are still dispersed and weak. The sea catch has been far from adequate to meet the demand of Slovenian consumers recently and the country has to resort to fish imports to a large extent. The situation is better in aquaculture, but still, 100 % self-sufficiency is achieved only in bivalve shellfish farming. Slovenia has thus far failed to promote an active integration of primary producers in the food marketing chain (either by establishing brands, adding value to products, marketing local products or building stores in the framework of 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 could be bigger, and the same goes for environment-friendly fish farming.

In light of the above, it would be sensible to support promotion of the fisheries sector and investments targeting new marketing approaches in the sector of commercial sea fishing, aquaculture and fish processing industry, as well as to support investments in the development of sideline activities that contribute to diversification of income of fishermen and fish farmers. Furthermore, support should be given to investments that add value to products and improve quality of fishery and aquaculture products and investments in increased energy efficiency and improved working conditions. Also, the aquaculture sector should witness support for investments to increase production and investments in new technologies, while its enhanced competitiveness would be achieved through strengthening of cooperation between existing educational institutions, scientific research sphere (water, chemistry, maritime studies, transport, zootechnics, biology, veterinary
medicine, food technology) and the sector. Potentials of future support can therefore be identified in research for new technologies and management practices for resource efficiency.

Slovenia has only a few establishments that are exclusively engaged in the processing and marketing of freshwater and sea fish. The Administration of the Republic of Slovenia for Food Safety, Veterinary and Plant Protection gave licence to 24 establishments handling fishery products. These are mainly small enterprises and one larger enterprise. Due to small production volumes and dependence on raw materials 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 within fish farms with a view of adding value to the existing products or coming up with new products, as well as for investments leading to new or improved processing procedures for fishery and aquaculture products.

Innovative capacity of the fisheries sector relies on the competitiveness of the sector, and is currently estimated to be weak. The study on the state of play and the potentials of the aquaculture sector, commissioned by the Ministry of Agriculture and the Environment similarly concludes for the aquaculture sector. There have only been individual efforts in the field of aquaculture in this respect. No increase in interest for research in the fisheries sector has either been seen in the scientific research sector. Most of the research carried out so far has been financed by national resources in the form of targeted research projects. The reasons for the lack of research capacity in the fisheries sector most likely relate to the absence of inputs (information, finance), weak cooperation of individual research institutions with the fisheries sector. Cooperation between individual sub-sectors (commercial sea fishing, aquaculture, processing) and consumers or the market to achieve higher added value is likewise underdeveloped. Technological progress in the sector may only be achieved through support for research, innovation and technological development 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. Blue growth should further sustain achievement of the appropriate level of coordination and synergies between various economic activities at sea and along the coast and help establish cross-border cooperation or cooperation with the relevant countries, which is of great importance in addressing cross-border impacts. Investment priorities, identified in the context of this thematic objective, should be linked and complemented with 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 towards a low-carbon economy in all sectors

<table>
<thead>
<tr>
<th>Europe 2020 sustainable growth target</th>
<th>Current situation in Slovenia</th>
<th>National 2020 target in NRP</th>
</tr>
</thead>
<tbody>
<tr>
<td>20% greenhouse gas (GHG) emissions reduction compared to 1990</td>
<td>Emissions in non EU-ETS sector 11.5% (2012)</td>
<td>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</td>
</tr>
<tr>
<td>20% share of energy from renewables in gross final energy consumption</td>
<td>20.2 % in 2012</td>
<td>Increase the share of renewables in gross final energy consumption to 25 %</td>
</tr>
<tr>
<td>20% increase in energy efficiency</td>
<td>Mid-term target for 2011 achieved: 4.9 % savings in energy end-use under Directive 2006/32/EC on energy end-use efficiency</td>
<td>Increase in efficient use of energy</td>
</tr>
</tbody>
</table>
Slovenia’s shift to a low-carbon society and simultaneous pursuit of the objectives of reliability and competitiveness calls for radical changes in terms of energy management. Integrated transition to a low-carbon economy should pool energy efficiency measures, use of renewables, development of smart electricity grids and measures promoting sustainable mobility. Important investments under the thematic objective will seek increased 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.

Funding areas will receive the 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 the resources under the EAFRD.

Coordinated approach to delivering investment priorities in the area of 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 use of renewables, reduce energy poverty, develop and deploy smart grids and improve the quality of air, particularly in urban areas, encourage the use of alternative fuels 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 in 2012 peaked compared to the period beyond 2000. The measures paving the way towards energy efficiency are crucial at this point. Therefore, the country pursues a long term vision of reducing emissions from the buildings sector to levels near zero by 2050 while maintaining low energy consumption levels in buildings primarily covered by renewables. Special attention will be paid to support for deep renovation in buildings. Investments in efficient use of energy bear a significant multiplier effect as they are considered to be employment-intensive.

In the field of efficient use of energy Slovenia committed itself to reach a 9% energy saving in the period 2008-2016 and, in accordance with the recent energy efficiency directive, to increase energy efficiency by 20% by 2020. Action Plan for Energy Efficiency was adopted by the Government of the Republic of Slovenia in January 2008 to achieve the first objective but was updated to become a more ambitious plan to reach the objective for 2020 was prepared in 2009. Implementation of the Action Plan for Energy Efficiency by 2016 will help reduce energy consumption by 4,300 GWh in 2016, decreasing the total annual cost for 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) targeted co-financing of energy renovation of public buildings. Estimates based on project documentations reveal that the energy costs in renovated buildings will be annually lower by at least EUR 1.6 million or by a total of EUR 10 million beyond 2015 respectively. The financial impact is indeed considerable but could be even three times higher providing that the share of subsidising energy renovation would decrease and private investments would be attracted substantially. Only a small portion of the public building stock was subject to energy renovation in the current financial perspective. The 2014-2020 period will therefore see incentives targeting an extensive programme of energy renovation of public buildings with a simultaneous development of financial mechanisms to foster the entry of private capital in the projects of energy renovation of public sector buildings, and increased role of energy suppliers to promote and implement energy efficiency projects.

Energy renovation of buildings may provide its share in addressing the issue of energy poverty, which had been on a constant increase 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 keeping their homes properly heated in 2010 (SORS, 2012).

Best savings in households can be done while heating and consuming electricity. An array of measures in this segment proves to be cost-efficient, but their delivery is hampered by a number of constraints, these are in particular financial in that there are not enough resources to carry out the investments or in the consumers’ lack of understanding of opportunities and advantages of energy efficiency.53

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. Fulfilment of this obligation and achievement of the objectives in the area of energy efficiency and renewable energy sources are interdependent.

In terms of RES and energy consumption by sectors, the objective in the area of heating is being delivered, whereas in terms of electricity consumption the country has some catching up with the plan to do, the lag being mostly attributed to delay in investments in new plants.54 The Slovenian support scheme to promote the electricity produced from RES at the end of 2012 accounted for about 11 % of all installed capacities in Slovenia. From January to December 2012, 1,410 new plants entered the scheme, the majority being solar plants. It is estimated that 2,500 new jobs were created annually through investments in these plants. Support scheme in the segment of electricity remains the major instrument for delivering on the renewables targets, however, to achieve improved cost-efficiency, improve stability of operation and secure the finance as well as to increase the roll-out of low-cost technologies, it is key to revise the scheme and adapt it to the market conditions.

The share of electricity generated from RES in gross final energy consumption will increase to 40 % by 2020. Support to investments for 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 a balanced exploitation of currently insufficiently tapped potentials of renewable energy technologies.

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. The SME sector will see a design of incentives for the development and launch of green energy products in the market, and for corporate investments in energy efficiency and roll-out of energy management systems under measures conducive to meeting thematic objectives 1 and 3.

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 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 full exploitation of wood biomass as a priority, as well as exploitation of solar and geothermal energy and use of biomass in high-efficiency CHP systems and in district heating systems. In order to make the most out of investments, emphasis will be given to energy contracting projects (CHP with district heating, cooperatives etc.).

54 Evaluation of the Operational Programme of Transport and Environment Infrastructure Development for the Period 2007-2013
SMART ENERGY NETWORKS

Smart grids make an important contribution to cutting GHG emissions and to efficient use of energy, allow for the development of advanced services and products and creation of jobs and open up possibilities in particular for SMEs (according to certain estimates the global market of smart networks nowadays generates more than EUR 100 billion annually and is one of the most rapidly growing markets). These enterprises offer highly qualified jobs and create high added value. In terms of distribution of electricity 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 control centres to increase energy efficiency and use of renewable energy sources. Electricity suppliers will carry out pilot projects of smart meter roll-out in the 2014-2020 period. Research and projects will be supported under thematic objective 1 that will provide basic orientations at the national level conducive to improved performance of the existing electricity network, possibility of active participation of the demand side and dispersed generation, as well as the introduction of new advanced services for consumers on low-voltage electricity network across the whole of Slovenia.

SUSTAINABLE MOBILITY

Current situation in the field of public transport in Slovenia is extremely poor. The number of public transport passengers steadily declines year-on-year. A 15.9 % decline in the number of road passengers and a 2.4 % decline in rail passengers were recorded in the 2007-2011 period. In contrast, the number of registered personal vehicles grew by 5.9 % 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, the household expenditure on transport accounted for 13.9 % (SORS, 2011), which ranks Slovenia on 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. 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 put an end to the downward trend in passenger numbers. Deployment of measures in all sections 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.

Densely populated areas face extensive air pollution due to industrialisation and emissions from residential combustion sources. Traffic emissions generated by transit of goods and increased use of private cars further affect air quality, induce increase in the carbon footprint, noise pollution in urban areas and aggravate citizens’ health. Exposure of urban population to PM$_{10}$ surpassed the EU-27 average in 2011, whereas even worse results were recorded for pollution with ground-level ozone. The number of days when PM$_{10}$ concentrations exceeded the limit values in 2012 fell against the preceding year. Exceedance was recorded solely during winter. The largest source of pollution in the past two years have been private fireplaces, which could be attributed to the fact that households have chosen firewood against fossil fuels (oil, gas) as it is more affordable. Most pressing issue in this respect is poor air quality in Ljubljana, Celje, Maribor, Murska Sobota, Kranj, Novo mesto and Zasavje. Against the backdrop of the ever-growing volume of transport Slovenia has been confronted with high noise pollution levels. Transport has made as much as 20 % of the total

56 http://www.smartgrids.si/index.php/sl/o-tehnoloski-platformi
57 Source: SORS, 8/2012
58 Source: SORS, 2011 Yearbook, Ministry of Infrastructure and Transport
61 http://kazalci.arso.gov.si/?data=indicator&ind_id=565
population exposed to noise pollution, particularly in urban areas and settled areas along major roads.

In order to reduce GHG emissions and PM$_{10}$ emissions from traffic in urban areas the country intends to design integrated transport strategies, and provide support to creating favourable infrastructure conditions for functioning of the integrated public passenger transport and upgrading modes of transport to meet high environmental standards. 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 promotion of mobility management.

In order to step up the development of eco-mobility, the investments will target construction of charging stations and low-carbon charging systems in urban areas. These measures will contribute to reaching the 10 % targeted share of RES in transport while increasing Slovenia’s attractiveness for development investments through setting up of alternative fuel vehicle infrastructure.

Slovenia’s contribution to the Europe 2020 targets on CO$_2$ emissions reduction could take place through green urban logistics that is reflected in increased efficiency, intermodality, sound management of urban demand for goods and services and the use of environment-friendly vehicles and fuels.

ENERGY EFFICIENT FISHERIES SECTOR
Energy efficient and sustainable fisheries sector will see support through awareness raising activities carried out among fishermen on the importance of marine environment preservation and through their active participation in the measures seeking marine ecosystem preservation (collection of waste from the sea, information campaigns on sustainable fishing, training for the use of low-impact fishing techniques and gears etc.). Key in this respect will be active participation of fishermen in the collection of data on species and marine habitat types, also in the context of protected areas (e.g. Natura areas) and their participation in the marine ecosystem conservation measures. Considering the age of the fishing fleet and engines, the country should seek to provide increased energy efficiency of fishing vessels which will be another important contribution to the environmental protection. The 2007-2013 lessons learned reveal a considerable knowledge gap as regards the use of water and environment-friendly aquaculture techniques, and the country should make efforts in the future to address the issue by providing support to the development of environment-friendly aquaculture and organic aquaculture. Landscape preservation and climate change mitigation should further benefit from maintaining fish ponds with warm water fish farming as this secures hydrological balance.

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

Different climate zones and land reliefs that clash against each other 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 report on the progress regarding disaster risk assessment in 2012 treated 13 risks of disaster in the Republic of Slovenia. The report concludes that earthquakes (will not receive support by ESI Funds) and floods represent the greatest risks.

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62 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
Statistics on the damaging events during the period 2005-2008 shows that the greatest damage is associated with weather phenomena (SOR, 2013). Thunderstorms occur throughout the country, being most destructive in the north-eastern part of Slovenia, whereas wildfires pose the greatest threat to the sub-Mediterranean south-western part of the country. Climate change has also affected the agriculture and forestry sectors which both need to adapt thereto.

Funding areas to enjoy support in order to achieve the thematic objective will see funds made available under the Cohesion Fund, the ERDF and EAFRD. In terms of territorial division, Cohesion Fund and EAFRD will provide support across the whole of Slovenia, whereas the ERDF monies will be made available only in cohesion region Vzhodna Slovenija.

Based on the analyses made key investment needs were identified under thematic objective 5, the latter are as follows: structural and non-structural flood protection measures, 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, 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. The number and distribution of high waters over recent years show that hydrological extremes have become more frequent and more pronounced throughout the whole of Slovenia. In addition to human lives lost during floods (there were at least 7 deaths as a result of flood events in the 2007-2010 period), the estimated direct damage caused by major flood events in the last 10 years in Slovenia amounted to approximately EUR 730 million (VAT not included), while in the past 25-year period the major floods in Slovenia caused approximately EUR 1,500 million of damage (Government of the Republic of Slovenia, 2012). The National Reform Programme 2013-2014 identified investment needs in 61 areas of potential significant flood risk where extreme floods may cause severe damage to human health, economic activity, public infrastructure, cultural heritage and the environment, and which are most flood-prone areas in Slovenia.

In accordance with the Danube Basin and the Adriatic Sea Basin Management Plan the programming period 2007-2013 saw the implementation of certain measures to ensure greater flood safety in the 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 the essential protection of people, public infrastructure and the economy. The programming period 2014-2020 will thus witness carrying on of integrated measures seeking flood risk management and reduction in most endangered areas of potential significant flood risk and allocation of funds to spur new integrated solutions to the issue of flooding in line with the legal framework of the Directive 2007/60/EC on the assessment and management of flood risks and related maps of areas of potentially significant flood risk for Slovenia. These solutions will encompass both structural and non-structural flood protection measures with an emphasis on infrastructure representing the backbone of so-called...

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64 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
65 Summarised from the Ex-ante evaluation of the flood risk in the Republic of Slovenia (Ministry of Agriculture and the Environment, 2011) and data on the flood damage 2012
67 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/karta_obmocij_OPVP.pdf
green infrastructure in Natura 2000 sites. In search of synergies, linkages will be made between the implementation of structural and non-structural measures and the measures pursuing improvement in the hydromorphological status of waters, which will result in the improved water status or help prevent the water status from deteriorating. Support will also be given for measures for monitoring water levels and for the establishment of an appropriate flood forecasting system in the 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 reduction, and material technical means to respond to floods provided.

**SETTING UP A SYSTEM FOR CLIMATE CHANGE ADAPTATION**
Slovenia has not adopted a comprehensive strategy on climate change adaptation yet (unlike 15 most developed EU Member States). This hampers planning of sectoral policies and compromises Slovenia’s resilience to climate change impacts. Slovenia will therefore prepare a comprehensive assessment of risks and opportunities that climate change has in store for the county. In doing so, we 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 upcoming period an assessment of major natural and other disaster risks, which will be the baseline for the national disaster risk assessment.

The system on climate change adaptation should be informed by provision of data on the availability of surface water and groundwater and should see the setting up of a decision-making mechanism on water use when the demand is greater than the supply. There are also no concrete sectoral plans on water use that would indicate in detail the foreseen areas of water abstraction, taking into account environmental constraints. New financial perspective will therefore see support for bases that underpin a rational and prudent management of available water quantities and planning of the relevant sectoral policies and investment connected therewith. A detailed description of the decision-making mechanism will be provided in the OP for the Implementation of European Cohesion Policy which envisages technical assistance support for this purpose.

**CLIMATE CHANGE IMPACT AND ADAPTATION OF AGRICULTURE THERETO**
Closely and directly interdependent on weather and climate, agriculture is among the most vulnerable sectors to extreme weather phenomena, being extremely susceptible to change in climatic phenomena. Climate change has both negative and positive impacts 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 temperature rise (longer vegetation period, greater opportunity for growing heat-sensitive plants, a shift of vegetation belts), which are potentially accompanied also 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 the 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 the potential evapotranspiration in areas that are least irrigated and are subject to intensive farming (southern part of Primorska and north-eastern Slovenia). In these areas, the 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 choose the varieties and activities that are less vulnerable, areas that are less exposed, foster growing plants in greenhouses, implement preventive activities (hail nets, crop irrigation and sprinkler irrigation systems) try other means to avoid causing damage.

Analysis of the situation showed that the soil in Slovenia is generally well supplied with organic matter which is mainly a result of agricultural land use with the predominant grassland and the fact that the arable land and permanent plantations use relatively large volumes of livestock manure. Pedological maps show that in 86.2 % of agricultural lands the organic matter content stands above 2
% and in 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 is another phenomenon that occurs, in particular water and wind erosion that occur locally depending on the 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 plant that are adapted to specific local environmental conditions have developed in Slovenia, unfortunately, they have been endangered on account of growing industrialisation of agriculture in recent decades.

Following the goal of delivering the environmental function of agriculture and preserving cultural landscape, the RDP 2014-2020 measures will target agri-environment-climate payments that will promote target-oriented introduction or further deployment of farming 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 biodiversity preservation (ecologically important areas of specific grassland habitats, grassland habitats for butterflies and fern areas, central areas of the appearance of humid extensive meadow birds, most vulnerable grasslands within the Natura 2000 sites and the central areas of the appearance of bears and wolves). Furthermore, redirection to organic farming or its implementation, being important as it underlies the protection of natural resources, will also receive support. The latter comes in as a response to the growing demands of the society to use environment-friendly farming methods as well as the growing demand for high-quality products. The promotion of carbon sequestration in agriculture and forestry under the EAFRD will not be implemented separately as carbon sequestration in agriculture is achieved through the promotion of sustainable forms of farming in the framework of agri-environmental and agro-climate measures. The importance of protecting and preserving the original characteristics and 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 period 2004-2006 and 2007-2013. 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 have all the attention it deserves in the coming period as well.

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

Responsible and sustainable use of resources and preservation of biodiversity are the two pillars underlying quality living and further economic development.

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

Situation analysis made under thematic objective 6 showed that investments needs exist in the following priority areas: improve water quality and drinking water supply, sustainable management of water resources, improve hydromorphological status of waters and environmental status of marine waters, set up a system for Natura 2000 network management and invest in a 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 sustainable development of the fisheries sector and set up a system of integrated river basin and coastal area management.
INFRASTRUCTURE IN THE WATER SECTOR
Slovenia faces huge demand for construction of appropriate infrastructure in the area of drinking water supply. The equipment rate for water supply network has improved, as length of the network and a 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 the data obtained from regular drinking water monitoring ensuring microbiological safety is a problem, especially in smaller systems for drinking water, which is coupled by high concentrations of certain chemical pollutants in drinking water. Construction of the necessary water supply infrastructure (new systems and reconstruction of the existing ones) will therefore be number one priority in the future programming period with a view of providing efficient, quality and reliable drinking water supply in the areas where public supply systems are not yet built or are inappropriate, the country thus providing for supply of safe drinking water in line with the Drinking Water Directive (98/83/EC). The monies will also be allocated to measures seeking active protection of water resources and setting up of systems for monitoring drinking water quality and passive protection methods.

Despite having made extensive investments in the construction of waste water collection and treatment infrastructure, the equipment rates do not meet the expected targets. In accordance with the Council Directive concerning Urban Waste Water Treatment (91/227/EEC), Slovenia has to provide an appropriate collecting system in all agglomerations above 2,000 PE until 31 December 2015 in accordance with Article 3 of the Directive through connection of the population to the public collecting system, except where the establishment of a collecting system is not justified either because it would produce no environmental benefit or would entail excessive costs. Such cases allow for treatment via individual systems or other appropriate systems which achieve the same level of environmental protection. The implementation of infrastructure projects in 2007-2013 will help equip 50 % of agglomerations above 2,000 PE. Other agglomerations and their equipment with environmental infrastructure will be realised in the future in 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 waste water collection and treatment has also been recognised by the NRP 2013-2014. Investments in the next financial perspective will concentrate on the construction of these systems.

QUALITY OF WATERCOURSES
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 good chemical status is recorded for almost 95 % of surface water bodies. Poor chemical status is observed in 7 water bodies. The main obstacles hindering the meeting the targets for surface waters by 2015 are the enrichment with nutrients and organic substances, altering of habitats as a result of hydromorphological changes, pollution with 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 the thematic objective 5.
and the measures that will be implemented in the context of activities aimed at improving biodiversity.

Appropriate solutions to enhance the implementation of EU funds (both under the Structural Funds as well as 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 a wide variety of potential beneficiaries of these funds, they should be provided with capacity building to be able to run for the funds at calls for proposals, it is also necessary that the programming 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 a maximum effect.

EFFICIENT RESOURCE MANAGEMENT
Slovenia is witnessing a downward trend of waste generation, mostly on account of a massive decrease in the volume of construction waste and the fact that certain waste types were reclassified to become by-products, which is our future goal, particularly in light of the shift to a circular economy. The amount of municipal waste has also reduced and the majority of waste is deposited in landfills, even though 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 which are laid down by the Waste Framework Directive. The decreasing trend in the reduction of waste generation cannot be attributed to measures seeking 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, low environmental tax for pollution of the environment due to waste disposal as this does not have an enough dissuasive effect to change certain behavioural patterns, therefore, adequate changes will need to adopted in this area. Another challenge for Slovenia is also to increase the share of biodegradable waste being subject to composting, as the 2009 data for Slovenia show that Slovenia needs to do some serious catching up with the EU-27 average (EU-27 over 15 %, SI less than 5 %) (Eurostat, 2011). The NRP 2013-2014 recognises the need to develop measures that will help the area of waste management become a development opportunity for creation of green jobs and promotion of the transition to a society with closed-loop cycles (NRP 2013-2014).

It is estimated that the investments which have been completed or are on-going 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 financial perspective 2007-2013 under thematic objective 6. In the scope of thematic objectives 1 and 3, the county will promote eco-innovations, technological upgrading and development of new products/services and business models that will pursue waste reduction and enhancement of competitiveness of enterprises thanks to improved material efficiency, and support transition to a circular economy.

IMPROVING THE LEGISLATION IMPLEMENTATION SYSTEM IN THE WATER AND WASTE SECTORS
As regards 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 execution of public procurement procedures. Time-consuming coordination processes between involved municipalities either delay the launch of procedures or result in less comprehensive solutions which are, in turn, less cost-efficient as they are

73 Municipal waste management in Slovenia, European Environment Agency, February 2013
74 In 2010 in Slovenia it amounted to EUR 11/tonne, in the NL it was above 100 EUR/tonne and in the UK it currently stands at around EUR 70/tonne, the government planning to increase the tax to around 100 EUR/tonne.
not complex enough, which creates pressures on the final consumer. Lengthy administrative procedures related to spatial planning, and acquisition of lands and permits are a huge obstacle. The crisis, moreover, has aggravated the situation as the contractors and beneficiaries in the area of environmental infrastructure construction are facing liquidity issues and, particularly in the construction sector, a lot of contractors went bankrupt. The Managing Authority has already launched certain measures to accelerate the absorption of the EU funds in this period, however, in the next financial perspective these measures will need 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 the relevant permits). In terms of environmental infrastructure construction, efforts will be made in the new programming period to allow for awarding of reimbursable funds for the construction and monitoring of average cost per unit, which will enhance cost-efficiency.

Support will be given to projects for a comparative evaluation of performance of operators’ services, for the improvement/upgrade of certain databases, or for improved interoperability of the existing IT systems in the area of delivering the Urban Waste Water Directive.

**URBAN RENEWAL**

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

Uncontrolled sprawl of cities with low density levels most compromises sustainable territorial development; public services tend to get more expensive and harder to provide, natural resources are over-utilised, public passenger transport cannot meet the demand, dependence on private cars and traffic jams in cities are a constant, built-in areas are more prone to floods and quality drinking water supply and waste water collection and treatment systems are under pressure to meet the growing demand. There is a trend of expansion of settlements to new areas which puts pressure on the environment due to the increasing soil sealing while the brownfield sites of urban land remain unused. Due to the uncontrolled sprawl of settlements we waste valuable agricultural land, which is a precondition for achieving self-sufficiency in food. 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). 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, rise in the quality of the environment and safety of living in cities, reduction in carbon footprint (energy renovation, sustainable mobility) social inclusion, development of creative industries, revitalisation of cultural heritage and public cultural infrastructure and increase in the attractiveness of cities as tourism destinations.

Slovenian urban areas are faced with poor air quality, as all urban centres across Slovenia with the exception of Primorska are exposed to increased air pollution particularly by PM$_{10}$. Slovenia has made progress in the last year in designing policies and measures to reduce air pollution. Monitoring of implementation of air quality plans in seven most problematic areas and preparation of bases for the revision call for a comprehensive analysis of emissions and their impact on air quality, that is why new air quality assessment techniques and techniques for reporting on the effects of implementing

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27 http://geo.ff.uni-lj.si/sites/default/files/do_slovenija_nacionalna_8_5.ppt.pdf
measures for improved air quality will be rolled out gradually, which complies with the Directive 2008/50/EC on ambient air quality and cleaner air for Europe. Hand in hand with the urban renewal measures, the measures of sustainable mobility, energy efficiency and support to RES (TO 4) will importantly 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 the forests, underground and aquatic ecosystems, wetlands, sea, alpine and mountain areas, dry grasslands and others. Favourable conservation status of habitat types in Slovenia amounts to nearly half of the habitat types, more than 60% of the species do not reach a favourable conservation status. Slovenia included 37.9% of its territory in the Natura 2000 network. Around 70% of the network is covered by forests. The remaining non-forest areas within the Natura 2000 network comprise agricultural lands (20%), the most important being extensive meadows.

Despite a variety of protection arrangements and considerable improvements made (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 deteriorated in a relatively short period of time in Slovenia. The deterioration is mainly the result of increasing pressures on biodiversity, mainly due to the expansion of settled areas, construction of industrial areas and traffic routes and intensification of interesting agricultural lands in flat areas and abandonment of land use in high and remote areas, which is corroborated by the monitoring of the 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 agriculture intensification trend cannot provide for preservation of habitats and species.

According to SORS, 30% of foreign tourists are attracted to Slovenia by preserved and unspoilt nature which represents the precondition for safeguarding jobs in the protected areas as well as maintaining the share of tourism services exports. Care for nature conservation, natural values and eco-system services make up a huge potential for development.

The next financial perspective will see support to completion of the setting up of the system for the management of Natura 2000 sites. Investments will focus on maintaining a favourable conservation status of species and habitat types of Community interest. Where appropriate, synergies will be searched for (e.g., with sustainable tourism and cultural heritage) for management of tourist visits in Natura 2000 sites and protected areas with a view of increasing their attraction as tourist destinations, and simultaneously reducing negative impacts of tourism on biodiversity in these areas. Capacity of tourist accommodation establishments will not be supported. In terms of access to reimbursable financing for SMEs, the programmes and projects (TO 3) that take into account the specific requirements of Natura 2000 sites are envisaged to receive support. Support in Natura 2000 sites will also be given for construction of green infrastructure, and only exceptionally, for the purchase of important nature conservation properties with the objective of preserving and restoring ecosystems that provide key ecosystem services. This will take place in synergy with flood protection measures and measures targeting improved hydromorphological status of waters. The measures indicated in the priority action framework for Natura 2000 sites (PAF) will be defined in more detail in the Operational programme of Natura 2000 sites management for the period 2014-2020. The relevant measures will receive co-financing under the ERDF. These measures will, inter alia, contribute to the objective of the EU Biodiversity Strategy.

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78 Analysis of meeting the targets of the Strategy of biodiversity preservation in Slovenia, Jana Kus Veenvliet, 2012
79 Foreign holiday tourists according to the month of the survey, type of building, type of municipality, country of residence and the motives for coming on holiday to Slovenia, Slovenia, 2012, http://www.stat.si/tema_ekonomsko_turizem_anketa_2012.asp
Slovenia should also find way to enhance the absorption of EU funds under the LIFE+ programme for the purpose of biodiversity preservation.

**SUSTAINABLE AGRICULTURE**

Agriculture, including the related sectors, directly depends on the availability and quality of natural resources, and has, due to its activities, direct reverse effects on the conservation status of natural resources.

This sector is one of the major polluters of soil and water with nitrates, pesticides and their breakdown products. Due to relatively unfavourable natural conditions in Slovenia less intensive agriculture mostly predominates. However, excessive input of nutrients and pesticides in flat areas with intensive agriculture endangers natural resources, and particularly affects the quality of groundwater.

The most polluted are groundwater bodies in the central and north-eastern parts of Slovenia. Certain surface waters in these parts of Slovenia also do not have a good environmental status. Despite the fact that the quality of groundwater is improving, it is necessary to provide further reduction of the input of pesticides and nitrates through promotion of environment-friendly farming practices (particularly organic farming). Improving soil management and reducing the input of pesticides and fertilisers is therefore considered to be one major intervention areas in the period 2014-2020. This particularly holds true for the areas where 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. protected areas).

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 soil treatment and irrigation in key stages of growth can effectively increase the quantity and quality of the products and thereby contribute to reducing the dependence of agricultural production on natural conditions and secure income stability. As irrigation is associated with certain environmental hazards relating to over-use of water resources, increased erosion of soil, pollution of water with nitrates and pesticides, mineralisation of soil and other negative hazards, it is important that we use more modern and rational technologies of irrigation and irrigate to the extent that does not endanger the available water resources or promote the use of water reservoirs.

Following the goal of ensuring the environmental function of agriculture and preserving cultural landscapes it is necessary to encourage, through agri-environment-climate measures, target-oriented introduction or further deployment of agricultural practices that are compatible with the protection and improvement of the environment, the landscape and its features, natural resources, and payment for reorientation 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 environment-friendly farming practices as well as the demand for high-quality products. Agricultural practices implemented in the framework of the agri-environment-climate measures have positive impacts 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 the preservation of ecosystems also contributes to the development of green infrastructure. The measure also fosters the conservation of landscape elements (hedges, standard-tree meadow orchards, etc.), which are important for connectivity and can also serve as green corridors.

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81 ibid
Slovenia is specific in that the less-favoured areas for agricultural activity (LFA) cover 86.3 % of the whole country of which 72.3 % are mountain areas. They are classified in three different areas, namely:

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

Despite unfavourable conditions for agriculture, farming in these areas plays a very important role in maintaining and promoting sustainable farming systems, preventing the depopulation of rural areas, preserving cultural landscapes and ecological balance as well as sustainable use of agricultural land. The compensation payment is necessary because of additional costs incurred and loss of income from farming, which will also contribute to improving the competitive position of agricultural holdings.

FOREST DAMAGE PREVENTION AND MANAGEMENT
In Slovenia, sleet of medium intensity occurs every few years, while sleet of great intensity causing considerable economic damage occurs approximately every 50 years. The occurrence of sleet is typical of south-western Slovenia. It is most widespread in higher altitudes of Karst and its outskirts, either on the mainland or the littoral areas and occurs also in basins with cold air. It is most pronounced in the altitudes from 400 to 1,000 meters. Sleet causes greatest damage to trees and electrical and telephone installations. Damage due to ice is more common in deciduous trees because of their large surface of branches to which ice sticks. Among the conifers red pine is most commonly damaged due to its fragile branches. As of February 2014 sleet is treated as a natural disaster in Slovenia.

Severe sleet natural hazards 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 sleet damaged forests in forest management area of Kranj covering a surface of 21,000 hectares,
- at the end of 1995 and in the first days of 1996, sleet and snow damaged as many as 8 % of the Slovenian forests. The forest management areas of Ljubljana, Kranj, Celje, Nazarje and Maribor were also damaged.
- in the winter of 1996/1997 sleet and snow damaged almost 900,000 m³ of the wood mass accounting for a little under 8 % of the Slovenian forests (approximately 82,000 ha). The forests in Gorenjska were affected the most.
- in February 2009,
- in January 2010, thickest sleet occurred in Brkini at an altitude of above 600 meters,
- at the end of January and beginning of February 2014 sleet hit the whole of Slovenia with the exception of the regions Prekmurje and Primorska.

To restore forestry potential and clean up the trees torn down during the natural disaster, the country intends to use the funds under the measure Prevention and repair of damage to forests from forest fires and natural disasters and catastrophic events.

SUSTAINABLE DEVELOPMENT OF THE FISHERIES SECTOR
The fisheries sector depends heavily on natural resources. The sector of commercial sea fishing is limited due to numerous factors and various interests of sea use. Techniques of Slovenian fishing
fleet mostly comprise passive fishing tools and some tow tools and purse seines. On the average the vessels of 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 the 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 about the exploitation of fisheries resources and sea management methods is dispersed and there is not enough exchange of this knowledge between individual users. Experiences from the perspective 2007-2013 show that knowledge about the use and state of the sea and the catch, the use of other natural resources (inland water, space), the protected species, environment-friendly fishing practices, management of the marine environment and the space, protected areas (e.g. Natura 2000) and environment-friendly practices in aquaculture tends to remain underutilised and that Slovenia will continuously have to make considerably more effort to improve the database on the one hand and improve its use under the implementation of measures on the other. Thus far, commercial sea fishing received too little investment in generation and sharing of new knowledge, especially as regards the use of the sea, 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 pays too little attention to this knowledge, especially in terms of knowledge transfer within the sector. The knowledge about aquaculture practices in other EU countries by the Slovenian environmentalists is weak, which often leads to poor management decisions in Slovenia. The situation could be improved by continuous transfer of knowledge and best practices on the one hand, and training on the other hand, in particular to ensure the implementation of the reformed Common Fisheries Policy.

Contribution to the implementation of the reformed Common Fisheries Policy in the period 2014-2020 is expected to take place through the acquisition of new knowledge, acquisition of additional information about the sea and stock, exchange of good practice, training and cooperation with 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 sustainable use of marine biological resources, for example attainment of maximum sustainable yield and gradual reduction of fish discards and other activities. The sector should witness enhanced cooperation between the fishermen and scientists that collect data on marine resources at the first level: allow the scientists to board the vessels and participate in collection of the relevant data; such a symbiotic relationship should help improve the database, knowledge about the sea and, as a consequence, management decisions. In the context of accompanying measures under the Common Fisheries Policy in the next financial perspective 2014-2020 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 as well as the integrated maritime surveillance, which will include also the monitoring of vessels. When it comes to improving the data and knowledge we could plan the use of these data to improve the processes within the private sector. In order to achieve 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 inform the design and implementation of effective measures aiming 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 already ratified the Protocol on Integrated Coastal Zone Management of the Mediterranean (ICZM) and has also acceded to the activities for its implementation. Slovenia also participates in the preparation of the Marine 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 to 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 needs 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 considerations, in particular the prevention of accidents at sea, prevention of introduction of alien species and prevention of spills of pollutants into the sea. In an integrated manner and in accordance with the draft MSP Directive and the ICZM Protocol, the joint development strategy at sea will include the areas of 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 represents an essential factor boosting economic development. Efficient functioning of internal market and Slovenia's recognition in global markets call for quality and efficient the transport system. Slovenia has duly considered the EU transport policy requirements as regards the establishment of a trans-European network and underlines the importance of core network development as a flagship. The country strives to provide appropriate transport infrastructures and connections at the regional level, given that they act as a prerequisite for a balanced development of all regions and for accessibility of each particular region.

Co-financing of selected investments under the respective thematic objective will be provided under the Cohesion Fund and the ERDF. In terms of territory, ERDF monies will be ring-fenced for road infrastructure in cohesion region Vzhodna Slovenija, whereas Cohesion Fund monies will be available for investments throughout the whole country. Certain projects will see financing in the form of EIB loans and under the Connecting Europe Facility (CEF).

Situation analysis made under thematic objective 7 identified the following key needs: construct the missing rail infrastructure and upgrade and rehabilitate obsolete rail infrastructure, provide and improve interoperability (deployment of modern technologies in the rail system), increase the proportion of electrified lines in the rail network, construct the missing sections and rehabilitate the TEN-T network, remove bottlenecks between the Mediterranean and Adriatic-Ionian transport corridor (extension of the port infrastructure and enhancement of links between the international port in Koper and the rail network), improve the quality of national and regional roads (improved connectivity and safety).

STRATEGIC PLANNING OF THE TRANSPORT INFRASTRUCTURE DEVELOPMENT

In recent years, developments of transport infrastructure have taken place notably in the motorway network while other types of infrastructure fell behind on development. Lack of national investments and interest among national and foreign private investors brought about a standstill that is particularly evident in the area of rail infrastructure. Financial perspective 2007-2013 saw the launch of the first projects targeting modernisation of the rail network under the Cohesion Fund, completion of a large bulk of motorway connections on the TEN-T network, removal of bottlenecks and road infrastructure hotspots, further improvements in port infrastructure (deepening of navigation channels) and start of projects targeting enhancement of sustainable mobility through public passenger transport and intermodal centres.

Investments in transport infrastructure provide that measures and projects comply with and fulfil the requirements pertaining to planning and sustainability set out by the environmental legislation. The investments also contribute to the Europe 2020 strategy target on reduction in GHG emissions from traffic (60 % by 2050 at the EU level).
Committed to adopting a strategic approach to addressing transport infrastructure issues, Slovenia is developing the Resolution on the National Programme for the Development of Public Transport Infrastructure that will define key bottlenecks based on a complex transport model and list the development projects and measures by 2020 or 2030 respectively. This transport model will come up with solution options based on a cost-benefit analysis, present and future traffic flows, environmental aspects, social acceptability, economic viability and business and economic assessment. The selection of priority projects and measures will depend on the results of the transport model and eligibility of investments from the aspect of strategic environmental assessment. Development of the National Programme for the Development of Public Transport Infrastructure is taking place along with the development of PA, and draft programme will represent the base for identifying key measures and projects in the OP.

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. 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 the transport sector development in Slovenia.

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

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

The country boasts potential for the development of transport logistics branch. Hence, it should remove various constraints and create conditions that allow for unhindered supply for the economy, including through the development of transport logistics, intermodailty 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 funding of projects under the CEF are envisaged to this end.
IMPROVING THE QUALITY OF RAIL INFRASTRUCTURE

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 in an increasing number of infrastructure constraints as well as in 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 Development of the Slovenian Rail Infrastructure was realised only to a smaller extent given that investments in completion of the motorway network were favoured. The total length of rail network stands at 1,200 kilometres, of which 50% are mainlines, whereas about 42% of the lines are electrified. The railway lines density (61 km of railway lines/1000 km²) stands at a comparable level to the EU-27 (57 km of railway lines/1000 km²) (AVARIS, 2013). Configuration of railway lines is outdated and no longer meets the modern rail transport demands.

Slovenia's investments in rail infrastructure development will pave the way to aligning the rail system with the European standards and interoperability conditions (in accordance with the 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, the investments in the rail system support development priorities set out in the EU Strategy for the Danube Region, remove bottlenecks in the TEN-T network, improve cross-border connections, increase throughput/performance on the existing lines and act as the condition for the implementation of the necessary measures enhancing safety and competitiveness of the rail transport and facilitating 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 two times higher (30 km/1000 m² in 2009) than the EU-27 average (15.7 km/1000 m² in 2008) (AVARIS, 2013). The Slovene motorway cross 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 border. Slovenia is a transit country and 38% of tonne-kilometres are a result of transit transport. As for the rest of road freight transport, the second quarter of 2012 recorded 11% of tonne-kilometres made in inland transport, 27% in exports and 23% in imports.

With a view of strengthening regional development potentials and safeguarding jobs preservation, 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 the projects of road transport infrastructure on so-called development axes. The latter represent secondary transverse connections, they establish links between the centres of national significance as well as provide appropriate accessibility and connectivity. Development axes stand as transport links with centres of international significance in the neighbouring countries and foreign influence areas. Investments in road infrastructure will primarily focus on cohesion region Vzhodna Slovenija.

MARITIME INFRASTRUCTURE

The main measures in the area of maritime infrastructure will focus on the development of the international port in Koper which is an important element 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 stands as one of the most important strategic platforms, particularly in relation to the intercontinental trade between the European markets and emerging markets in the Near and Far East via Suez. Investing in the development of an appropriate port infrastructure is an essential building block in the establishment of the pan-European multimodal network where the Mediterranean and Baltic land corridor connects with motorways of the sea in the Adriatic-Ionian corridor. In order to step up the competitiveness of maritime transport, Slovenia needs to work on the development of the international port in Koper, upgrade it and modernise its rail links with the TEN-T network. The country envisages EU support under the Cohesion Fund to ensure safe conditions for navigation in waterways intended for international navigation in territorial sea and internal waters of the Republic of Slovenia with the country undertaking maintenance activities on navigable waterways outside the port areas and deepening them.

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

<table>
<thead>
<tr>
<th>Europe 2020 smart growth target</th>
<th>Current situation in Slovenia</th>
<th>National 2020 target in NRP</th>
</tr>
</thead>
<tbody>
<tr>
<td>75% of the population aged 20-64 should be employed</td>
<td>68.3% (2012)</td>
<td>75%</td>
</tr>
</tbody>
</table>

The young, older citizens, less-skilled individuals and long-term unemployed with their pool of potentials hold the key to higher employment rate and lower unemployment figures according to 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. Taking into account the relevant Council recommendation to Slovenia, the expected results under the thematic objective considered will particularly include efficient and tailored participation of above target groups in labour market measures and provision of efficient labour market services that will stimulate employment (rates), also on account of improved assessment of labour market needs. Activation of the said key target groups may, provided the measures are successful, spur the achievement of the Europe 2020 employment target which stands at 75%. Diversification of activities in the fisheries sector and agriculture and promotion of aquaculture could also pitch in to attaining higher employment rates.

Investments under thematic objective 8 will be supported by the ESF, the EAFRD and the EMFF. Territory-wise, the monies under the three Funds will be available for the whole of Slovenia or where needs will prove to be the biggest.

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

83 Country Specific Recommendation n. 3 of 2012 on Slovenia’s 2013 national reform programme and a Council opinion on Slovenia’s stability programme for 2012-2016 inter alia indicates that Slovenia should: “Take further measures to increase employment of young tertiary graduates, older persons and the low-skilled by focusing resources on tailor-made active labour market policy measures while improving their effectiveness. Address the skills mismatch by improving the attractiveness of the relevant vocational education and training programmes and by further developing cooperation with the relevant stakeholders in assessing labour market needs.” Source: http://ec.europa.eu/europe2020/pdf/ind/csr2013_slovenia_en.pdf

84 Measured in the unemployed individuals getting a job upon completion of measures and after six months
Analysis situation made under thematic objective 8 identified the following needs: reduce the number of unemployed, especially young and long term unemployed, promote employment of older persons, including through adaptation of workplaces and active ageing measures, ensure efficient functioning of the labour market (quality measures and services), improve matching of labour market demand and supply, promote diversification and 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
Above conditions and structural imbalances characterise the Slovenian labour market. Employment rate of older persons places Slovenia among the worst achievers in the EU, long term unemployment is on the rise and unemployment among less-educated remains persistently high.

Employment rate of older persons in 2012 stood at 31.9 % (men 40 %, 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 reactivation of older people in the labour market and simultaneous adaptation of workplaces. Older unemployed people on average face greater difficulties in finding employment when 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 under the labour legislation) which may or may not be justified, the employers prefer not to employ them, which leads older unemployed people into long term unemployment. According to the ESS data the number of older long term unemployed persons rises up until the age of 56, then gradually slows down when the long term unemployment experiences a sharp fall after the age of 60 standing at somewhat above 1 %. Older persons are not removed from the register because they get a job but because they retire. Most of them find it hard to get a job as they lack qualifications and skills, more than 37.4 % of them having completed only primary school (level I to II), which is why they remain unemployed for so long. Long term unemployed persons at the end of 2012 already reached 56.2 %, with almost 4 out of 10 long term unemployed individuals being counted among 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 frequently needed to help them sort out their unemployment issue.

Long term unemployment rate has likewise grown; it stood at 4.3 % in 2012 (EU-27 4.6 %). Women accounted for 48.4 % of registered long-term unemployed and 51.6 % of them were men. Long-term unemployed older people find themselves in a particularly unenviable position, while the predominating 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 the total unemployed persons in cohesion region Vzhodna Slovenija, and 46.1 % in the cohesion region Zahodna Slovenija. In 2009, the share was 32.4 % for the cohesion region Vzhodna Slovenija and 26.3 % for the cohesion region Zahodna Slovenija respectively.

The unemployment rate of low-educated has increased and stands at 16 %, but remained below 7 % in the pre-crisis period. Similarly, the unemployment rate of highly educated rose from around 3 % to 6.1 % in 2012 (the rate is higher for women). 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 hand). Persistent structural unemployment remains one of the key problems of Slovenia. Therefore, measures to monitor and assess the needs for education and skills of workers and tailored measures seeking participation of target groups in incentives for employment or training will receive support.

85 Older unemployed persons, ESS, 2013
86
The structural problems coupled with the lack of jobs both send unemployment figures soaring. 2009 demand for workers was by one third lower if compared to the preceding year. The demand decreased in almost all activities and saw a decrease by over a third in manufacturing, trade, construction, transport and warehousing.

Marked segmentation in the labour market and the inevitable improvement in the responsiveness of the labour market to crisis require that the missing sets of labour market reform are designed and that key labour market institutions receive the support they deserve. We also need to further step up the efficiency of active labour market policy and services tailored to cater to the needs of target groups, as well as strengthen regulatory institutions in the labour market. Developments in this context should also see establishment of a system providing for matching of labour market supply and demand and fostering of transnational labour mobility of labour and other mobility programmes (EURES).

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 crisis reveal that:

- 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 up with other measures,
- The unemployment comes as a result of labour market imbalances (available jobs that depend on the 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 measures in total expenditures on labour market policy is among the lowest in the EU.

The research recommend that the programmes achieve high levels of concentration to bring out the most of their effects while particularly underlining training programmes, incentives for private sector and increased success of the job seeking exercise. The latter is higher if combination of other active labour market policy measures (e.g. training, employment subsidies) is used. For the young, the evaluation recommends that the economic policy focuses on measures preventing their entry into unemployment, orients towards improving their employability and facilitates entry of the young in the labour market.

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

Evaluation of measures in the context of the implementation of the Operational Programme for Human Resources Development establishes that the instruments designed and implemented were more a response to the economic crisis, while there were fewer preventive instruments.

87 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 the work and through adaptation of the existing information support.


89 Evaluation of the main active labour market policy programmes, including measures to address the economic and financial crisis, October 2012, EIPP, Ekonomski inštitut d.o.o.
THE YOUNG

Employment rate of the young (15-24) has witnessed a dramatic decrease, hitting lowest in 2012 at 27.3 % (30.4 % for men and 23.7 % for women). Employment rate of the young fell sharply in cohesion region Zahodna Slovenija (to 26.5 %) and was lower than in the cohesion region Vzhodna Slovenija (28 %).

A situation analysis under the Youth Guarantee Implementation Plan\(^{91}\) overviews data relating to the young in the Slovenian labour market. Youth unemployment rate has witnessed an uphill 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. 37 % of the young unemployed have low educational attainment. Young people in the labour market are mostly employed on fixed-term contracts, and 66.7 % of the young deregister from the unemployment register as a result of getting a temporary job. A large part of the young are in tertiary education, while the unemployment rates notably grow for the 25-29 cohort, i.e. after exiting education. The young constitute a specific priority group and measures targeting them in the period 2014-2015 will be grouped under the Youth Guarantee Implementation Plan. Both groups, i.e. 15-24 age group and 25-29 age group will be recipients of support under these measures. The cohesion region Vzhodna Slovenija is also eligible to the Youth Employment Initiative so that combined measures for an efficient transition of young people into the labour market will take place there. When entering the labour market the young lack adequate experience and knowledge. Attention will therefore be given to employment measures targeting the young in relation to their prior work-based experience for an efficient entry into the labour market\(^{92}\). The European Commission published a study on the value of youth work and its outcomes in January 2014\(^{93}\). On the basis of the evidence identified from existing research and the data collected throughout this study successful youth work practice can result in a range of positive outcomes for young people which enable them to develop skills and competences in a diverse range of areas, strengthen their network and social capital, change particular behaviours (such as risk behaviours) and build positive relationships. The study further identifies the outcomes of youth work in a number of fields that are important to the young, while particularly stressing the outcome of improved employability.

The EU support will focus on promoting youth employment measures in relation to their prior work-based experience for an efficient entry into the labour market\(^{94}\), as well as innovative/alternative forms of youth employment. Most of the measures under the Implementation Plan are planned to continue beyond 2015, while being complemented and upgraded based on a thorough monitoring and evaluation of the 2014-2014 Implementation Plan.

ADAPTABILITY OF INDIVIDUALS AND ENTERPRISES

Demographic trends affect the labour market on the one hand and the public finance on the other hand. Several areas or policies which need to be amended or upgraded relate to demographic trends. Anticipated decline of the share of the working age population in the total population structure and increasing population ageing merit due attention from the aspect of promoting employment. The 55-64 working age population will inevitably grow. Employment rate of this group slightly grew in 2012 and reached 32.9 %, but remains well below the EU-28 average (48.8 %). Unlike the young, older workers are in a more favourable position in the cohesion region Zahodna Slovenija.

\(^{90}\) GOSP, Evaluation of the labour market area under the OP HRD, 2012
\(^{92}\) The evaluation proposes that economic policy focuses on the measures which would prevent youth unemployment. Economic policy should be directed in enhancing the employability and should facilitate the transition to the labour market. Targeted research project No V5-1039 “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.
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In 2009, before the crisis, the gap was much larger. In the cohesion region Zahodna Slovenija 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 Vzhodna Slovenija. The employment rate of women in the age group 55-64 stood at 25.6 % in the cohesion region Vzhodna Slovenija and has increased since 2011. The trend repeated in Zahodna Slovenija with the rate standing at 24.4 %. The employment rate of older men stood at 44.1 % in cohesion region Zahodna Slovenija and at 38.25 % in Vzhodna Slovenija.59

This age group is characterised by low participation levels in education and training and frequent health-related issues. At least one kind of health-related issue is associated with 57 % of individuals, and a fair share of individuals in the 55-59 age group are inactive due to health-related issues.97

The employment rate also fell drastically in the age group 25-34, while the observed decline in the 34-55 age group was smaller. It is in these groups that the cohesion region Zahodna Slovenija stands out. The two working age population groups are in huge need of additional incentives that would retain them in the labour market, especially from the aspect of reconciling work and family life and providing healthy and safe workplaces (reducing the number of overstressed and burned out workers at workplace and consequent absenteeism).

Support will be provided for joint projects of social partners for provision of quality workplaces, reconciliation of work, family and private life, advocating of corporate social responsibility, new forms of work organisation, and guaranteed conditions of health and safety at work. Social partners will play an important role in the creation and implementation of structural reforms, adaptation of firms and individuals, demographic trends, adaptation of workplaces and in light of the joint creation of measures and their implementation.

EMPLOYMENT IN RURAL AREAS
Slovenian rural area has been confronted with tough socio-economic conditions recently and has been facing growing unemployment. It is therefore necessary to facilitate the development of non-agricultural activities in rural areas (sideline activities on farms and in micro-enterprises) that will create conditions for the creation of green jobs and an additional source of income on the farm.

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 get the opportunity of finding a job outside the scope of agriculture, which is vital for the existence and prosperity of a large share of agricultural holdings which could not be economically viable solely on agricultural activity. Promoting diversification, creation and development of small enterprises and creation of new jobs is, therefore, one of the key priority areas of intervention.

The number of self-employed persons increased by 5.5 % in the programming period 2007-2013, 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 of the non-agricultural sector in rural areas has also been observed – its gross value added has risen by more than 14 % and is with EUR 30,323 million 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 rural economy and a key generator of new jobs, and will be given special attention within the framework of this priority area.

96 Miroslav Ignjatovič: EEO Review: Employment policies to promote active ageing, European Employment Observatory 2012
97 SORS, Older people in the labour market, Ljubljana, September 2013, p. 19
98 Eurostat
As a priority, it is necessary to support the micro-enterprises and farms with sideline activities that will associate their development with the activation of endogenous potentials in the rural areas, which means that they will primarily be engaged in the areas related to wood processing, local self-sufficiency, green tourism, natural and cultural heritage and traditional know-how, social entrepreneurship, social security services, management of organic waste and renewables that will provide the conditions for creation of green jobs and an additional source of income on farms.

Agricultural and wood biomass are important sources of renewable energy and thus play an important role in tackling two of key challenges the EU and the national energy policy have been confronted with. The potential to generate energy from renewable energy sources is high in Slovenia. This is particularly true of exploitation of wood biomass. EAFRD monies under this thematic objective will importantly contribute to the desired shift to a low-carbon economy which is at the heart of the agenda under thematic objective 4.

EMPLOYMENT IN THE FISHERIES SECTOR AND THE AQUACULTURE

Employment trend in the sea fishing sector was negative in the period 2007-2010. On the other hand, the employment trend in mariculture, in that same period, experienced a rise although employment in 2010 decreased over 2009. This decrease may be attributed to lower production and sales volumes in mariculture as bivalve shellfish farms were closed for a considerable portion of the year because of toxic phytoplankton organisms. Socio-economic status of the Slovenian fishermen and individuals engaged in fish farming leaves a lot to be desired, the sector is small and fragmented, there are many micro-enterprises, family businesses or self-employed, and aquaculture is to a smaller extent carried out as a diversification activity of agricultural holdings. Lack of organisational structure of the sector severely hampers the transfer of knowledge and good practice, and induces a shortage of cooperation activities – both within the sector and outside the sector with educational, research and other institutions. The situation considerably picked up in the area of commercial sea fishing in financial perspective 2007-2013, through measures for sustainable development of fisheries areas based on a bottom-up approach. Commercial sea fishing sector considerably stepped up the activities sustaining knowledge transfer to the “outside community” (workshops for children, general education activities on added value of fishery products consumption etc.) in the context of sustainable development measures for the fisheries areas. Aquaculture struggles with a gap in knowledge on foreign farming practices, technological gear used in fish farming in the sense of a more efficient use of water resources and environment-friendly farming techniques. Potential for future support is recognised in training projects offered to the aquaculture sector representatives, sharing of good practice, networking and improved integration of the sector.

The fisheries sector is particularly important for the preservation of cultural heritage, and plays a major role as a traditional activity in Slovenia. Measures for sustainable development of fisheries areas, including in the context of CLLD, prove to be a good choice for the future financial perspective 2014-2020 as they are expected to contribute to the creation of new business opportunities (adding value to the fisheries and aquaculture products, linking up of fisheries with tourism, diversification of activities, education, promotion of natural and cultural heritage, networking, etc.). Cooperation activities within and outside the sector with educational institutions and other respective institutions will undoubtedly exert a positive influence on the organisational structure of the sector. The purpose of measures seeking sustainable fisheries areas development led by the community 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 Commission Position Paper underlines that poor industrial and rural areas, including aquaculture, hide an enormous potential for job creation. Also, there are vast opportunities for diversification in the areas that rely on fishing. The potential of freshwater aquaculture in rural areas and diversification will be key generators of development in these areas and will fuel the creation of added value in rural areas, most probably in the scope of 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

<table>
<thead>
<tr>
<th>Europe 2020 inclusive growth target</th>
<th>Current situation in Slovenia</th>
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<td>75% of the population aged 20-64 should be employed</td>
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<td>75%</td>
</tr>
<tr>
<td>Reducing the number of people in or at risk of poverty or social exclusion by at least 20 million in the EU</td>
<td>392,000 (2012)</td>
<td>Number of people in or at risk of poverty and social exclusion will fall by 40,000 by 2008 as compared to 2008 when the figure was 360,000</td>
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</table>

The main strategic document in the area of social assistance in Slovenia, i.e. the National Social Security Programme that was adopted in April 201399 indicates that the social issues have more than worsened in recent years, by and large as a consequence of the persistent economic crisis, soaring unemployment rates, limited employment opportunities and generally low income of the population. Promotion of social inclusion and fight against poverty will therefore constitute the headline thematic objective that will help alleviate the effects of the crisis and lead to reaching the Europe 2020 smart growth targets. European Commission’s document “Position of the Commission Services on the development of Partnership Agreement and programmes in Slovenia for the period 2014-2020"100 highlights as key priority areas reduction in poverty of particular target groups and active inclusion measures as well as provision of quality and affordable social services. Actions in the latter area will embody Slovenia’s response to the relevant Council recommendation to Slovenia101.

Thematic areas under the thematic objective will receive support from the ESF, the EMFF and the EAFRD. In terms of territorial allocation, the monies under the ESF, ERDF (ring-fenced only for support for the process of deinstitutionalisation) and EAFRD will be available throughout the whole of Slovenia.

Key intervention areas under thematic objective 9 will be as follows: combat against poverty, unemployment and social exclusion that have ensued as a consequence of the economic crisis and have spread widely across the whole of Slovenia, find the answers to the challenges posed by the ever-ageing society. Key needs in the upcoming 2014-2020 programming period therefore lie in the development of programmes targeting activation and social inclusion as well as empowerment and active participation, promotion of social entrepreneurship, necessity of transition from institutional services to community-based services of long-term care, creation of links between healthcare and social services and modernisation of their networks, strengthening of health and active lifestyle, and last but not least, promotion of social inclusion in rural areas through, inter alia, the LEADER approach.

100 The Position Paper establishes for the labour market area that the employment rate for older workers, the young and less-educated individuals is below the EU average. Slovenia should in the future place its attention on the activities supporting inclusion of the young, older workers, long term unemployed and less-educated in the labour market. Two groups should especially be underlined in this respect: the young entering the labour market for the first time and older workers above the age of 55. The document furthers notes that participation of older workers in active labour market policy measures.
101 Country Specific Recommendation n. 2 of 2012 on Slovenia’s 2013 national reform programme and a Council opinion on Slovenia’s stability programme for 2012-2016 inter alia indicates that Slovenia should: “Contain age-related expenditure on long-term care and improve access to services by refocusing care provision from institutional to home care, sharpening targeting and means-testing of benefits, and reinforcing prevention to reduce disability/dependency.” Source: http://ec.europa.eu/europe2020/pdf/csr2013_slovenia_en.pdf
POVERTY AND SOCIAL EXCLUSION

Income and poverty indicators point to the social situation of the population aggravating at an alarming rate. The risk of poverty has been growing ever since 2009. According to the Eurostat data, the at-risk-of-poverty rate in Slovenia stood at 11.3% in 2009 and rose to 13.5% in 2013. Material situation of the population has been rapidly deteriorating, and in turn mirrors in the growing share of severe material deprivation rates; the latter amounted to 5.1% in 2007 and rose to 6.6% by 2012. The number of people living in households with very low work intensity rose from 6.7% in 2008 to 7.5% in 2012. Most poverty-prone population group are all categories of the inactive, in particular the unemployed; according to SORS data, 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 available data, including families with dependent children (especially single-parent families and multiple-children families), the elderly (19.6%), older women (25%) and elderly people living alone. The latter saw a record-high rate standing at 41.7% in 2012. Above-average risk of poverty is also a concern faced by apartment tenants, the share of tenants below the poverty threshold accounting for 33.3% in 2010. In 2012, the number of recipients of social transfers, particularly of social assistance in cash, did not increase as a result of the new legislation that tightened the conditions for entitlement to social transfers. The number of recipients of social assistance in cash slightly increased again in 2013. The rising share of passive recipients of social assistance in cash among all recipients is a concern-rising fact (Ministry of Labour, Family and Social Affairs, 2012). Most of the recipients are unemployed, whereas the share of passive recipients and long-term recipients - recipients of social assistance in cash who have regularly received this assistance for at least 12 months in the last 16 months - raises concern. The share of long term recipients of social assistance in cash among all recipients of social assistance in cash in December 2009 stood at 63%, a year later increasing to 75.8%. In December 2013, the figure stood at 72.5% which accounts for three quarters of all recipients, despite certain stricter conditions that were introduced through the new social legislation.

ACHIEVING OF THE EUROPE 2020 HEADLINE TARGET

In 2010, Slovenia made an important commitment to pursue the combat 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 40,000 fewer individuals facing poverty and social exclusion against the baseline year 2008 when 361,000 persons were considered poor and socially excluded. Due to the economic crisis the number of people in or at risk of poverty and social exclusion has changed significantly since 2010, the country recording 392,000 people in or at risk of poverty and social exclusion in 2012, which represents a move 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. Data suggest that the risk is continuously growing in both cohesion regions. In the cohesion region Vzhodna Slovenija 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. Now, even though the risk is increasing at a more rapid pace in Zahodna Slovenija, it is still significantly higher in Vzhodna Slovenija, which is why the issue will have to be tackled across the whole of the country. A relatively small amount of the 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 system of social transfers), internships for graduates in the field of social security, and the first social activation programmes for the long term unemployed and long term recipients of transfers.

102 http://epp.eurostat.ec.europa.eu/portal/page/europe_2020_indicators/headline_indicators
103 http://www.stat.si/novica_prikazi.aspx?id=5827
104 Source of data on social assistance recipients is the MLFSA.
ACTIVE INCLUSION
The new financial perspective will see continuous efforts made towards augmenting the number of activation and social inclusion programmes, as this is a must if we consider the increasing deterioration of social situation in Slovenia, and the aspect of a proactive and efficient approach to cutting the number of individuals faced with a high risk of poverty and social exclusion. In order to realise the target of lifting the set share of population out of poverty and social exclusion, Slovenia intends to carry out the reform of the relevant legislation and, above all, enhance the development of integrated programmes in the area of social activation, inclusion and empowerment of individuals with a high risk of poverty or social exclusion. Rapid tailored measures that will help long term unemployed, the inactive and other target groups stay in contact with the labour market need to be designed against the backdrop of deterioration in social and material situation of the population. Current supply of programmes targeting this group remains low, given that employment initiatives and job creation initiatives in 2012 covered 1,653 recipients of social assistance in cash, which are mere 3 % of the total recipients. Along with the activation of individuals, the activation and social inclusion programmes need to be all-round, and need to capture the entire spectrum of areas and topics that underpin improvement of the situation of an individual, a family and the social environment of the individual.

DEVELOPMENT OF COMMUNITY-BASED SERVICES OF LONG TERM CARE
Data on serious social situation of the elderly and demographic trends that underline the growing share of old people in Slovenia put both the social and healthcare systems in a position where they are confronted with an increased demand for long term care services and other social security and healthcare services that facilitate the elderly’s inclusion in the environment and the society. The number of individuals in need of long term care is anticipated to grow steadily in the years to come, primarily on account of the rapid population ageing. Resolution on the national social security programme for the period 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 current 22,800 to 40,000 in 2020; whereas 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 the OECD data105, of which 1.2 % are placed in an institution and 0.7 % of them receive long term care at home.

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 primarily encompasses services in an institutional setting, whereas long term care at home or community-based long term care services remain underdeveloped. The need to increase the share of individuals placed in community-based settings or so-called deinstitutionalisation has been underlined by the Commission recommendation for a Council recommendation on Slovenia’s 2013 national reform programme106 that recommends the transition from institutional to community-based care and services while improving access to services. Support under the ERDF will be given to investments in healthcare and social infrastructure that facilitate the transition from institutional care to home care, including the support for an intergenerational centre or non-profit cooperatives and other innovative solutions that boost the development of community services or aim at addressing accommodation issues and issues relating to access to social and healthcare services for several target groups while duly respecting the principles of intergenerational cooperation. The context of community-based long term should also see integration or standardisation of healthcare and social services, and modernisation of certain social care and healthcare networks with the funds being available under the ESF and the ERDF.

105 Help Wanted? Providing and paying for long-term care, OECD 2011
PROMOTING HEALTH
Increased life expectancy in Slovenia does not go hand in hand with the growth in expected healthy life years at birth, defined as the number of years a person at birth is expected to live in a healthy condition permitting everyday activities, which has had an irreversible impact on the healthcare systems and long-term care systems. Recent data rank Slovenia at the tail end of the European scale. Diseases that can be prevented and whose emergence can be postponed into later stages of life for the most part account for the health-related issues 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 systematic prevention of risk factors, early detection of diseases and quality of care. Investments in health promotion, prevention and early detection of diseases and fostering of a healthy lifestyle throughout the lifecycle will therefore be at the forefront. Promotion of a healthy lifestyle covers, *inter alia*, adoption of a positive attitude of the entire population towards physical activity, as the latter preserve functional abilities of individuals that are indispensable for the labour market integration and a precondition for healthy and active ageing. Health inequalities that arise from various socio-economic situations of social groups and may be prevented through well-targeted health promotion and disease prevention programmes and through measures that seek to enhance social inclusion of vulnerable groups deserve due attention.

SOCIAL ENTREPRENEURSHIP
In order to tackle the social effects of the economic crisis that ensued in soaring unemployment and social exclusion, as well as respond to the downward demographic trends, Slovenia intends to pursue the EU trends where social entrepreneurship not only stands as an increasingly important element of the European economic model, but also as an element encouraging social cohesion. The need for social innovations which stem from social economy and social entrepreneurship is becoming markedly pronounced. The social economy context should provide for solutions to increase accessibility to certain social services, particularly those associated with the population ageing and long-term care, and with children and the young, as well as to ensuring social inclusion (through labour participation) of vulnerable groups. We should also bear in mind that there are development potentials spread across the entire social economy sector, and that a wider spectrum of various forms of social enterprises and non-profit cooperatives deserves support. Besides providing opportunities for the development of new services and products, this segment of the economy first and foremost offers employment opportunities. Social economy sector has considerable catching up to do with the EU development level, as the share of individuals employed in social economy accounted for mere 0.73 % of the total population employed against 6.53 % of the EU-27 average according to the Eurostat data. Several promotional activities were carried out in 2013 to increase the visibility and recognisability of social entrepreneurship and help understand its underlying principles, however, only a small share of individuals were integrated in social enterprises through employment initiatives, and a small number of the unemployed were integrated in social enterprises through community work placement programmes. The goal of the upcoming period will therefore lie in extending the scope of activities and employment in the social economy sector, by means of a support scheme funded by the ESF and through integration of vulnerable groups in social enterprises. Promotion of employment and extension of social enterprise activities will go hand in hand with the promotion of social economy based on adjusted financial support (adjusted financial instruments) in the context of stepping up competitiveness under thematic objective 3. Projects involving a

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107 The expected healthy life years at birth for women in Slovenia stand at 53.8 years (EU27 average 62.2 years) and for men at 54 years (EU27 average 61.8 years).


110 Annex to the Programme of measures 2014-2015 for the implementation of social entrepreneurship strategy development in 2013-2016: review of activities of the programme of measures carried out in 2013 (according to the MLFSA data only one social enterprise received an employment subsidy under the Zaposli.me programme [Employ.me programme]), two unemployed individuals participating therein; seven social enterprises carried out community work placement programmes in which 14 unemployed individuals participated.
combination of all above measures and of both types of social enterprises will receive support in both cases.

SOCIAL INCLUSION IN RURAL AREAS
Local development in rural areas builds on making full use of endogenous development potentials of rural areas, especially in connection with the natural and cultural heritage and building of social capital in the form of active participation of the population in the 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 potentials and to pinpoint the delivery strategy for development goals. In this context, it is essential that all key groups of actors in a given area, namely the private and public sectors and civil society, harmonise their views on local development 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 of development problems, coordinated intervention of various sources of funding and flexibility in achieving the development goals. Implementation of the LEADER approach in the context of the fourth axis of the RDP has proved successful as gradual launch has been supported by encouraging results and increased visibility of the 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

<table>
<thead>
<tr>
<th>Europe 2020 smart growth target</th>
<th>Current situation in Slovenia</th>
<th>National 2020 target in the NRP</th>
</tr>
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<tbody>
<tr>
<td>More efficient education:</td>
<td></td>
<td></td>
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<tr>
<td>Reducing early school leaving to</td>
<td>4.34 % (2013)</td>
<td>The share of early school leavers will not surpass 5 % (2011: 4.2%)</td>
</tr>
<tr>
<td>less than 10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At least 40% of 30-34 years old</td>
<td>39.6 % (2013)</td>
<td>40 % of the population in the 30-34 age group will complete tertiary education (2011)</td>
</tr>
<tr>
<td>completing tertiary or equivalent education</td>
<td></td>
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</tbody>
</table>

Knowledge is the key factor spurring individual’s personal and social development in the modern society, which calls for investments in education and qualifications and delivery of an appropriate supportive environment. Education and training systems need to show the ability to rapidly respond to social trends and labour market demands. Slovenia is entering globalisation flows where development and progress of modern societies build on knowledge and further knowledge creation. The country is committed to pursuing the headline targets set out in Europe 2020 where two important initiatives underpin education and training, i.e. New skills for New job strategy and Youth on the move.

Thematic areas under the thematic objective will be supported by the ESF, the ERDF and the EAFRD. In terms of the territory, all Funds will be available across the whole of Slovenia, while taking on board the development level and education structure in particular region.

Situation analysis made under thematic objective 10 identified 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), strengthen human resources in enterprises and implement career guidance at all educational levels, develop education models that will boost the responsiveness of education to
lifelong learning, upgrading of competences, counselling and career orientation

Rapidly changing economic and social conditions require a lifelong approach to learning, while strongly encouraging individuals' demand for education and training and employers' investments in their employees. Participation rates of adults in lifelong learning which capture participation in both formal and informal education 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 Zahodna Slovenija registering a 15.6% participation rate and Vzhodna Slovenija a 12.2% participation rate. 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 a relatively high participation level of all adults in lifelong learning, data on Slovenia suggest that especially low-educated individuals score above-average participation rates (SI 2.7%, EU28 4.6%; 2013)\textsuperscript{111}. The 55-64 age group has seen a slightly lower participation level than the EU28 average for the first time in the last year (SI 5.7%; EU28 5.8%),\textsuperscript{112} but falls considerably behind the countries it is compared with (e.g. Denmark 23%). 2013 Development report\textsuperscript{113} suggests that increased participation of the 55-64 age group which is declining now could help retain their employability, the same going for low-educated workers. Even European Commission urges Slovenia to make progress in increasing participation of older workers 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 Partnership Agreement and programmes in Slovenia for the period 2014-2020”.

Successful integration in the labour market and society rides on how high the level of individuals’ competences is. Knowledge has become the key factor shaping individuals’ personal and social development in a society characterised by rapid social changes, technological development and precarious conditions in the labour market\textsuperscript{114}. The main conclusion of the study Evaluation of main types of activities in the labour market\textsuperscript{115}, carried out in 2011 and 2012 was that structural changes in the labour force education, particularly in capacities and competences of workers, would ultimately become a must in light of the changes the economy has witnessed. As a result, the study recommends that relevant instruments tackling enhanced competitiveness of individuals and enterprises are designed, but at the same time underlines that many more stakeholders should have their say in these instruments – employees, employers, different ministries, knowledge providers while making them tailored to the needs and development level of particular regions.

The results of international researches\textsuperscript{116} prove that people with poor achievements in measurement of basic competences which are demonstrated already at the beginning of schooling face difficulties also at later stages of education and participation in lifelong learning. Slovenia does not meet the EU target values on key basic skills (reading literacy, mathematical literacy, scientific literacy etc.) to which the Country Position Paper particularly drew attention\textsuperscript{117}. Figures on reading literacy where

\textsuperscript{113}2013 Development report, IMAD
\textsuperscript{114}EC: Re-thinking education – Investing in skills for better socio-economic outcomes (COM (2012) 668 final
\textsuperscript{115}Evaluation of main types of activities in the labour market, 2011 and 2012, MEDT
\textsuperscript{116}Adult Literacy and Life Skills Survey, OECD, 2011, 10-11
\textsuperscript{117}Position of the Commission Services on the development of Partnership Agreement and programmes in Slovenia for the period 2014-2020
the share of those who do not achieve the minimum level of knowledge remains above the EU average (Slovenia 21.2 %, EU 19.6 %) are particularly worrisome. Also, the fact that the number of individuals who only achieve the minimum level of knowledge has been increasing since 2006 (2006 - 16.5 %, 2009 – 21.2 %) further raises concern. Even the 2012 international PISA research measurement of reading literacy\textsuperscript{118} of 15-year olds shows that the percentage remains flat (21.1 %)\textsuperscript{119}. Development of basic skills such as reading literacy should be mainstreamed in employment policy by the state. A number of researches confirm the statistical correlation between the level of education (on the presumption that basic skills such as reading literacy are higher) and the employment rate\textsuperscript{120}. Even research conducted on the relation between literacy rate as such, employment rate and GDP per capita\textsuperscript{121} confirm that correlation does exist between these elements. This programming period should therefore witness a shift of activities from the modernisation and updating of educational programmes to upgrade of general and professional skills that enhance employability. This will require the development and delivery of more efficient education and work matching programmes (apprenticeship models, participation of firms in practical learning) and subsequent monitoring and evaluation of general and professional competences. Also, practical trainings should receive full and continuous support in the education process and avail themselves of the infrastructure that is already in place, e.g. inter-company educational centres – training centres that should be a stepping stone to acquiring work and other practical experiences. In a society whose economic growth rides on innovation individuals should not only achieve a high level of general competences but should be made well equipped and ready for a creative, socially responsible and entrepreneurship-oriented action. The lack of such competences in the process of labour market integration becomes a major setback hampering further modernisation process of firms and, consequently, impedes economic development of a country, especially at a time when no job should be taken for granted and where a high degree of entrepreneurship drive and creativity must be proven for creation of jobs and stimulating the demand for e-services. These competences include information and communication literacy or e-skills, especially for the target group of older individuals where the lag behind the EU average is the greatest (14 percentage points in 2012)\textsuperscript{122}. In terms of the Internet use Slovenia records notoriously low figures for the retired and inactive population (SI 24 %, EU 40 %)\textsuperscript{123}, whereas the share of population regularly using the Internet accounts for 69 % of the population (EU 72 %) and 23 % have not used it even once (EU 21 %)\textsuperscript{124}.

Ever-changing labour market puts strain on workers that need to change jobs more frequently and results in rapidly changing labour market needs. At the same time, it increases the need for quality career orientation and guidance activities. Lifelong career orientation should be made available to all groups of working-age population, be it school-age youth, employees, self-employed individuals or the unemployed. Even the European Commission urges Slovenia to strengthen the role of vocational or career orientation in the Council recommendation on Slovenia's 2013 national reform programme. Lifelong career orientation in the education system is implemented via guidance activities and career centres in higher education. Relevant tailor-made models cater to the needs of members of vulnerable target groups, as their needs require a specific tailored approach and treatment. Career centres in higher education deliver counselling and guidance to students while planning and devising a career orientation for a quality study path and with a view of facilitating the labour market integration. ESS and concessionaires deliver career guidance for the unemployed and to a smaller extent to the school-age youth, whereas those in employment benefit from active labour market

\textsuperscript{118} 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).
\textsuperscript{121} M. Shafiqur Rahman: Relationship among GDP, Per Capita GDP, Literacy Rate and Unemployment Rate. British Journal of Arts and Social Sciences. http://www.bjournals.co.uk/paper/BJASS_14_2/BJASS_14_02_02.pdf.
\textsuperscript{122} IMAD, 2013 Development Report.
\textsuperscript{123} Source: Digital Agenda Scoreboard.
\textsuperscript{124} 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"}
policy programmes comprising the components of lifelong career orientation. The services of career orientation are strongly connected with efficient job mediation to the unemployed, as a result, these measures will be covered by thematic objective 8 – access to employment. At the same time, what we need is also more efficient and targeted career orientation for the young, including pupils, where social partners should be involved in accordance with the NRP 2013-2014.

A major problem is the acquisition of work experience of young people who, due to prolonging years of education, enter the labour market at a late stage in life. There are almost no workers below 20 years of age among the working age population. The models of open and flexible transition between education and work spheres will enable the young to gain invaluable concrete and practical experiences already during the education stage and will help them get directly involved in the actual delivery of ideas, the experience thus gained will enhance their employment prospects, spur entrepreneurship- and creativity-driven activity and thinking (realisation of actual projects through a partnership between the education and the economy). The above activities will help make the young ready to face and respond to the labour market demands and endow them with competences required for job creation.

In order to enhance the responsiveness and flexibility of the education and training system it is vital to develop efficient scholarship policy models (company scholarships, scholarships for deficit professions) and strengthen the models of collaboration with the environment and the economy with a view of raising general and professional competences that enhance employability.

**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 having attained at least secondary education counts among the top European shares (almost 90 %). However, the share of pupils enrolled in vocational secondary education has been on a decrease recently in contrast to the share of pupils enrolled in general secondary education. It stood at 72 % in the school year 1998/99 and dropped to mere 58 % in the school year 2010/11. Enrolment in lower secondary vocational programmes and secondary vocational programmes both fell (from 2.8 % to 1.1 % and from 28.2 to 14.5 % respectively). The 2013 Development report does establish a slight improvement in that the share of enrolments in secondary technical and other professional programmes has increased, and suggests that the young 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, by and large, be linked with the wider social factors. There is a widespread negative perception of seeing vocational education and work in Slovenia as second-class choice, which has been fuelled by the low income of people with vocational education.

Slovenia will work on stimulating the interest of the young in vocational education with social partners in the education process itself. In order for the education and training to take the lead role in overcoming the labour market mismatch, it is not enough only to invest in individuals but also to ensure systemic measures for greater quality, efficiency and responsiveness of the education and training system, which is in line with the Commission Position Paper whose concern is that the education and training system fails to meet the labour market demand. This corroborates the findings of the mid-term evaluation of the 1st and 2nd priority axes of the OP HRD which

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125 National Reform Programme 2013-2014
126 Youth and the labour market, 2013, p. 7
127 SORS, Education in Slovenia, 2013
128 SORS, Education in Slovenia, 2012
129 White paper, 2011, p. 16
underlines that special attention should be paid to the development of vocational competences and to strengthening competences that were not included in the curriculum to a satisfactory degree, as well as to encouraging employers to get widely involved in the education process. European Commission in its recommendation regarding Slovenia’s 2013 national reform programmes similarly concludes and recommends 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 the cooperation with stakeholders to assess the labour market needs. Vocational education programmes should therefore be improved and adapted to the labour market situation, also through the apprenticeship system and through practical training at employers. Modernised and improved programmes upgrade the competences that the young need for the labour market or active social integration.

RECOGNITION OF INFORMAL AND NON-FORMAL LEARNING

Ever since 2000 when Slovenia passed the national vocational qualification act, this been one of the most common ways of evaluating the outputs of informal 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 awarding dramatically fell during the crisis, as only 4,885 certificates were awarded in 2012\textsuperscript{131}. The analysis\textsuperscript{132} 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 collaboration with the economy. Most of NVQs are at the level of secondary education, and there has been a constant need for recognition of informal education at higher education levels. Where there is an absence of education programmes regarding the labour market needs or a lack of pupils enrolled, there is also the need for alternative pathways to recognising knowledge and particularly work experience that constitute the basis for gaining a qualification\textsuperscript{133}. According to Eurostat data from 2011, 36% of young people aged between 15 and 30 participate in voluntary activities; this opens up a whole segment of opportunities to gain practical experience enhance employability. Hence, it is necessary to strengthen the mechanisms for their development, in particular the mechanisms such as informal and non-formal learning, also for the 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 that will provide a setting for transparent validation and recognition of informal and non-formal learning and training, while taking into account the knowledge standards that are determined via occupation standards (introduction of new flexible forms of standards that enable a rapid adjustment to new workplace conditions\textsuperscript{134}). This is also what the Position of the Commission Services on the development of Partnership Agreement and programmes in SLOVENIA for the period 2014-2020 puts forward by saying that Slovenia should promote non-formal learning for young people and its benefits in gaining skills.

UPGRADING THE COMPETENCES OF TEACHERS

Gaining qualifications and competences of teachers should be regarded as a process that takes place throughout the professional lifetime of teachers and does not end on completion of under-graduate 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 competences of teachers and trainers whose need for a constant development and acquisition of specific competences for teaching in the 21\textsuperscript{st} century has been recognised by the European

\textsuperscript{131} Occupational standards and NVQ 2000-2012, Institute of the Republic of Slovenia for Vocational Education and Training, 2013
\textsuperscript{132} A. Ivančič in Occupational standards and NVQ 2000-2012, Institute of the Republic of Slovenia for Vocational Education and Training, 2013
\textsuperscript{133} Occupational standards and NVQ 2000-2012, Institute of the Republic of Slovenia for Vocational Education and Training, 2013
\textsuperscript{134} Occupational standards and NVQ 2000-2012, Institute of the Republic of Slovenia for Vocational Education and Training, 2013
The role of teachers has constantly changed, and so have pedagogical strategies that call for knowledge and competences that are not only associated with testing the students’ knowledge, but also with the development of thinking skills or those aspects that involve solving of problems, critical thinking, i.e. the elements where Slovenian students fall behind the EU average. An array of research activities carried out by the OECD (Teachers matter\textsuperscript{136}, 2005 and TALIS\textsuperscript{137}, 2008) underline the link between quality further education and training of teachers and their performance at work, as well as the impact on and reducing and preventing teachers from burning out. The research carried out by the authors of White paper on education in the Republic of Slovenia, 2011\textsuperscript{138} shows that Slovenian teachers believe they lack sufficient know-how in addressing behaviour-related issues, the 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 skills and knowledge cannot be guaranteed only via formal under-graduate study programmes. It further points out to the need for mobility and development of new forms of scaling up professional capital of teachers in direct connection with the economy (e.g. job shadowing, transition of teachers of technical subjects in the economy).

**QUALITY HIGHER EDUCATION SYSTEM AND INTERNATIONAL MOBILITY**

Slovenia is gradually coming close to reaching the Europe 2020 target on the share of 30-34 year olds with tertiary education (40 % by 2020) and will most likely surpass it before 2020, as the 2012 figure stood at 39.1 %\textsuperscript{139}. Slovenia further boasts one of the highest participation rates in the tertiary education in the EU, as the number of students enrolled in tertiary education significantly increased. Participation rate in tertiary education age for entry in the school year 2011/2012 accounted for 56.9 %, whereas participation rate of the 20-24 age group is actually the highest in the EU\textsuperscript{140}. At the same time, we saw an increase in the number of study programmes. High participation rate of young in tertiary education translates a high degree of accessibility of the system, but opens the debate on quality, responsiveness and openness of tertiary education. 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 the labour market demand. Analysis of correlation between the labour market and the pre-enrolment announcement for tertiary education showed that higher education institutions do not consider enough 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\textsuperscript{141}. Slovenia needs 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 for their employability. Higher education institutes should be encouraged to collect data on employability of graduates on a systematic basis. Quality study pathways and enhanced integration of students in the labour market are 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 2007-2013 period. The centres provided a number of career guidance activities for the students and graduates (comprising *inter alia* 500 various workshops bringing together students and potential employers, and seeking to endow the target groups with additional competences, skills and know-how to make them fully ready to enter the labour market) whose number overtopped 15,000. Activities of career centres should be linked up – between the centres themselves and with other institutions engaged in career guidance and information to achieve synergy effects.

\textsuperscript{135} Expert group "Improving education of teachers and trainers" at the European Commission: Supporting teacher competence development (2013).

\textsuperscript{136} Teachers matter: Attracting, Developing and Retaining Effective Teachers; OECD, 2005

\textsuperscript{137} TALIS, OECD, 2008

\textsuperscript{138} White paper on education in the Republic of Slovenia, National Education Institute of The Republic of Slovenia, Ljubljana 2011

\textsuperscript{139} Eurostat, http://epp.eurostat.ec.europa.eu/portal/page/portal/europe_2020_indicators/headline_indicators

\textsuperscript{140} 2013 Development Report, IMAD

\textsuperscript{141} 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, p. 43
International mobility of students and teaching staff underpin the quality of higher education institutions and system in the country. Promotion of international mobility is one of the strategic objectives of the National Higher Education Programme 2011–2020. Slovenia, inter alia, committed itself to having a fifth of graduates doing part of their studies abroad by 2020, and to having at least 10 % of foreign academic staff. 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 the Eurostat data, 2.5 % of Slovenian students studied abroad as part of their exchange programme, while the EU27 average stands at 3.3 %. In the overwhelming majority of the countries it is the funding that is the most commonly cited obstacle to student mobility. According to the Eurostudent research, as many as 73 % of both mobile and “non-mobile” Slovenian students believe so (Eurostudent SI 2010). The 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 having invested a considerable amount under the 2007-2013 period, there is a lot of room for improvement in terms of supporting measures for further internationalisation of Slovenian higher education. Amid financial conditions the country is currently in, these ambitious targets deserve financial support, including for student mobility, targeted at the group of students with a weak socio-economic position.

USING ICT TO IMPROVE THE QUALITY OF EDUCATION

Continued use of ICT will help improve the responsiveness and quality of education system. ICT alters the manner of teaching, teaching content and process, which calls for a high degree of digital skills both of the individuals involved as well as the teaching staff, and new didactic models of teaching that will build to a large extent and in a sensible manner on the use of ICT in teaching and learning and the development of e-content. It is, therefore, essential to continue with projects of development of e-books, e-learning materials and innovative ICT-based models of teaching whose development was successfully launched in the 2007-2013 financial perspective.

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

In Slovenia, the number of students per computer indicator figures lag behind the EU average (RS=7-8, EU=4-5), the same goes for the indicator the number of students per computer connected to the Internet (RS=11-3.37, EU=8-20), while less 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. The latter is, coupled with optical and wireless network infrastructure, a precondition for increasing the level of use of ICT in teaching and learning. Currently, only approximately 19 % of local computer networks in institutions are connected to the Internet via a broadband connection (primary, secondary and higher education). Out of 1,200 organisations (operating at 2,500 locations) that are eligible users of the Academic and Research

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142 International mobility of students and teaching staff in tertiary education (Tanja Čelebič), Workbook, IMAD, 2008
143 National higher education programme 2011-2020,
145 Inter alia, 15 e-textbooks for science and 22 e-textbooks for social studies for the higher classes of primary school and the first year of high school were developed in the financial perspective 2007-2013 in the context of priority 2.2 Information society.
146 European Commission, COM (2013) 654 final, / Opening up Education: Innovative teaching and learning for all through new Technologies and Open Educational Resources
149 Ibid.
Network of Slovenia, about 300 currently have optical links. Investing in the development of ICT infrastructure of the educational institutions is one of the basic conditions for increasing the responsiveness and quality of education and training which fosters adaptability to change.

EDUCATION AND TRAINING IN AGRICULTURE, FORESTRY AND AGRO-FOOD 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 %). The comparison between 2000 and 2010 shows an increasing share of heads of agricultural holdings who complete high school or college or university education. Positive trends are also evident in the field of agricultural education of farmers, with a decreased proportion of those who have only practical experience in agriculture, the share fell from 83.9 % (2000) to 64.5 % (2010). The share of those who complete 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 period 2007-2013 on average boasts higher educational attainment.

The complexity of work in agriculture, agro-food industry and forestry and other activities requires increased level of qualification and continuous acquisition of new skills and competences. There are needs to upgrade knowledge and practical skills, in particular in the field of environmental protection, climate change mitigation and adaptation, animal welfare etc. Special attention will be given to training of target groups in biodiversity-related areas and on reduction in impacts of agriculture on the quality of surface water and groundwater.

Knowledge transfer activities will notably be targeted at young farmers while trying to reach the set objective - application of acquired knowledge in practice. To this end, the trainings will particularly highlight practical demonstrations or so-called demonstration projects that will become the setting for sharing of knowledge under the measure Cooperation (pilot projects, new products, innovation). One of the important objectives of training is the reduction in error rate, i.e. the violations and penalties which led to the recovery of funds in the 2007-2013 programming period.

1.1.1.11. Thematic objective 11: Enhancing institutional capacity of public authorities and stakeholders and an efficient public administration

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. The bases of the confidence in the country are a result of a responsible and transparent functioning of public authorities and the wider public administration bodies. 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 the citizens as a faster and more efficient settlement of court cases will indirectly preserve jobs and enhance foreign direct investments and thus enable additional employments 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 the 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 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 following key requirements for the programming period 2014-2020 are essential in the context of thematic objective 11: improve the regulatory framework, increasing confidence in the rule of law, better performance and enhanced efficiency of the judicial and administrative system, accelerate settlement of disputes, enforcements, alternative forms of dispute settlement, optimise business processes in courts, improve insolvency proceedings, effectively tackle economic crime and corruption, improve the business environment for citizens and enterprises, reduce administrative burdens, increase transparency, 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.

COMPLEXITY OF AND CONFIDENCE IN THE 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 the economic competitiveness and prevents a smooth social and economic development. Slovenia has identified a structural gap between the functioning of the judicial system and the real economy, as business entities usually face the functioning and social significance of judicial authorities when it is already too late (for example, when a company is already in trouble). Therefore, it is essential to ensure effective mechanisms of awareness-raising of entities in the economy regarding the actual functioning of the justice administration, the options of judicial and pre-trial settlement of disputes. Concrete actions to improve trust in the rule of law will be defined in more detail under the Operational Programme for the Implementation of the EU Cohesion Policy in the period 2014-2020.

A recent WEF report (2013-2014), analysing 148 countries, puts Slovenia in 135th place in terms of regulatory framework efficiency in settling disputes between companies and in 76th place in terms of the assessment of the independence of the judiciary. Reviews of Slovenia are not important only for the national environment but for the international economic environment, particularly in regards of attracting foreign direct investment. The judicial system is prone to monotony and rigidity as nearly all its aspects are subject to rigid normative frameworks. We have learned from the negative experiences of the past that the efficiency of the justice administration should not be based solely on the change of the normative frameworks and norms. 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 easily identification of the causes of the anomalies, their measurement and, consequently, also planning of concrete measures for their effective and sustainable elimination. Modelled on the good practices of certain Member States, which have already adopted and implemented similar mechanisms (e.g. Germany and Austria), Slovenia will invest in the establishment of tools to measure and identify bottlenecks in individual judicial authorities and to design mechanisms for a more effective functioning of the justice system. For a more efficient justice system Slovenia will, as a priority, invest also in the areas, associated with accelerated (fast track) procedures of resolving judicial matters for unburdening of officers (triage), namely in the areas intended for the optimization of the network of judicial authorities and mobility as well as staff officers and the transfer of competences to the lower levels with a view to optimize the efficiency of the intellectual capital of judicial officers.

In this context it is also important to strengthen corporate social responsibility with a focus on citizens’ awareness of the importance of the rule of law (for example awareness-raising of entrepreneurs, setting up a system to promote alternative and pre-trial settlement of commercial disputes). In the 2007-2013 programming period, the justice administration supported the measures of alternative dispute settlement for the general population – for non-commercial disputes: civil disputes, law suits, family disputes. In the 2014-2020 financial perspective, actions will be directed to alternative methods of resolving disputes between economic entities.

150 In particular, the consequences of the failed reform of the justice administration of 1995, which was prepared on the basis of the recommendations of international organizations, including the Council of Europe
In this context emphasis should be given to strengthening corporate social responsibility with a focus on citizens’ awareness of the importance of the rule of law (for example awareness-raising of entrepreneurs).

The competitiveness of Slovenian enterprises is heavily burdened also 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 case of litigations. It is therefore very important to ensure effective mechanisms for faster resolution of disputes before they are treated by the court. In the 2007-2013 programming period, the justice administration supported measures of 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 economic entities.

INSOLVENCY
An important factor for deterioration of economic competitiveness in Slovenia lies in lengthy and inefficient procedures due to insolvency. Bankruptcy proceedings and the composition proceedings are complex and unfavourable to the business environment, particularly as far as the segment of SMEs and micro-enterprises is concerned. 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 in-court settlements, including swiftly resolving pending court cases related to bankruptcy procedures, in order to maximise recovery value and to facilitate the timely and efficient resolution of non-performing loans. Priority funding areas for faster and more efficient procedures as a result of insolvency and system discharge will thus go in the direction of optimization of business processes in courts and information support for business processes of processing solving civil and commercial litigation matters as well as investment in training of judicial officers and other personnel in the judicial system. The abovementioned is in line with the Country Specific Recommendation n. 9 for Slovenia to improve the enforcement of corporate insolvency procedures and in-court settlements.

ENFORCEMENT PROCEDURES
Overwhelmingly lengthy commercial proceedings and enforcement procedures represent a significant obstacle to business activity and taking advantage of corporate development potentials which also reduces the attractiveness for foreign direct investment. Consequently, to ensure a more effective enforcement, Slovenia will, as a priority, invest in optimization of solving enforcement matters both in direct court proceedings as well as in the proceedings, located with the enforcement officers, namely with selected tools to speed up the enforcement, organizational measures and targeted computerising solutions for bottlenecks in the entire enforcement procedure. Training for the full spectrum of stakeholders involved in the implementation of enforcement procedures will also be supported in a complementary manner. The abovementioned is in line with the Country Specific Recommendation n. 7 for Slovenia to reduce the number of pending cases, in particular 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 key for boosting the economy. The problem of lengthy bankruptcy procedures is highlighted also in the latest recommendations of the Organisation for Economic Cooperation and Development (OECD), Economic Survey of Slovenia 2013. It is evident from the multi-annual movement of the execution matters in courts that the judicial system has been for several years now capable of controlling the influx of enforcement cases but it is, however, still burdened with a relatively high annual influx and the large number of pending cases from the past. See: Justice Scoreboard – a tool to promote effective justice and growth (2013) COM(2005) 160 final, 27 March 2013.

Research Ernst & Young on corruption among managers

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153 Research Ernst & Young on corruption among managers.
results of the research Corruption Perception Index, carried out by the non-governmental organisation Transparency International, also emphasise the worsening situation in the field of corruption. In 2013, Slovenia ranked 43rd among 177 countries reviewed or 20th among the European Union Member States. Slovenia will provide detection and effective prosecution of economic crime and corruption in all possible forms as these phenomena fundamentally distort the natural competition between companies (general and special prevention). Illicit origin of property, which represents market benefit that was not acquired through competition and maximisation of benefits for the end user of goods and services in the market, also distorts competitiveness and inhibits a healthy and sustainable economic growth. Therefore, Slovenia will enhance the effectiveness of the mechanisms to withdraw the assets of unlawful origin. To prosecute the worst forms of economic crime and corruption effectively, Slovenia will use mechanisms for optimising its legislative and organisational structures, investing in human resources development in the wider field of prosecution of economic crime and investing in greater connectivity of information systems.

QUALITY OF PUBLIC ADMINISTRATION
In Slovenia, as in other European countries, the financial and economic crisis revealed a number of weaknesses in the existing systems of public administration and radical changes that will contribute to economic growth are therefore necessary for adequate recovery. IMD annually publishes the scale of international competitiveness of the country – in 2013 Slovenia slipped to 52nd place (which is 20 places lower than in 2008). Similar results are revealed by the index of global competitiveness for the 2012-2013 period, in the framework of which Slovenia is in 56th place (WEF 2013), which is 14 places lower than in the 2008-2009 period. The factors that have the greatest effect on entrepreneurship are inefficient government bureaucracy, restrictive labour legislation and corruption. Slovenia is preparing the “Development Strategy for Slovenian Public Administration 2014-2020” which will be the umbrella document with baseline guidelines for the preparation of coordinated regional strategies, policies and implementation documents in the public sector and non-governmental organizations at the national, regional and local level (such as education, science, economy, employment, social affairs, environment, health, culture, etc.). The strategy aims to organise a lean public administration so as to become and effective, advanced and citizen- and enterprise-friendly service oriented to finding solutions. The simplifications will reduce costs of administrative services. Therefore, investments in enhancing the institutional capacity and efficient performance of public administration and the stakeholders, performing public policies, are of key importance in introducing integrated changes, drafting better legislation and introducing the principle of good governance. In the context of improving the quality of public administration we will introduce appropriate tools to promote progress, continuous improvements and strengthening the quality of the functioning of administrative bodies (mainly the CAF model – Common Assessment Framework) as well as to modernise the inspection system with an emphasis on coordinated action of inspection services.

HUMAN RESOURCES IN PUBLIC ADMINISTRATION
Both the European Commission and the OECD underline the need to improve the efficiency of public administration and institutional capacities at all levels, both at the national as well as the local level also in the segment which should contribute effectively to human resources management. The OECD underlines that the central public administration should have the capacity required for the implementation of 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, OECD, therefore, points out the need for a strategic approach in human resources management, especially in the area of flexibility and wage system. At the level of the entire public

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154 http://www.transparency.org/whatwedo/pub/cpi_2013
administration Slovenia will introduce a system of flexible human resources management, the promotion of innovation, systematic monitoring of the achievement of outcomes in comparison with the set objectives (on a personal and organizational level), the mechanisms of accountability and an appropriate rewarding system (salary system). With enhanced activities in the field of public management and especially 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, improving the business environment and competitive economy. In the context of the financial perspectives 2007-2013 the measures in the field of public management development were not implemented, which underlines the necessity of implementing these measures in Slovenia in the period 2014-2020.

LEGISLATION, DEREGULATION AND ADMINISTRATIVE PROCEEDINGS
The European Commission\textsuperscript{158} notes that the burdensome regulatory environment is one of the more pressing challenges for Slovenia which hinders the competitiveness at the national and foreign markets. The programme of measures to eliminate legislative barriers is being systematically implemented in Slovenia with the help of ESF resources since 2009 and brings significant results in the simplifications of the business environment; however in order to ensure a friendly and stimulating environment for entrepreneurs and boost their competitiveness Slovenia needs to accede more intensively the implementation of the key measures. The main obstacles to doing business in Slovenia are mostly inefficient public administration, limited access to finance and labour legislation (WEF, IMD, Doing Business). In accordance with the European Commission recommendations, Slovenia decided to simplify the conditions for entering the market, namely to provide effective functioning of the internal market, to introduce a sensible deregulation of activities and occupations to enhance job opportunities, self-employment, mobility and flexibility of the labour force in the European market. Slovenia has decided that the renovation of the existing legislation should put an even greater emphasis on prevention, adoption of better regulations with full implementation of the verification of the effects of the adopted regulations in order to ensure legality, legal certainty, transparency, predictability, responsiveness, user-orientation and modernisation of administrative procedural law.

INTEROPERABILITY, TRANSPARENCY AND OPEN DATA
In the period 2007-2013 we established fundamental components of the central interoperability system for electronic data searches in public administration (G2G), 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. Slovenia therefore decided to raise the level of systematic use of e-services, connectivity or interoperability of fundamental data records and other IT solutions in public administration, increase availability and reliability, promote their openness to further process the data for the public, private and non-governmental sector. This will establish a uniform interoperability platform, the common building blocks and functions of which will promote and standardize the implementation of e-projects in public administration, which will, indeed, be implemented under other thematic objectives. It will foster adjustment and connection of individual departmental systems to these common building blocks in order to ensure quality and timely information for reuse. Promoting proactive opening up of data and reuse will also provide a better public oversight over the operation of the public sector, open new business opportunities, generate new values and jobs, improve cross-border interoperability, facilitate the functioning of the internal market and contribute to the competitiveness of the country.

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

\textsuperscript{158} Position of the Commission Services on the development of partnership Agreement and programmes in Slovenia for the period 2014-2020
re-position itself among the leading providers of e-services within the public administration and beyond. Establishing an innovative environment and the potential for enhancing the number of jobs shall result from establishing an overall data and business platform based on cloud computing principles which substantially reduces development costs due to a significantly greater standardisation of data services, reuse, functionality and rationalisation.

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 to individual substantive measures will be carried out under different thematic objectives.

NON-GOVERNMENTAL ORGANISATIONS
NGOs are an important player in the formation and implementation of sustainable public policies. With their activities in promoting civil dialogue they contribute to reducing the democratic deficit and are an important advocate of vulnerable target groups and contribute to a more transparent and efficient functioning of public administration and reduction of bureaucratisation. NGOs represent a great potential in the delivery of public services and activities, which are carried out as public services, and development of social innovation in many areas of society such as employment, education, environment, health, social protection, culture, etc. Slovenia will therefore support the development of a favourable system environment to promote capacity building and raising the quality level of non-governmental organisations, in particular for constructive cooperation in civil dialogue, advocacy, adoption and implementation of public services and promotion of social innovation. We find that despite the extensive number of non-governmental organisations (over 250,000) and the fact that every second citizen is a member of at least one non-governmental organisations, NGOs do not realise their potential in the field of advocacy/civil dialogue and the implementation and innovation of solutions to the greatest possible extent.

Monitoring of the NGO project implementation shows that the measures under the financial perspective 2007-2013 brought progress in relation to NGO capacity building (the final evaluation will be available in July 2014). 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 need to be further reinforced and upgraded.

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. In the European Union social dialogue was formalized in 1989 as a process of consultation between the management and workers’ representatives and thus represents 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. An effective, evolving and strong social dialogue, which is led by the social partners (trade unions and employers’ organisations/employers), helps realise the key function of democratisation.

Thematic objective 11 will also promote strengthening the capacity of social partners at the national and regional level, namely by improving the social dialogue with education activity, exchange of experiences, promoting cooperation with the private sector, non-governmental organisations and public institutions.
1.2. **A summary of the ex-ante evaluations of the programmes or key findings of the ex-ante evaluations of the Partnership Agreement where the latter evaluation is undertaken by the Member State at its own initiative**(Article 15 (1) (a) (ii) CPR)

No specific ex-ante evaluation will be carried out separately for the Partnership Agreement. A summary of the ex-ante evaluations of all three operational programmes, which are being drafted for Slovenia, will be prepared instead.

The ex-ante evaluation of the **Operational Programme for the Implementation of EU Cohesion Policy in the Period 2014-2020** (hereinafter OP) is being carried out. 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 the protected areas in mid-December.

The objective of the ex-ante evaluation is to improve the quality of programming from the aspect of its efficiency, effectiveness, adequacy and synergy of outcomes.

The interim and environmental report have been prepared on the basis of the OP working material which did not yet include all the required elements in accordance with the EC template. Current findings of the interim report suggest that the needs identified in the OP are relatively consistent with the comparative development documents, as the OP correctly recognised the strategic needs and challenges, and consistently set the objectives for which it foresaw the right corresponding results and indicators. Evaluators also find that there is a high degree of consistency of the OP contribution to the Europe 2020 Strategy, the PA, CSF and the Position of the Commission Services on the development of Partnership Agreement and programmes in Slovenia for the period 2014-2020, while consistency of the contribution with the National Reform Programme is also satisfactory. The next steps in the final OP version drafting will focus on the additional improvement of this dimension of the document even though certain recommendations by the evaluators have already been taken into account.

Internal coherence of the OP is also sufficient; however, the evaluators warn that the coherence between identified areas of the OP areas and within does not necessarily guarantee integrated OP outcomes. The coherence between identified areas could therefore 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 the objectives are not consistent enough in several cases. The evaluators also propose a better clarification of how the foreseen actions will contribute to responding to the strategic problems, as the current version provides weak explanation on the matter or none at all. The evaluators also recommend improving the clarification of the reasons for selecting certain measures to realise the objectives. Also, rationale for the forms of support should also be improved.

The current selection of measures is partially appropriate, while the main weakness of the document is that the measures/activities are mostly planned as stand-alone elements without taking into account other factors which may influence or even determine the outcomes in certain areas. The next document 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 the target groups are more specifically defined and that the regional dimension is enhanced. Horizontal principles have to be taken into account in a more

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159 Not required for the EMFF pursuant to Article 14 (5) of CPR
balanced and consistent manner, especially regarding the feasibility of measures, the manner of achieving synergies and regional aspect. The area of equal opportunities is relatively well treated as it is included in all the relevant areas, while the measures where outputs are expected in this area, should be better developed. Also, the drafters should examine in detail the indirect links between measures. Improvements are also required as regards measures falling under technical assistance, so as to ensure that the shortcomings and weaknesses of the administrative and institutional management are eliminated.

The indicators are largely set, so are their resources, measurement units and regional orientation, and the frequency of reporting for result indicators is also defined. Out of above elements that characterise indicators the source of data is least covered, which leads to the presumption that certain issues regarding the selection of indicators remain open. The indicators’ baseline, threshold and target values are mostly not set. The adequacy of the indicators can be substantially improved with a more adequate selection or adjusted definition of the selected indicators.

Final report under the ex-ante evaluation will presumably be produced by the end of May 2014 and will build on the draft OP version submitted formally to the EC presumably in mid-April 2014. 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.

The draft environmental report was submitted to the Ministry of Agriculture and the Environment in line with the standard procedure. After several minor updates, the document was ready and the scoping procedure was initiated on 7 March 2014. Public presentation of the document took place on 20 March 2014.

The ex-ante evaluation for the Rural Development Programme 2014-2020 (RDP 2014-2020) takes place at the same time as the preparation of the programme and has not yet been completed, so all of the evaluations are not yet available. The ex-ante evaluation is carried out in two stages: ex-ante evaluation of the RDP 2014-2020 and strategic environmental assessment.

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

- Reliable situation analysis and SWOT analysis. RDP sets out a clear intervention logic based on reliable analysis of the situation, logical SWOT analysis and needs-oriented assessment. It can be concluded that the MA adopted a systematic approach to the preparation of the rural development strategy which consists of measure programming.
- Contribution to the Europe 2020. 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.
- External consistency. Priority 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 is sufficient, but should embed more details as to the demarcation between the RDP and the OP in terms of development projects and support to road infrastructure.
- Relevance of selected measures. The number and selection translate the MA’s strategic focus on priority areas. On the other hand, the sub-actions enable a flexible framework for dealing with different types of activities and beneficiaries and thereby ensure that support is available to the entire sector.
- Output indicators. The RDP identified common indicators for the majority of selected measures and sub-measures. The objectives are, by and large, achievable and real, assessment methods appropriate, except in certain cases where further explanation would importantly underpin the reliability of identifying them.
• Target indicators. An intricate system of interconnections underlies the Europe 2020 targets, priority areas, Programme priorities, measures and sub-measures and the relevant indicators, which calls for an accurate delineation between output indicators for sub-measures and contribution of target indicators (priority areas level).

• Human resources. Based on the data on capacity supplied by the MA, the administrative system is endowed with sufficient capacities. In certain areas (e.g. evaluation) the capacities should be reviewed and augmented permanently or for a limited period of time.

• IT system. Development of IT is well underway. Given that monitoring and evaluation activities will require complex datasets in the future, notably in terms of calculating target, output and result indicators, this makes IT a strategically important element in the system.

• 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.

• 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 strategic environmental assessment are as follows:
Generally speaking the RDP 2014-2020 is an environmentally-oriented programme that can significantly contribute to reducing environmental impacts in rural areas, in particular, to enhancing awareness regarding the environment, biodiversity, landscape and quality of life in rural areas, and providing good practice examples. The RDP 2014-2020 will have a strong positive 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 a low 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 potentials adverse impacts of RDP on waters and biodiversity, especially on account of the construction of irrigation systems and forest roads.

Two providers were selected in July 2013 to ensure an effective implementation of the Operational Programme for the Implementation of the European Maritime and Fisheries Fund in the Republic of Slovenia in the Period 2014-2020, which will be the base to implement the European Maritime and Fisheries Fund in Slovenia in 2014-2020. The ex-ante evaluation will be carried out by the company OIKOS, svetovanje za razvoj, d.o.o. and the company ZAVITA svetovanje, d.o.o, has been chosen to conduct a strategic environmental assessment. Both evaluators are already actively involved in the preparation of the programme.
1.3. Selected thematic objectives, and for each of the selected thematic objectives a summary of the main results expected for each of the ESI Funds (Article 15 (1) (a) (iii) CPR)

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

In implementing the 2014-2020 Cohesion Policy Funds Slovenia will focus on eleven thematic objectives, namely through selected investment areas.

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

- investments in research, development and innovation (RDI), competitiveness, employment and training (ERDF and ESF)
- infrastructure for better environmental status, sustainable use of energy, sustainable mobility and resource efficiency (CF, ERDF)

Concentration on these areas is justified by the need for short-term actions to enhance accessibility to financial resources for enterprises, research and initiatives, to increase employment and employability by simultaneously creating a long-term sustainable environment which will stimulate the development of quality jobs with a changed economic structure, taking into account demographic trends.

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

<table>
<thead>
<tr>
<th>THEMATIC OBJECTIVE</th>
<th>INVESTMENT AREAS</th>
<th>Rationale</th>
<th>EXPECTED RESULTS by individual Fund (QUALITATIVE)</th>
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| (1) Strengthening research, technological development and innovation | 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 Promoting corporate investment in innovation and research, and establishing links and synergies between companies, R&D centres and higher education institutions. | • Contribution to the EU 2020 objectives: share of total public and private investment amounting to 2.8 % of the 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 represents the basis for integration and synergies between the economy and research organisations.  
• 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 | For the ERDF:  
Increasing the share of GDP in research and development  
Enhancing exports of high-tech products  
Raising gross value added per employee  
Raising the share of innovation-active enterprises |
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 commercialisation of research and development knowledge the volume and quality of investment should be focused on development projects involving RDI employees.

(2) Enhancing access to, and use and quality of, ICT

<table>
<thead>
<tr>
<th>Expansion of broadband services by introducing high-speed networks and supporting the use of emerging technologies and networks for digital economy.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• In recent years the trend of Slovenia lagging behind in establishing broadband infrastructure has been marked and is increasing.</td>
</tr>
<tr>
<td>• Gaps in access to broadband infrastructure also represent an obstacle which hinders economic productivity in rural areas.</td>
</tr>
<tr>
<td>• Accessible broadband infrastructure reduces the digital divide and increases the involvement of each individual in contemporary social movements.</td>
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</tbody>
</table>
| • 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 coverage and ranking last when it comes to the coverage of rural areas – the coverage standing at just above 10%.

For the ERDF: Increasing broadband service coverage especially in white areas

(3) Enhancing the competitiveness of small and medium-sized enterprises, of the agricultural sector (for the Support to entrepreneurship, in particular through facilitating the exploitation of new ideas for economic purposes and through creating conditions stimulating the establishment of new enterprises.

| • 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. |
| • Continue with the procedures for the resolution of non-performing loans. |

For the ERDF: Growth of micro, small and medium-sized enterprises (SMEs)

A larger number of exporting SMEs and export growth

https://ec.europa.eu/digital-agenda/sites/digital-agenda/files/DAE%20SCOREBOARD%202013%20-%20SWD%202013%20217%20FINAL.pdf, page 46
| (4) Supporting the shift towards a low-carbon economy in all sectors | Support to energy efficiency and use of renewable energy sources in public infrastructure, including public buildings and the housing sector. Support to production and distribution of renewable energy. Development and implementation of smart low- and medium-voltage distribution systems. | • 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 goal 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 the efficiency of energy end-use. • With the actions for energy management in public For the CF: Increased share of renewable energy in total energy use Improved energy efficiency Reduced greenhouse gas emissions For the CF and ERDF: Growth of public passenger transport Reduction in traffic-related CO₂ | Increasing the rate of early-stage entrepreneurial activity Increasing SME added-value |
| Promoting low-carbon strategies for all area types, in particular urban areas, including the promotion of sustainable urban mobility and adaptation measures for climate change mitigation. | buildings the decline in the share of greenhouse gas emissions could be achieved by smart networks which constitute an important global market niche and allow for active demand-side management and dispersed production as well as a roll-out of advanced services for consumers on low-voltage electricity power networks.  
• An important area to allow the shift to low-carbon society is the improved situation in sustainable mobility and 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 amalgamating investments into infrastructure for integrated public transport, mobility management measures and generation of solutions for smart mobility. | emissions |
|---|---|---|
| (5) Promoting climate change adaptation, risk prevention and management | Support to targeted investments for climate change adaptation. | In accordance with the EU Floods Directive Slovenia identified 61 areas of potential significant floods risk, which can be defined as the areas that are most flood-prone, namely according to the EU Floods Directive criteria. The need for investing in the construction and non-construction flood-protection measures is envisaged also in the NRP 2013-2014.  
• The need for a systemic approach in climate change adaptation, providing comprehensive risk assessments of natural and other disasters. | For the CF and the ERDF: Decreased flood risk to inhabitants, cultural heritage and the economy |
| (6) Preserving and protecting the environment and promoting resource efficiency | Addressing significant investment needs in the waste sector to fulfil environmental legislation requirements.  
Addressing significant investment needs in the water sector to fulfil environmental legislation requirements.  
Protection and rehabilitation of biodiversity and soil, and | In accordance with the EU legislation Slovenia is required to ensure, namely by 31 December 2015, the adequate systems for urban wastewater collection and treatment for all agglomerations with a total load equalling 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 | For the CF:  
Reduction of waste deposited  
Increasing the number of inhabitants served by public water supply system  
Reduction of emissions into water as a result of the construction of urban wastewater collection and treatment infrastructure |
| (7) Promoting sustainable transport and removing bottlenecks in key network infrastructures | Development of an integrated, high-quality and interoperable rail system. Improvement of regional mobility with integration of secondary and tertiary transport nodes and TEN-T infrastructure. Supporting multimodal Single European Transport Area by investing in Trans-European Transport Network (TEN-T) (CF). | • Contribution to the EU 2020 objectives: a decrease in the share of CO₂ emissions from transport. • Transport is one of the key factors for Slovenia’s economic development and focus will thus be put on improving transport infrastructure quality. • Due to Slovenia’s geostrategic position, enhancing competitiveness of the rail and port infrastructure is also crucial. • In the area of rail infrastructure emphasis as regards development will be put on the core TEN-T network. Configuration of railways is obsolete and inadequate for modern rail transportation. It is, therefore, crucial to align the public rail infrastructure with the contemporary requirements of TEN-T standards (load, speed, length of compositions) while the small capacity of lines and lack of competitiveness of the network in comparison with neighbouring countries also poses a problem. • Investments will be focused on upgrading the missing road. | For the ERDF: A favourable conservation status of species and habitat types of European importance. | For the CF: Removing bottlenecks in the TEN-T network and guaranteed TEN-T standards of the network throughout. | For the ERDF: Improving transport links for easy access and a more harmonious regional development. |
segments in the TEN-T network (development axis), namely for better accessibility to the existing motorway network, with the aim of improving the quality of life and enhancing economic development in the remote regions in 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 | Access to jobs for job seekers and the inactive, including the long-term unemployed and those who are farthest from the labour market, also through local employment initiatives and promoting labour mobility. 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 safeguards for young people. Adaptability of workers, companies and entrepreneurs to changes. | Contribution to the EU 2020 objectives: activation of key target groups and successful implementation of measures to enhance the progress towards a 75 % employment rate in 2020 (standing at 69.3 % in 2012). Depending on the labour market situation and the trends, the 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 CPP. The needs analysis is also consistent with the EC recommendations for the NRP 2013-2014, namely with recommendation 3, which highlights older workers, low-skilled, employment of young people with tertiary education as well as adaptation and effectiveness of active employment policy programmes. The expected result of the measures is effective involvement of target groups in the labour market measures as well as more efficient functioning of the institutions which will have a positive impact on employment or the employment rate. The trends and projections highlight the poor labour market situation. The strategic development orientations, therefore, set out that measures to increase employment rate are a priority which is something that is also noted in the CPP. We should create opportunities for new jobs in conjunction with other measures in the field of technological investment, environment, rural development and regional projects. To effectively achieve those objectives, we should implement measures that will enhance the efficiency and effectiveness of active employment policy programmes. | For the ESF: Decreasing registered unemployment rate Increasing employment rate of older population Decreasing unemployment rate of young people |
quality of services in the labour market to improve the efficiency of measures, which is consistent with the CPP and NRP findings.

- Due to 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 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 older workers should be given attention under measures in relation to active aging and flexibility of jobs, while ensuring awareness-raising among employers regarding the situation of older workers, as well as regarding employee motivation, family-friendly organisations, the importance of worker’s health for the working process and the impact of stress on the quality of work. It is essential to promote cooperation between social partners, as highlighted in the CPP.

| (9) Promoting social inclusion, combating poverty and any discrimination | Active inclusion, including promoting equal opportunities and active cooperation as well as enhancing employability.  
Strengthening access to affordable, sustainable and high-quality services, including healthcare and social care services of common interest.  
Investment in healthcare and social infrastructure which contributes to national, regional and local development, reduces | • 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 around 320,000 by 2020. Slovenia is lagging behind in this area.  
• 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, namely by strengthening measures that will help the deprived access re-employment or further training.  
• In the field of long-term care the Council recommendations concerning Slovenia’s 2013 NRP propose improving access to services by shifting care from institutional to community-based services. In line with the EC For the ESF: Enhancing social inclusion, participation and employability of social assistance recipients, long-term unemployed, inactive persons and vulnerable groups  
Growth in the use of community-based and executing network services in the social assistance and healthcare sector  
Reducing the share of the population with chronic disease risk factors and prolonging |
<table>
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<tr>
<th>Recommendations under the CPP, Funds should be designed to ensure better access to health care and social services, in particular long-term care.</th>
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<tr>
<td>• Despite the lengthening of 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 healthy lifestyle and addressing behaviours that are harmful to health.</td>
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<tr>
<td>• Demographic trends point to a marked increase in the proportion of the elderly population in Slovenia. The EC highlights that public capacity for long-term care does not meet the growing demand for a variety of accommodations tailored to the needs of the elderly, and other social services that provide support for the elderly population. Infrastructure investments to support the deinstitutionalisation are needed.</td>
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<td>• Social entrepreneurship represents a great potential for social inclusion and employment of vulnerable groups.</td>
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<th>(10) investing in education, training and vocational training for skills and lifelong learning</th>
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<tr>
<td>Enhancing equal access to lifelong learning for all age groups in the formal, informal and non-formal contexts, improving knowledge, skills and competences of the labour force and the promotion of flexible learning opportunities, also through career guidance and validation of acquired competences.</td>
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<tr>
<td>Improving responsiveness of the education and training systems to labour market needs, easier transition from education to employment and enhanced and</td>
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<p>| implemetation of measures to promote healthy lifestyle and addressing behaviours that are harmful to health. |
| 86 |</p>
<table>
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<tr>
<th><strong>higher-quality vocational education and training, also through mechanisms to anticipate skills needs, adapting the syllabus and the design and development of systems for learning in the workplace including dual learning systems and apprenticeship programmes.</strong></th>
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<tr>
<td><strong>Improving the quality, efficiency and access to tertiary and equivalent education for a higher level of participation and for successfully ending the education process, especially for disadvantaged groups.</strong></td>
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<tr>
<td><strong>Investing in education, training and vocational training for skills and lifelong learning by developing the education and training infrastructure.</strong></td>
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<tr>
<td><strong>CPP. The CPP also underlines the need to raise the level of general skills.</strong></td>
</tr>
<tr>
<td><strong>To increase the quality level of the education system we need to enhance the integration of the education system with the economy and the wider social environment, also collaboration with social partners is needed, which is in line with the NRP commitments and the CPP positions.</strong></td>
</tr>
<tr>
<td><strong>Slovenia has to cope with the gap between workers’ skills and the labour market needs, namely by improving the attractiveness of the relevant vocational education and training and further developing cooperation with stakeholders in assessing labour market needs. Therefore, we need to modernise the educational system, especially the vocational education system with the objective of enhancing the general vocational and professional competences. Council recommendation regarding the 2013 NRP highlights the need to eliminate the mismatch between qualifications and labour market needs, namely by enhancing the attractiveness of vocational education and training programmes as well as by continuing with the cooperation of the relevant stakeholders in the assessment of labour market needs. The CPP also highlights the lack of responsiveness of the education system to the labour market needs, the need for greater promotion of vocational training, career guidance.</strong></td>
</tr>
<tr>
<td><strong>In tertiary education we need to improve international mobility (increased mobility of students and academic staff) by putting emphasis on the mobility of students with a weak social and economic status. The NRP 2013-2014 highlights that the factor of co-designing the annual supply of study courses and enrolment places of the individual higher education institutions is not taken into account to the extent that it should be. Through the measures of linking higher education system with the environment (especially the economy) and practical training we will also increase employability of graduates, which is also</strong></td>
</tr>
<tr>
<td><strong>Increased availability of broadband</strong></td>
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<tr>
<td><strong>Increased use of ICT tools in the classroom to enhance the quality and efficiency of the Slovenian education and training system</strong></td>
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</table>
| (11) Enhancing institutional capacity of public authorities and stakeholders and efficient public administration | Investment in institutional capacity and efficient public administration and public services to deliver reform, improve legislation and good governance. Capacity building of all stakeholders implementing policies in the field of education, lifelong learning, training and employment as well as social affairs, namely also through sectoral and territorial agreements for the promotion of reforms at the national, regional and local level. | • In Slovenia, the level of confidence in the rule of law and justice institutions is low, which has significant negative impacts on economic competitiveness and makes smooth social and economic development impossible. We, therefore, need to optimise the structure of the judicial system and reduce the backlog of cases.  
• In line with the 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, in particular enforcement cases.  
• In accordance with the CSR Slovenia should also establish an effective mechanism of out-of-court settlement of pre-insolvency systemic deleverage, improve efficiency of insolvency proceedings already in place for companies and of court settlements, including early settlement of the cases related to pending insolvency proceedings with the objective of increasing the value of recovery and timely and effective resolution of non-performing loans.  
• In accordance with Council recommendations Slovenia should speed up the reform of regulated services, while significantly reducing the barriers to entering into these occupations, as well as improve the business environment – better legislation and administrative proceedings is key for the establishment and development of existing and new enterprises as well as their competitiveness.  
• 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.  
• Elimination of legal and administrative barriers to For the ESF:  
• Increased confidence in the rule of law and optimised functioning of the judicial system  
• Decreased number and age of pending cases  
• Greater transparency and lower public administration costs as well as improved business and legislative environment |
| Youth Employment Initiative | Sustainable integration of young people not in employment, education or training, into the labour market | • A specific Operational Programme investment priority focuses on the young aged 29 or under, combining different thematic objectives. Synergies between the measures under employment, education and entrepreneurship will thus be achieved (Youth Programme). The investment priority will also cover Youth Employment Initiative. | Higher number of young employed people |

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 industry as well as rural areas per se, classified by Union priorities and priority areas for rural development. Considering the identified needs and taking into account the national strategic documents (Operational Programme for the Implementation of the Resolution on Strategic Guidelines of Slovenian Agriculture and Food Industry by 2020 “Securing the food for tomorrow”, Slovenia’s Development Strategy and the National Reform Programme) and the Europe 2020 Strategy objectives as well as duly taking 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 four intervention areas under the Rural Development Programme for the period 2014-2020:

• speed up the processes of structural adjustments in agriculture and thus create conditions paving the way to increasing Slovenian agricultural productivity and raising the self-sufficiency level
• efficient market-oriented organisation of agriculture, strengthening of agro-food chains and improved visibility and quality of local products
• sustainable exploitation of forests and increase in added value of wood with better market integration in the area of forestry and along the entire forest wood chain and improvement in competitiveness in forestry and non-industrial wood processing
• promotion of agricultural practices that exert favourable impacts on the preservation of natural resources and adaptation to climate changes
• green jobs and harmonious and sustainable rural development based on the development of endogenous potentials 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 for each of the selected thematic objectives a summary of the main results expected for the EAFRD

<table>
<thead>
<tr>
<th>THEMATIC OBJECTIVE</th>
<th>EU PRIORITY FOR RURAL DEVELOPMENT AND FOCUS AREA</th>
<th>RATIONALE</th>
<th>EXPECTED RESULTS BY INDIVIDUAL FUND (QUALITATIVE)</th>
</tr>
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<tbody>
<tr>
<td>(1) Strengthening research, technological development and innovation</td>
<td>1a,1b</td>
<td>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 actions will support pilot projects, development of new products, practices, processes and technologies in the agriculture and forestry sector and introduce collective approaches to environmental projects and established environmental practices.</td>
<td>More efficient transfer of knowledge from experts to end-users as well as the return flow of information on the perceived difficulty in practice and establishing a favourable framework for the development of knowledge and innovation in the field of productivity and sustainability.</td>
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<td></td>
<td></td>
<td>- For better access to specialized consulting services the RDP 2014-2020 actions will support the use of advisory services.</td>
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<tr>
<td></td>
<td></td>
<td>- Increased adaptability of advisory services to the needs of agricultural holdings and efficient transfer of specialized knowledge.</td>
<td></td>
</tr>
<tr>
<td>(2) Enhancing access to, and use and quality of, ICT</td>
<td>6c</td>
<td>In recent years the trend of Slovenia lagging behind in the development of broadband infrastructure has been marked and is increasing.</td>
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<td>- Gaps in the availability of broadband infrastructure also represent an obstacle hindering economic productivity in rural areas.</td>
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<td></td>
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<td>Increasing broadband services coverage especially in white areas.</td>
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homes 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 coverage and ranking last when it comes to the coverage of rural areas – the coverage standing at just above 10%\(^{161}\).

| (3) Enhancing the competitiveness of small and medium-sized enterprises, of the agricultural sector (for the EAFRD) and of the fishery and aquaculture sector (for the EMFF) | 2a, 2b, 3a, 3b | - In order to ensure an increase in productivity with simultaneous sustainable use of natural resources the RDP 2014-2020 actions will support investments in enhancing the overall performance of agricultural holdings, investments in processing and marketing of agricultural products and investments in agricultural and forestry infrastructure.
- For ensuring generational renewal in the 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, the 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 create more breeding facilities for species and breeds of animals that comply with animal welfare, and new breeding projects that will improve the genetic basis.
- Increased productivity of supported agricultural holdings and agro-food industry facilities.
- Improved environmental efficiency of supported agricultural holdings and agro-food industry facilities.
- Increased number in heads of agricultural holdings under the age of 40.
- Increased participation in quality schemes and increase in added value of agricultural holdings and improved offer of local high-quality products in the market.
- Increased number of breeders who realise above-standard requirements on animal welfare.
- Increased market orientation and efficient horizontal and vertical collaboration between all actors along the agro-food and forest-wood chains. |

\(^{161}\) [https://ec.europa.eu/digital-agenda/sites/digital-agenda/files/DAE%20SCOREBOARD%202013%20-%20SWD%202013%20217%20FINAL.pdf](https://ec.europa.eu/digital-agenda/sites/digital-agenda/files/DAE%20SCOREBOARD%202013%20-%20SWD%202013%20217%20FINAL.pdf), page 46
<table>
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<th>Framework</th>
<th>(5) Promoting climate change adaptation, risk prevention and management</th>
<th>(6) Preserving and protecting the environment and promoting resource efficiency</th>
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<td>framework will be given to farmers who voluntarily assume the obligations in the field of animal welfare which go beyond the relevant mandatory standards.</td>
<td>4a, 4b, 4c</td>
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<td></td>
<td>- To reduce the negative impacts of agriculture on biodiversity, improve soil management, reduce the introduction of pesticides and fertilizers, the RDP 2014-2020 will support farmers or groups of farmers who will voluntarily undertake to implement activities which include one or more agri-environmental or agro-climate obligations or to switch to or continue with organic farming.</td>
<td>- To increase or at least preserve the hectares where above-standard sustainable agricultural practices are implemented.</td>
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<td></td>
<td>- For a more efficient water use and adaptation of agriculture to climate change the RDP 2014-2020 will support farmers or groups of farmers who will voluntarily undertake to implement activities that include one or more of agri-environmental or agro-climate obligations or to switch to or continue with organic farming.</td>
<td>- Increase in hectares engaged in or shifting to organic farming.</td>
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<td></td>
<td>- To preserve and further farm agricultural land in less-favoured areas or other specific handicaps, support under RDP 2014-2020 will be allocated in the form of balance payments.</td>
<td>- Halting the loss of biodiversity in most vulnerable Natura 2000 sites and prevention of overgrowing of agricultural lands and further preservation of cultivated agricultural landscape.</td>
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<td></td>
<td>- To prevent and eliminate damage to forests due to forest fires and natural disasters as well as catastrophic events.</td>
<td>- Reduction in water and soil pollution with fertilizers and pesticides and consequent conservation of water resources and lands.</td>
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<tr>
<td></td>
<td>- Appropriate land treatment and reduced use of fertilizers and pesticides and other non-standard agricultural practices conducive to indirect reduction in greenhouse gas emissions.</td>
<td>- Reduction in erosion risks and risks of loss of soil organic matter and improvement in physical, chemical and biological properties of soil.</td>
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<td></td>
<td>- Preservation of agricultural activities in areas with natural handicaps or other specific constraints.</td>
<td>- Appropriate land treatment and reduced use of fertilizers and pesticides and other non-standard agricultural practices conducive to indirect reduction in greenhouse gas emissions.</td>
</tr>
<tr>
<td></td>
<td>- Restoration of the forest potential.</td>
<td>- Preservation of agricultural activities in areas with natural handicaps or other specific constraints.</td>
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- Increase in hectares engaged in or shifting to organic farming.
- Halting the loss of biodiversity in most vulnerable Natura 2000 sites and prevention of overgrowing of agricultural lands and further preservation of cultivated agricultural landscape.
- Reduction in water and soil pollution with fertilizers and pesticides and consequent conservation of water resources and lands.
- Reduction in erosion risks and risks of loss of soil organic matter and improvement in physical, chemical and biological properties of soil.
- Appropriate land treatment and reduced use of fertilizers and pesticides and other non-standard agricultural practices conducive to indirect reduction in greenhouse gas emissions.
- Preservation of agricultural activities in areas with natural handicaps or other specific constraints.
- Restoration of the forest potential.
| (8) Promoting sustainable and quality employment and supporting labour mobility | 6a | - 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. | - Safeguard or increase the number of jobs in non-agricultural activities in rural areas.  
- New jobs in the field of primary wood processing. |
| (9) Promoting social inclusion, combating poverty and any discrimination | 6b | - To strengthen local development initiatives and social capital in rural areas, support under the RDP 2014-2020 will be given to promotion of local development through the implementation of LEADER actions. | - Number of inhabitants included in local action groups. |
| (10) Investing in education, training and vocational training for skills and lifelong learning | 1c | - 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 and skills acquisition and demonstration activities. | - Enhanced competences and raised level of information, which is a precondition for the promotion of innovation in rural areas. |
3. **European Maritime and Fisheries Fund (EMFF)**

With the implementation of the European Maritime and Fisheries Fund in the period 2014-2020 Slovenia intends to 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 fishery and aquaculture sector (for the EMFF)

(4) Supporting the shift towards a low-carbon economy in all sectors

(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 competitiveness capacity of the fisheries sector (commercial sea fishing, aquaculture, processing) is relatively weak due to various reasons (small sector in terms of the number of enterprises and production, fishing fleet which is, on the average, outdated, consisting primarily of vessels intended for small-scale coastal fishing, decrease in shared fisheries resources, lack of exchange of knowledge and good practices in all sub-sectors, dispersion 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 creation of brands, adding value to products, marketing local products or setting up shops in the scope of fish farms), investments should be made for the promotion on local markets, advertising campaigns at the national level, organisation of the sector should be improved and breeding of new fish species promoted in aquaculture. The situation will be improved through implementation of thematic objectives 3. Experience from the current programming period 2007-2013 show that the knowledge on the use of the sea and other natural resources (inland water, space), protected species, good fishing practices, marine environment and space management, environmentally-friendly aquaculture practices is applied far too little and that Slovenia will have to make considerable efforts to implement such measures in the future, to which thematic objective 4 will contribute. In terms of the Common Fisheries Policy accompanying measures, the data set should be ameliorated, cooperation of the sector in collection of data enhanced, information system upgraded and monitoring system of the Common Fisheries Policy further pursued, also through integrated maritime policy. Thematic objective 6 will contribute to this goal. New knowledge and more efficient use of natural resources will contribute to two Europe 2020 objectives: smart and sustainable growth. Establishment of merely one – coastal – action group in the scope of sustainable fisheries areas development proved to be a faux pas as the integration of aquaculture in the existing local action groups could add value to both the aquaculture sector as well as rural areas. Situation will be improved through implementation of thematic objective 8. Sustainable fisheries area development and CLLD, networking measures, facilitating integration in the local market, integration and cooperation of the sector with other stakeholders, acquiring and upgrading knowledge will further pave the way towards 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 for each of the selected thematic objectives a summary of the main results expected for the EMFF

<table>
<thead>
<tr>
<th>THEMATIC OBJECTIVE</th>
<th>RATIONALE</th>
<th>EXPECTED RESULTS (QUALITATIVELY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(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)</td>
<td>Compared to other sectors of the economy in Slovenia and the fishing sectors in the EU, the Slovenian fisheries sector is small, its competitiveness and innovative capacity being weak. The transfer of knowledge between scientific-research sphere and the sector is at a poor level as well as 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 advancement of the sector.</td>
<td>In the context of commercial sea fishing we expect improvements in the promotion of the sector, marketing practice and direct sales of products, development of new complementary activities and supporting infrastructure as well as adding value and quality to products. Production in the aquaculture sector is expected to increase, the gear in aquaculture facilities should advance in technological terms, marketing techniques should improve as well as direct sales of own products and the activities are expected to diversify. Exchange of best practices, collaboration with the scientific-research community, gaining new skills and networking will also indirectly help boost the competitiveness of the sector. 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 improvement of fishing practices and the collaboration and organisation of the representatives of the sector. New knowledge about the uses of the sea will also be used for technological development in the context of integrated maritime policy such as 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 cultivating aquatic animals or plants in other Member States. Acquisition of new knowledge concerning the activity of aquaculture is also expected in the research and scientific sector or for environmentalists.</td>
</tr>
<tr>
<td>(4) Supporting the shift towards a low-carbon economy in all sectors</td>
<td>Promoting environmental awareness among fishermen on the importance of preserving marine environment and their active involvement in the implementation of</td>
<td>In the context of commercial sea fishing we expect active involvement of fishermen in the implementation of measures for the conservation of the marine ecosystem and the activities within protection areas</td>
</tr>
</tbody>
</table>
measures for the conservation of the marine ecosystem is essential in achieving sustainable development of the fisheries sector. Due to the age of the vessel and engines we should also improve energy efficiency of vessels. Given the current weak representation of organic farming in the aquaculture sector we should encourage shifting to organic breeding. Namely, the latter is characterised by lower intensity of production and a better quality of fish.

<table>
<thead>
<tr>
<th>(6) Preserving and protecting the environment and promoting resource efficiency</th>
<th>The Slovenian fishing fleet mostly involves small-scale coastal fishing vessels which target shared and migrating fish stocks shared with other countries in the territory. The fishing fleet reduced considerably already in the 2007-2013 period. The sector remains highly dependent on natural resources (water, space, biological – fishing – resources, etc.). Sharing of knowledge between the economy sector and administration on the one hand and research sphere on the other proves weak, which may, from the view-point of resource efficiency, lead to poor governance. 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 the space as well as environmentally-friendly practices in aquaculture, is underutilised.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(8) Promoting sustainable and quality employment and supporting labour mobility</td>
<td>Measures targeting sustainable fisheries areas development proved to be considerably successful in the period 2007-2013. Commercial fishermen mostly diversified in tourism. However, aquaculture has not been integrated in sustainable development measures up till now. Acquiring new expertise and integration of stakeholders, especially in the aquaculture sector, is also</td>
</tr>
</tbody>
</table>
time creating new jobs in the context of measures for sustainable development of fisheries areas or in the context of measures of Community-led sustainable development in the field of freshwater aquaculture. 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 interconnection and cooperation in various sectors, is also envisaged.
1.4. The indicative allocation of support by the Union by thematic objective at national level for each of the ESI Funds, as well as the total indicative amount of support envisaged for climate change objectives (Article 15 (1) (a) (iv) CPR)

1.4.1. The indicative allocation of support by the Union by thematic objective at national level for each of the ESI Funds (EUR) (total Union support, including the performance reserve)

Table 9: The indicative allocation of support by the Union by thematic objective at national level for each of the ESI Funds (EUR) (total Union support, including the performance reserve)

<table>
<thead>
<tr>
<th>Thematic objective</th>
<th>ERDF</th>
<th>Vzhodna Slovenija</th>
<th>Zahodna Slovenija</th>
<th>ESF</th>
<th>Vzhodna Slovenija</th>
<th>Zahodna Slovenija</th>
<th>CF</th>
<th>EAFRD</th>
<th>EMFF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Strengthening research, technological development and innovation</td>
<td>480,239,161.44</td>
<td>264,124,627.35</td>
<td>216,114,534.09</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Enhancing access to, and use and quality of information and communication technologies</td>
<td>50,018,277.30</td>
<td>30,000,000.00</td>
<td>20,018,277.30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>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)</td>
<td>550,078,420.57</td>
<td>373,921,307.20</td>
<td>176,157,113.37</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Supporting the shift towards a low-carbon economy in all sectors</td>
<td>21,024,204.54</td>
<td>10,014,152.02</td>
<td>11,010,052.51</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

24,126,000.00

7,500,000.00

235,101,722.00

260,607,798.40
<table>
<thead>
<tr>
<th>5. Promoting climate change adaptation, risk prevention and management</th>
<th>30,000,000.00</th>
<th>30,000,000.00</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>53,021,932.11</th>
<th>206,323,170.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Preserving and protecting the environment and promoting resource efficiency</td>
<td>137,125,357.12</td>
<td>85,077,836.14</td>
<td>52,047,520.98</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>269,111,315.81</td>
<td>206,323,170.00</td>
</tr>
<tr>
<td>8. Promoting sustainable and quality employment and supporting labour mobility</td>
<td></td>
<td></td>
<td></td>
<td>287,736,602.41</td>
<td>146,770,526.76</td>
<td>140,966,075.65</td>
<td></td>
<td></td>
<td>77,790,000.00</td>
</tr>
<tr>
<td>9. Promoting social inclusion and combating poverty and any discrimination</td>
<td>45,053,657.36</td>
<td>25,035,380.06</td>
<td>20,018,277.30</td>
<td>145,249,584.93</td>
<td>80,265,223.81</td>
<td>64,984,361.12</td>
<td></td>
<td></td>
<td>41,892,491.00</td>
</tr>
<tr>
<td>10. Investing in education, training and vocational training for skills and lifelong learning</td>
<td>20,023,290.67</td>
<td>10,014,152.02</td>
<td>10,009,136.65</td>
<td>208,996,759.06</td>
<td>116,863,267.33</td>
<td>92,133,491.73</td>
<td></td>
<td></td>
<td>10,000,000.00</td>
</tr>
<tr>
<td>11. Enhancing institutional capacity of public authorities and stakeholders and an</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>62,073,980.31</td>
<td>25,082,882.44</td>
</tr>
</tbody>
</table>

162 The CF amount for thematic objective 7 does not include CEF funds=EUR 159.8 million
163 The ESF amount for thematic objective 8 does not include the YEI funds=EUR 9.2 million
<table>
<thead>
<tr>
<th>efficient public administration</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical assistance</td>
<td>17,162,509.83</td>
<td>14,112,243.90</td>
<td>3,050,265.93</td>
<td>12,868,043.29</td>
<td>9,072,156.80</td>
<td>3,795,886.50</td>
<td>98,537,036.29</td>
</tr>
<tr>
<td>Revoked measures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3,971,250.00</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,390,392,899.00</td>
<td>881,967,718.86</td>
<td>508,425,180.14</td>
<td>716,924,970.00</td>
<td>378,054,057.14</td>
<td>338,870,912.86</td>
<td>895,370,363.00</td>
</tr>
</tbody>
</table>

*The indicative allocation of support by the Union by thematic objective at national level for the EMFF will be included after the adoption of the relevant Regulation.*
In the period 2014-2020 Slovenia is eligible to approximately EUR 4.093 billion \(^{164}\) (CF, ESF, ERDF, EAFRD, 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 goals.

In the period 2014-2020 Slovenia is eligible to 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 the programmes under the European Territorial Cooperation (ETC). The latter is not included in the breakdown by priorities. Namely, the ETC funds are allocated at the EU level to the Member States in relation to the programmes the Members States are included in and in relation to the number of inhabitants. Then, each Member States distributes the funds to individual programmes. In addition to the Slovenian contribution of the EU funds (European Regional Development Fund – ERDF) the overall amount for the individual ETC programme also includes the contribution of the EU funding (ERDF) of the participating Member States and the obligatory part of the 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 the situation in the labour market as well as the forecast of the poverty risk increase. In the cohesion region Zahodna Slovenija 40 % of the funds will be allocated to ESF and 60 % of the funds will be allocated to ERDF. In the cohesion region Vzhodna Slovenija 70 % of the funds will be allocated to ERDF and 30 % of the funds to the ESF. This means that the cohesion region Zahodna Slovenija will be eligible to approximately EUR 847 million and the cohesion region Vzhodna Slovenija will be eligible to 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 to EUR 1.055 billion).

The Operational Programme for the Implementation of the EU Cohesion Policy in the period 2014-2020 also includes a specific priority axis for the Youth Employment Initiative, for measures for youth in the cohesion region Vzhodna Slovenija (EUR 9.2 million – ESF funds).

The definition of the priorities and the breakdown of funds take into account in 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 efficient management of resources (CF, ERDF)

Concentration on these areas is justified by the need for short-term actions to enhance access to finance for enterprises, research and incentives, for enhancing employment and employability by also establishing a long-term stable environment which will stimulate the development of quality jobs with a changed structure of the economy, taking into account the demographic trends. The state’s investments need to be oriented into economic development which will be supported with “soft topics”.

Investments for greater productivity are needed as the newest analysis shows that a high level of productivity is a must (two times higher than the level before the crisis) if we do not want the effect of the decreasing share active working population to have a negative impact on economic growth. In Slovenia the number of the working age population will begin to decrease already after 2015 (this

\(^{164}\) The amount does not include the funds under the EMFF.
means that a smaller number of the working age population will have to create income for a larger population – greater economic dependence). To enhance the growth potential the actions need to be focused on adequate combination of policies or the so-called “policy mix” which will combine investments in human resources, activation, mobility with technological and non-technological investments, RDI and greater energy and material efficiency. The correlation of actions will be especially important in the implementation and the complementary co-financing of the ESF topics will have to be provided.

- Funds concentration level and breakdown of funds for the two cohesion regions (Vzhodna Slovenija and Zahodna Slovenija)

Slovenia will concentrate approximately 80 % of the ERDF funds (cohesion region Vzhodna Slovenija 77 % and cohesion region Zahodna Slovenija 83 %) on RDI, competitiveness, ICT and low-carbon society and 70 % of the ESF funds (on the average on the level of both cohesion regions) on employment and lifelong learning. In light of the disparities between the levels of development of the cohesion region Zahodna Slovenija and the cohesion region Vzhodna Slovenija the concentration level on RDI and competitiveness is lower and allocates over 20 % of the funds to climate change adaptation, better environmental status and biodiversity, establishment of infrastructure for sustainable mobility and social inclusion as well as institutional capacity. To a greater extent support will be given to the areas in accordance with the Smart Specialisation Strategy and, to a smaller extent, also to the areas which have not yet been identified but will, in the future, be recognised as the key areas on the basis of the development potentials.

The proposed breakdown of funds allocates 21 % of the ESF funds and around 3.2 % of the ERDF funds to social inclusion (activation, social entrepreneurship, deinstitutionalisation of long-term care and actions in the area of health). In comparison to the current period, the share of the ESF funds is not drastically changed in light of the situation in the market (negative trends) and a worse social and economic situation in Slovenia. The proposal identifies the following ESF investment priorities, namely 80 % in the cohesion region Zahodna Slovenija:

- access to employment for jobseekers, including local employment initiatives and sustainable integration of young people, who are not employed and are not involved in education or training, into the labour market, active inclusion to improve employability
- better access to lifelong learning, development of skills and competences of the labour force and increasing the responsiveness of education and training systems to labour market needs; also through improving the quality of vocational education and training and the establishment and development of work-based learning schemes and internships, such as dual learning systems
- investment in institutional capacity and efficiency of public administrations and public services to provide reforms, better legislation and good governance

and 74 % in the cohesion region Vzhodna Slovenija:

- access to employment for jobseekers, including local employment initiatives
- sustainable integration of young people, who are not employed and are not involved in education or training, in the labour market
- adaptability of workers, enterprises and entrepreneurs to changes
- active inclusion to improve employability
- better access to lifelong learning, development of skills and competences of the labour force and increasing the responsiveness of education and training systems to the labour market needs; also through improving the quality of vocational education and training and the establishment and development of work-based learning schemes and internships, such as dual learning systems
The funds under the Cohesion Fund will be allocated to construction of environmental and transport infrastructure and sustainable use of energy. In doing so 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 the EU regulations. Investments which will not cause “trade off” effects among individual actions are needed. The Cohesion Policy funds also include the 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 well-prepared as well as prepared in a timely manner (the funds need to be bound to the transport infrastructure projects by the end of 2016).

In the period 2014-2020 Slovenia will be eligible to EUR 837.8 million under the EAFRD. At the EU level the EMFF funds have not yet been allocated for each Member State.

1.4.2. Information on the Youth Employment Initiative, which is programmed under thematic objective 8 “Promoting sustainable and quality employment and supporting labour mobility”

Table 10: Information on the Youth Employment Initiative, which is programmed under thematic objective 8 “Promoting sustainable and quality employment and supporting labour mobility”

<table>
<thead>
<tr>
<th>Youth Employment Initiative (YEI) specific allocation</th>
<th>EUR 9,211,536.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESF matching funding</td>
<td>EUR 9,211,536.00</td>
</tr>
</tbody>
</table>

1.4.3. The share of ESF (%) of Structural Funds (ERDF and ESF) Article 92 (3) and Annex IX CPR

Table 11: The share of ESF of Structural Funds (ESF and ERDF)

<table>
<thead>
<tr>
<th>Share of ESF in the Structural Funds (ESF and ERDF) resources in the 2007-2013 programming period</th>
<th>28.1 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESF minimum share in the Member State</td>
<td>29.3 %</td>
</tr>
<tr>
<td>Share of ESF in Structural Funds (ESF, ERDF) resources in the 2014-2020 programming period</td>
<td>34 %</td>
</tr>
</tbody>
</table>

1.4.4. Information on the allocation to technical assistance, under cohesion policy, by category of region, where appropriate

Table 12: Information on the allocation to technical assistance, under cohesion policy, by category of region, where appropriate

<table>
<thead>
<tr>
<th>Fund</th>
<th>Category of region, where appropriate</th>
<th>Allocation of technical assistance (EUR million)</th>
<th>Share of technical assistance in % by Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERDF</td>
<td>Vzhodna Slovenija</td>
<td>14,112,243.90</td>
<td>1.6</td>
</tr>
<tr>
<td></td>
<td>Zahodna Slovenija</td>
<td>3,050,265.93</td>
<td>0.6</td>
</tr>
<tr>
<td>ESF</td>
<td>Vzhodna Slovenija</td>
<td>9,072,156.80</td>
<td>2.4</td>
</tr>
<tr>
<td></td>
<td>Zahodna Slovenija</td>
<td>3,795,886.50</td>
<td>1.1</td>
</tr>
<tr>
<td>CF</td>
<td>NA</td>
<td>89,537,036.29</td>
<td>10.0</td>
</tr>
</tbody>
</table>
1.4.5. Total indicative amount of EU support for climate change objectives (EUR) (total Union support, including the performance reserve)

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

<table>
<thead>
<tr>
<th>ESI Fund</th>
<th>Share (%) of the support under the individual Fund allocated for climate change adaptation objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>CF + ERDF + ESF</td>
<td>20 %</td>
</tr>
<tr>
<td>EAFRD</td>
<td>51.25 %</td>
</tr>
<tr>
<td>EMFF*</td>
<td>0 %, 40 % or 100 % (depending on the individual action)</td>
</tr>
</tbody>
</table>

* Figures for the EMFF will be supplemented in accordance with the EMFF Regulation.

ESI Funds actions to realise climate change objectives are planned in the 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

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

The analysis of the amount of support for climate change objectives will be included in the annual reports on the implementation of the 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 weighing individual categories of actions. The weight depends on the foreseen outcomes of the individual category of expenditures for the support for climate change objectives. The areas of the individual thematic objectives and Funds, under which the actions will be implemented, are as follows:
Supporting the shift towards a low-carbon economy in all sectors:
- Promoting production and distribution of renewable energy sources (100 %)
- Supporting energy efficiency and use of renewable energy sources in public infrastructure, including in public buildings and residential sector (100 %)
- Development and implementation of smart low- and medium-voltage distribution systems (100 %)
- Promoting low-carbon strategies for all types of areas, particularly for 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:
- Support for 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 resource efficiency:
- Protection and restoration of biodiversity and soil and promotion of ecosystem services, including the Natura 2000 network and green infrastructures (100 %)

Promoting sustainable transport and removing bottlenecks in key network infrastructures:
- Development of 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, business models which will have a positive impact on energy efficiency which will reduce greenhouse gas emissions in the economy as well as the wider society due to the penetration of more efficient energy solutions in the general consumption market.

Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF):
- Actions to enhance material efficiency of enterprises (40 %)

With these actions we will achieve greater material productivity of enterprises which will have a positive impact on the reduction of CO₂ emissions.

➢ European Social Fund – secondary topics

Supporting the shift towards a low-carbon society, resource efficiency and climate change resilience (100 %):
• Complementary funding and supporting incentives for employment measures, resource efficiency and shift towards a low-carbon society
• Training and changes to training and education programmes

With these actions we will create synergies between Funds in the creation of green jobs and enhance competitiveness in the field of the relevance of 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 the 4th priority. The RDP 2014-2020 will allocated approximately 51.25 % of the EAFRD funds to the climate change mitigation objective.

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

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

The contribution of RDP 2014-2020 actions to climate change mitigation and adaptation is calculated on the basis of markers identified in the implementing act of the CPR. In line with priority areas programmed under the RDP 2014-2020, the calculations take into account only the above-mentioned priority areas and actions while other priority areas 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 %, 40 % or 100 % to climate change adaptation. Exchange of good practices and strengthening knowledge on the sea and the environment could have only indirect impacts on climate change mitigation (e.g. when specifically addressing the reasons for climate change and the tools for their mitigation). This segment for EMFF will be supplemented in accordance with Article 13 and 14 of the CPR.
1.5. The application of horizontal principles referred to in Articles 5, 7 and 8 of the CPR and policy objectives for the implementation of the ESI Funds (Article 15 (1) (c) CPR)

1.5.1. Arrangements for the partnership principle including an indicative list of the partners referred to in Article 5 CPR and a summary of the actions taken to involve them in accordance with Article 5 CPR and their role in the preparation of the Partnership Agreement and the progress report as defined in Article 52 CPR (Article 15 (1) (c) CPR)

The partnership principle is the key underlying guide Slovenia pursues in the context of absorbing the funds under the Common Strategic Framework (CSF). The country is aware that the measures aiming at increasing competitiveness and greening the economy and jobs require mobilisation of all key stakeholders whose knowledge and expert opinions can enhance common commitment to effective absorption of the 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 period 2014-2020 since September 2012, based on the concept of including interested stakeholders in the process of preparation of all key strategic and programming documents in Slovenia. 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 included stakeholders is given in Annex 1 of the Partnership Agreement. The key objective of the public involvement in the process of programming documents’ preparation is to prepare high-quality documents as the basis for the absorption of the funds available under the programming period 2014-2020, and to achieve greater ownership of the document and alignment of the content.

The programming process took place in 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 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 (cohesion policy funds, rural development and fisheries development). Preparation of these documents is coordinated and aligned in terms of the content and programming cycle.

The involvement of different stakeholders in the process of PA preparation took place at different levels. We have established the following partnerships:

- **Cooperation of 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, which were included by the ministries according to the specificities of each sector, also participated in the preparation. Furthermore, the ministries also
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 the 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 the coordinator of the preparation of the PA organised a number of inter-ministerial coordination meetings. Representatives of ministries also actively participated in the meetings and workshops with the European Commission (EC).

The Ministry of Agriculture and the Environment also plays an important role in the preparation of 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 the representatives of various publics**

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

  A second ad hoc working group comprises of representatives of non-governmental organisations (NGOs). The selection of NGO representatives was led by the NGO umbrella organisation – Network of Slovenian Non-Governmental Organisations (CNVOS), which selected 17 representatives through a transparent invitation which was published on its website. A list of the members of the two ad hoc working groups is available in Annex 1.

  GODC regularly meets with the representatives of the two ad hoc working groups and acquaints them with the relevant orientations and developments regarding document preparation (PA and OP). Representatives of both groups had the opportunity to give their comments directly at meetings and also in writing (to this end we created the e-mail address: eu2014.mgrt(at)gov.si).

  Cooperation with the representatives of regions was likewise established. The content of the programming documents (PA and OP for Cohesion Policy Funds) was coordinated with regional development agencies which are responsible for the preparation of 12 regional development programmes for 12 statistical regions. Up to now, there have been three rounds of presentation/coordination workshops (the last one took place on 25 February 2014).

- **Cooperation with cohesion region development councils**

  The development councils of the two cohesion regions (Zahodna Slovenija and Vzhodna Slovenija) also have a special role in the preparation of key Cohesion Policy documents (PA and OP), which, *inter alia, are responsible for guiding and directing the preparation of the regional development programme and its adoption. Development councils of the two cohesion regions give consent 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, the representatives of the public are invited to attend the events giving them additional opportunities to express their opinions on the drafts. There have been four meetings of development councils of the two cohesion regions so far: at the first meeting (18 July 2013) the Managing Authority presented the first draft PA, 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 GODC response to the comments received on the PA and OP, updated timeline of document programming and envisaged date of PA approval while discussing the remaining issues. At the second meeting the representatives of the cohesion region Vzhodna Slovenija voted in favour of the preparation of two operational programmes due to the division of Slovenia into two cohesion regions; however, GODC rejected this decision.

GODC representatives (before 1 March 2014 MEDT representatives) also attended the sessions of the Committee for European Affairs in the National Assembly of the Republic of Slovenia where they updated the members with latest state of play regarding document programming, among others, also the PA. The members of the Committee presented their opinion regarding the draft documents. The presidents of the councils of both cohesion regions were invited to attend the session. They presented their views on the participation and involvement of the members of the cohesion regions in the preparation of the strategic documents.

- **Inclusion of the wider public**

First stage of the document programming saw a list of representative groups from various areas (science, education, non-governmental organisations, local communities, representatives of regions, system, etc.) – Annex 1, that were informed via a mailing list about the events and updated document versions. Thus far three public events regarding the drafting of the PA, where the representatives of the EC were also present, have been organised. The response from the public was very good and proved useful to the entity, drafting the PA.

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 dialogue with the EC. On 17 July 2013 the EC initiated the inter-service consultation. Slovenia was among the top ten Member States who managed to carry out the consultation already during the summer.

The PA draft was also submitted and presented to the representatives of the ad hoc working group to collaborate with the ESC and the ad hoc working group for cooperation with NGOs and representatives of the regional development agencies and the representatives of the cohesion region Zahodna Slovenija and the cohesion region Vzhodna Slovenija. The PA draft was published on the MEDT websites. The public consultation that provided comments of the interested public took place 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 in the new PA draft. It was clearly indicated which comments were taken into account and which were not (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 biological diversity and the 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 the possible ITIs after 2014
- improved transparency of the document

Certain comments were more concerned with the content of the OP and will as such be dealt with therein: they involve the level of measures: the initiative to draft two operational programmes, 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.

Undoubtedly the knowledge and expert opinions of key partners contributed to improving the PA. The following proposal which we received as a comment on the 2nd draft PA by 13 December 2013 (altogether 33 comments from individuals and organisations) was taken into account: a more integrated approach and integration of measures and the search for synergies between the environmental, social and economic component (the main value added), since the latter is crucial for the transition to 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 list of abbreviations.

Consultations with key partners repeatedly raised concerns about the under-represented role of social entrepreneurship; the latter has not been given its true credit in Slovenia thus far. According to numerous partners the country needs to pay more attention to promotion and implementation of supportive tools, development of new services and integration of individuals in social entrepreneurship projects, since the latter play a positive role during the crisis and can thus contribute significantly to economic development and jobs. The comments will be taken into due 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 both thematic objective 8 as well as thematic objective 9. Thematic objective 11 will provide for strengthening capacities of social partners at national and regional level.

Partners’ key proposals pertain to the stronger role of cooperatives and their contribution to reducing the negative effects of the crisis on employment and operation of companies. Cooperatives will be supported in the context of thematic objective 9, namely in the context of social entrepreneurship where support will be given to various projects of intergenerational cooperation, which will be more clearly defined in the OP. The PA was also updated with the content relating to the overlooked role of small and medium-sized enterprises as the driving force behind job creation and sustainable growth, and measures targeting removal of administrative barriers and promotion of green procurement were embedded in the document. In terms of
lifelong learning, the partners highlighted the need for higher participation of older workers and retirees, even though the target group comprises mostly older and less educated, the key focus was given to competence building to increase employability and job preservation. Also, it was proposed that the PA refocuses on tertiary education – the PA does underline the quality and mobility, while the enrolment is not an issue in Slovenia. Partners further recommended incorporating the area of community-based services of care and the need to address the issue of poverty of the elderly; the latter is dealt with under thematic objective 9.

Partners’ comments repeatedly raised issues regarding community-led local development (CLLD) funding approach. The CLLD approach will be supported with the EAFRD and EMFF resources. Considering the limited resources available, concentration requirements and the limited number of areas to receive ERDF funding, as well as taking into account the principle of cost-efficiency, funding of the CLLD approach will not take place under the ERDF and ESF. The fact that thematic objective 2 requires the same treatment as the rest of the thematic objectives and that it should be incorporated into the document was repeatedly expressed. The government and the ministries decided that e-services and e-content are included in the programmes under each thematic objective. Questions were also raised as to the funding of broadband connections and incorporation of thematic objective 2 in the PA. The document will identify selection criteria for selecting the 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.

Updated PA version was prepared on 28 February 2014 and submitted for informal coordination to the EC and was made public.

A public event showcasing 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 that failed to be incorporated in the documents, i.e. broadband connections in rural areas where Slovenia lags considerably behind the DAE 2020 objectives. The participants proposed, inter alia, to introduce the instrument of community-led local development, also in the scope of the European cohesion Policy, and continue funding of 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 instrument urban development, to consider increasing the amount of funds intended for local and regional infrastructure and to pursue the enhancement of collaboration between academia and private sector. The participants proposed that the implementation of 2007-2013 Funds is reviewed and that investment areas which yield visible result and deserve being pursued in the future are identified. They further urged the relevant authorities to work on further removing administrative barriers and simplifying the procedures.

On 3 April 2014 the Government of the Republic of Slovenia took note of the new PA version which was made public at the dedicated GODC website and was officially submitted to the EC services for inter-service consultation on 10 April 2014.

- Inclusion of the wider public into the preparation of the OP for the Implementation of the EU Cohesion Policy

The responsibility for the preparation of 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 high-quality and coherent document as the base for the absorption of the EU funds under the 2014-2020 programming period.

Development of OP and PA takes place simultaneously. The relevant partners have been involved in the following activities that have been implemented so far:
- analysis of the situation and identification of Slovenia’s development needs
- identification of specific objectives and results
- 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 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 into 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 involvement of social partners, experts and the general public in its activities since the publication of the proposals of the European legislation for the programming period 2014-2020 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, 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 of enhancing involvement in the process of preparation, implementation and monitoring of the RDP 2014-2020 as well as improving the quality of the RDP 2014 2014. The network organises a variety of activities, which encourages active participation and providing feedback for a better implementation of the RDP, namely with a view to increase the involvement of stakeholders in the preparation of documents in the field of Rural Development Policy.

- **Inclusion of the wider public in 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 the 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 the preparation of 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 and participated in the workshops. When the first draft of the operational programme is prepared a broader public consultation will be carried out. Social partners and other interested parties will be invited to submit their own opinions and suggestions.
Inclusion of the wider public in implementation

In accordance with the multi-level governance approach (Article 5 of EU Regulation 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 the 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 the selection of criteria for the selection of projects/measures within each operational programme, they monitor the achievement of defined objectives and results, examine and confirm the 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

Slovenia provides for respect of 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 shall be 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, disability or any other personal circumstance. All are equal before the law. Article 63 of the Slovenian Constitution prohibits incitement to national, racial, religious or other discrimination.

The umbrella act, regulating the field of equal opportunities, is the Implementation of the Principle of Equal Treatment Act, which defines common principles and guidelines for ensuring 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 relationship, participation in trade unions and interest groups, education, 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, religion 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, the following key documents apply:

- Equal Opportunities for Woman 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
On 1 April 2012 the Ministry of Labour, Family, Social Affairs and Equal Opportunities took over the responsibility of the field of equal opportunities in accordance with the Act Amending the Public Administration Act. In the field of equal opportunities the Equal Opportunities and the European Coordination Service perform the following tasks: (i) coordinates policy making and preparation of regulations for the prevention and elimination of discrimination, (ii) monitors the status of women and the realization of their rights guaranteed with the constitution, laws 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, businesses and others who want to improve their performance or simply want to get more information on this topic.

Slovenia has fully respected horizontal principles of gender equality, prevention of all forms of discrimination and respect for equal opportunities and accessibility from the very beginning of 2014-2020 document programming. Compliance with these principles is, of course, not limited only to the programming phase, but should be guaranteed in the process of the preparation of strategic documents as well as in the process of implementation, monitoring and evaluation of programmes. Compliance with these principles should be ensured, as defined in Article 7 of the CSF Regulation, under all Funds mentioned by the above-mentioned Regulation, while special attention is given to respect for and the implementation of these principles in the context of activities which are financed under the ESF. Therefore, specific measures are foreseen for the empowerment of these principles with the aim of improving the participation and inclusion of disadvantaged groups and making the position of women equal to men’s as well as enhancing equal opportunities in the labour 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.

Slovenia strives to ensure the principles of gender equality, non-discrimination and equal opportunities in all phases - programming, implementation, monitoring and evaluation of measures under all Funds. The framework for the respect of these principles in Slovenia builds primarily on the respect of provisions of the CSF Regulation as well as specific regulations (e.g. ESF), including the requirements pertaining to reporting and evaluation of programmes, respect and implementation of national rules and other strategic and implementing documents as well as experiences and findings of the evaluations under the present period with the objective of improving its realisation and full respect in the next financial period.

Special attention was paid to the inclusion of relevant institutions responsible for the promotion of gender equality, non-discrimination and equal opportunities in the programming process. From the beginning of drafting the programming documents, their inclusion has been guaranteed and interactive. The representatives of 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 stakeholders, 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 will be guaranteed in the implementation phase under all Funds through coordinated planning and
implementation of the individual actions for target groups. To ensure that horizontal principles of equality and non-discrimination are respected, these elements will be included also in the criteria under the calls for proposals and the criteria for the selection of operations. This will practically prevent any non-compliance with horizontal principles of gender equality, non-discrimination and equal opportunities. Monitoring and reporting on the implementation and respect for these principles will be ensured through monitoring under the project principle with recommendations for implementation which will also include a special segment on the realisation of horizontal policies such as description of the implemented activities, their results and their contribution to the realisation of horizontal principles’ objectives, as well as through adequate supervision of implemented projects, which will be carried out by the Managing Authority, 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 set indicators. All of the above-mentioned as well as the selection of appropriate measures and implementation and realisation of the set results will be under the competence of the monitoring committee for the relevant Fund or operational programme. The members of the monitoring committee will also be the representatives of all the relevant institutions of the Republic of Slovenia in charge of ensuring respect for and the realisation of the principles of gender equality, non-discrimination and equal opportunities, including disabled persons. Balanced representation of men and women will be ensured within the monitoring committees.

In the 2014-2020 programming period more attention – in addition to the above-mentioned aspects – will be given to:
- training and capacity buildings of relevant actors on mainstreaming gender equality
- ensuring a balanced representation and participation of women and men in decision-making
- planning and control
- breakdown of financial resources and inclusion of the aspect of gender into the budget
- plan and ex-ante criteria for mainstreaming gender equality

Implementation of the principle of equality between men and women, non-discrimination and equal opportunities will be dealt with in detail under the OP, and especially in other implementing acts so as to guarantee its full implementation along the entire chain (programming, implementation, monitoring and evaluation as well as supervisory mechanisms).

1.5.3. Sustainable development

Sustainable development will be the central guide in the preparation of the programmes for the implementation of EU funds that will promote measures facilitating the shift towards 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 long-term environmental sustainability of the society which respects its own culture and cultural heritage and recognises the richness of multi-culture.

The investments will pursue the principle of efficiency that strengthens the value of:
- economic capital by increasing added value
- natural capital by enhancing environmental performance and provision of ecosystem services while preserving natural resources
- social capital by enhancing knowledge, creativity, innovation and civil society and efficiency of social services
The environmental pillar of sustainable development will be embedded in all three operational programmes at the highest level, as mitigation measures recommended by the strategic environmental assessment for each of the Slovenian 2014-2020 period operational programme will be taken into account. Each operational programme will support the shift towards a low-carbon society, resource efficiency, horizontally 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 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 the reduction of environmental pressures and on the other to enhancing 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.

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. The country will thus enhance resilience of the society to environmental stress and preserve Slovenia’s comparative advantage as a country with exceptional biodiversity and landscape diversity.

The system level beyond mere implementation of measures in the context of EU Funds implementation will see an important lever to attain sustainable development in the form of establishment of mechanism for the internationalisation of external costs (e.g. elimination of environmentally harmful subsidies, development of financial instruments), mainly in the field of the quality of air and climate change, waste management and the management of waters with the objective of promoting sustainable consumption and production.

The key responsibility for a consistent integration of the environment topics into the operational programmes will lie with all the relevant Managing Authorities and Intermediate Bodies or other potential implementing institutions, with the help and guidelines of 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.

Slovenia is committed to a model of sustainable development in agriculture which in the context of structural adjustment means that the country needs to boost economic efficiency of agricultural holdings but also ensure more efficient and more sustainable use of natural resources and increase climate change resilience and adaptation. This sets the objective of enhancing production of agricultural holdings but not at the expense of reducing natural resources preservation.
This is particularly important for the agricultural holdings which are located in areas that are subject to legislative restrictions (e.g. water protection areas) in Natura 2000 sites. It is also important that in less-favoured areas for agricultural activity conditions that encourage further development of farms are created. Such development will take into account the importance of further pursuing agriculture in these areas and the specific needs of the economy that these holdings face because of the difficult production conditions.

The RDP 2014-2020 does not treat the environmental aspects separately from productivity but rather as its indispensable component. From the view point of investment actions this means that investment will be required to follow multi-layered objectives and 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 that supports the 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 the common regulation 1303/2013:

- Accessibility: the principle of equal opportunities and non-discrimination will be the integral part of decision-making regarding the selection of investment areas under all thematic objectives.
- Demographic changes: this area will be directly supported by investments in the context of thematic objectives in the field of labour market and social inclusion as well as the prevention of poverty (thematic objective 8, 9 and 10).
- Climate change mitigation and adaptation: this area will be directly supported by investments under relevant thematic objectives (thematic objective 4, 5 and 6), and indirectly also through other thematic objectives (thematic objective 1, 3, 7, 8 and 10).

1.6. The list of the programmes under the ERDF, the ESF and the YEI, and the Cohesion Fund, except those under the European territorial cooperation goal, and of the programmes of the EAFRD and the EMFF165, with the respective indicative allocations by ESI Fund and by year (total Union support, including the performance reserve) (Article 15 (1) (a) (vi) CPR)

For the absorption of the funds, available under all three Cohesion Policy Structural Funds (ERDF, ESF, CF), Slovenia is preparing one operational programme, namely as the contribution to the realisation of the Union Strategy for smart, sustainable and inclusive growth. The operational programme shall be in due accordance with the Common Strategic Framework guidelines and the Partnership Agreement. The operational programme will cover two cohesion regions, namely the cohesion region Vzhodna Slovenija and the cohesion region Zahodna Slovenija, and will also include a specific priority axis for the Youth Employment Initiative.

In the period 2014-2020 Slovenia will be eligible to 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 Zahodna Slovenija 40 % of the funds will be allocated to ESF and 60 % of the funds will be allocated to ERDF. In the cohesion region Vzhodna Slovenija 70 % of the funds will be allocated to ERDF and 30 % of the funds to the ESF.

165 Only one programme for each Member State for the EMFF.
Under the Cohesion Fund (transport and environmental infrastructure and sustainable use of energy) in the programming period 2014-2020 the whole of Slovenia will be eligible to EUR 1,055 million in current prices (of which EUR 90 million will be used for technical assistance and 159.8 for CEF); altogether amounting to EUR 3,255 billion in current prices.

The cohesion region Zahodna Slovenija will be allocated approximately EUR 847 million in current prices. The cohesion region Vzhodna Slovenija, at 73 % of the EU average development rate, will be allocated EUR 1,260 billion in current prices (including the Youth Employment Initiative).

For the absorption of the available funds under the EAFRD, Slovenia is drafting the Rural Development Programme for the period 2014-2020. In the programming period 2014-2020 Slovenia will be eligible to EUR 837.8 million. The table gives the commitment appropriations of the EAFRD funds for each year, which are absorbed in accordance with the N+3 principle.

Slovenia is also preparing the Operational Programme for the Implementation of the European Maritime and Fisheries Fund in the Republic of Slovenia for the period 2014-2020 which will be the basis for the absorption of the funds available under the European Maritime and Fisheries Fund (EMFF). As the negotiations in the framework of the proposal of the European Parliament and Council Regulation on the European Maritime and Fisheries Fund are still underway it is too early to discuss the allocation of amounts.
Table 16: Framework amounts of the allocated support for each Fund and each year (total Union support, including the performance reserve)

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<tbody>
<tr>
<td>OP ECP</td>
<td>Cohesion Fund</td>
<td>895,370,363.00</td>
<td>119,552,544.00</td>
<td>122,458,287.00</td>
<td>125,375,853.00</td>
<td>128,092,675.00</td>
<td>130,625,667.00</td>
<td>133,446,635.00</td>
<td>135,818,702.00</td>
</tr>
<tr>
<td></td>
<td>ESF</td>
<td>716,924,970.00</td>
<td>96,430,333.00</td>
<td>98,360,903.80</td>
<td>100,329,848.80</td>
<td>102,337,786.50</td>
<td>104,385,847.50</td>
<td>106,474,827.90</td>
<td>108,605,422.50</td>
</tr>
<tr>
<td></td>
<td>YEI</td>
<td>9,211,536.00</td>
<td>5,175,020.00</td>
<td>4,036,516.00</td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td>ERDF</td>
<td>1,390,392,899.00</td>
<td>187,015,456.00</td>
<td>190,759,574.20</td>
<td>194,578,115.20</td>
<td>198,472,277.50</td>
<td>202,444,254.50</td>
<td>206,495,590.10</td>
<td>210,627,631.50</td>
</tr>
<tr>
<td>RDP 2014-2020</td>
<td>EAFRD</td>
<td>837,849,803.00</td>
<td>118,678,072.00</td>
<td>119,006,876.00</td>
<td>119,342,187.00</td>
<td>119,684,133.00</td>
<td>120,033,142.00</td>
<td>120,384,760.00</td>
<td>120,720,633.00</td>
</tr>
</tbody>
</table>

*The table will be supplemented with the EMFF funds after the adoption of the EMFF Regulation.*
1.7. Request for transfer of Structural Funds allocations between categories of regions, where applicable (Article 93 CPR)

Not applicable to Slovenia.

1.8. Transfer from the European Territorial Cooperation goal to the Investment for Growth and Jobs goal, where applicable, by category of region (Article 94 CPR)

Not applicable to Slovenia in this phase.

1.9. Request for a transfer of technical assistance to the European Commission, where applicable (Article 25 CPR)

Not applicable to Slovenia in this phase.

1.10. Information on the allocation related to the performance reserve, broken down by ESI Fund and, where appropriate, by category of region, and on the amounts excluded for the purpose of calculating the performance reserve (Article 15 (1) (a) (vii) CPR)

The amounts excluded from individual ESI Fund 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 Vzhodna Slovenija 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 the allocation related to the performance reserve, broken down by ESI Fund and, where appropriate, by category of region, and on the amounts excluded for the purpose of calculating the performance reserve (Article 15 (1) (a) (vii) CPR)

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<tbody>
<tr>
<td>ESF and ERDF</td>
<td></td>
<td></td>
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</table>

166 At the submission of the Partnership Agreement amounts should be indicated only for the first year. The following annual allocations are made, as appropriate, on annual basis and set out in the Partnership Agreement only upon approval of such a request from the Member State.

168 In accordance with Article 8 of the CPR

169 Including the performance reserve, after transfers between categories of regions and goals, where applicable

170 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 Art 136b of Council Regulation (EC) No 73/2009 in respect of calendar years 2013 and 2014 respectively.

171 Total Union support after transfers less the amounts excluded for the purpose of calculation the performance reserve.
The performance reserve will represent the basis for active management of the ESI Funds, namely for rewarding those thematic objectives in the context of which results will be achieved in the greatest extent possible or with a lesser 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.

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172 The total amount of the performance reserve allocated by ESI Fund and, where appropriate, by category of region, shall be 6 %.

173 The EMFF amounts will be included after the adoption of the EMFF Regulation.
2. ARRANGEMENTS TO ENSURE THE EFFECTIVE IMPLEMENTATION OF ESI FUNDS (ARTICLE 15(1) (B) CPR)

2.1 The arrangements, in line with the institutional framework of the Member States, that ensure coordination between the ESI Funds and other Union and national funding instruments and with the EIB (Article 15 (1) (b) (i) CPR)

a) Key institutions envisaged for the implementation of the Operational Programme as the contribution to the EU Strategy for smart, sustainable and inclusive growth


For the absorption of the 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 Cohesion Fund, and other relevant forms of implementing instruments.

In accordance with Article 124 of the CPR, the Government will designate a managing authority, a certifying authority and an audit authority.

MONITORING COMMITTEE

In accordance with Article 47 of the CPR, 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 will, pursuant to the CPR, include representatives of all relevant institutions. The committee's rules of procedure will lay down tasks and responsibilities for the efficient functioning with a view to ensuring complementarity and synergies between all funds, including the preparations and implementation of macroregional strategies.

MANAGING AUTHORITY

At its 47th regular session of 27 February 2014, the Government of the Republic of Slovenia, by means of a decree, set up an independent government office for the implementation of the EU Cohesion Policy (Government Office for Development and European Cohesion Policy); the office will perform the function of the managing authority and will cover key areas of European Cohesion Policy and the area of development. The government office also took over European Territorial Cooperation within European Cohesion Policy. The institutional framework for the implementation of ETC programmes is still being discussed by the involved partners.

The tasks of the managing authority will be centralised by setting up a single management system for the implementation, monitoring and evaluation. For the purposes of OP ECP 2014-2020 and based on the experience from the 2007-2013 programming period, a single system of managing and monitoring will be established together with uniform guidelines for intermediate bodies and beneficiaries, which will take into consideration the specifics of individual funds. The guidelines will clearly and unambiguously define the terms and requirements imposed by regulations, which will reduce the administrative burden on beneficiaries in particular.
CERTIFYING AUTHORITY
The function of the certifying authority for both Structural Funds (ESF 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 (audit) of all EU funds; it is authorised to coordinate the fight against fraud.

Main changes that have been envisaged concern institutional relationships within the existing structure, namely in relation to intermediate bodies and beneficiaries in terms of the simplification of 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.


For the implementation and management of the RDP 2014-2020, a managing authority, a monitoring committee and an accredited paying agency will be designated.

The Ministry of Agriculture and the Environment is responsible for preparing, managing and implementing the programme in an efficient and effective way, in accordance with Article 72 of the Rural Development Regulation/2013/EC. Part of tasks of the managing authority which relate 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 paying 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 paying agency responsible for the implementation of all CAP measures in the Republic of Slovenia. The agency carries out the tasks laid down within the meaning of Article 7 of the Horizontal Regulation/2013/EC. The Ministry of Agriculture and the Environment is the authority responsible for granting and withdrawing the accreditation to the paying agency as well as for the monitoring and control of its operation.

The Budget Supervision Office of the Republic of Slovenia (BSO) within the Ministry of Finance is the certifying authority responsible for the implementation of the RDP 2014-2020. The BSO gives the opinion on the management declaration of assurance covering the completeness, accuracy and veracity of the annual accounts of the paying agency, the proper functioning of its internal control system, the legality and regularity of underlying transaction and the respect of the principle of sound financial management. The body is functionally independent from the ARSKTRP and the Ministry of Agriculture and the Environment.


For the absorption from the European Maritime and Fisheries Fund (EMFF), Slovenia has drawn up a single operational programme for the entire territory of the Republic of Slovenia, as a contribution to the achievement of objectives of the reformed Common Fisheries Policy (CFP) and Integrated...
Maritime Policy (IMP), with a view to promoting sustainable and competitive fisheries and aquaculture, and fostering the development and implementation of the Union’s Integrated Maritime Policy in cooperation with other European instruments. For the implementation and management of the programme, a managing authority under the responsibility of the ministry responsible for fisheries and aquaculture, a certifying authority and an audit authority will be designated. The ARSKTRP will carry out the tasks of the certifying authority and the BSO the tasks of an audit authority. For the purpose of monitoring the programme implementation, a monitoring committee will be set up. The area of the Integrated Maritime Policy – marine environment protection and the improvement of knowledge of the marine environment – will be covered by the Ministry of Agriculture and the Environment, whereas the area of the integrated maritime surveillance will be under the responsibility of the Ministry of Infrastructure and Spatial Development.

A description of the management and control system for the implementation of the OP EMFF 2014-2020 and all supporting documents required for efficient implementation of the programme will be drawn up in accordance with the requirements of Regulation 1303/13/EU and the EMFF Regulation and their delegated and implementing regulations.

**Operational Programme for the Implementation of the Fund for European Aid to the Most Deprived**

For the absorption from the Fund for European Aid to the Most Deprived, Slovenia will draw up a single operational programme for the entire territory of the Republic of Slovenia, as a contribution to the achievement of the poverty reduction objectives. For the management of the programme the ministry, responsible for social affairs, will be designated as the programme’s managing authority as the provision of social security and aid to the most deprived is one of the tasks of this ministry. The Ministry of Finance will carry out the tasks of the certifying authority which also acts as the certifying authority for the ESF. The Budget Supervision Office of the Republic of Slovenia (BSO) will carry out the tasks of an audit authority which also acts as the audit authority for the Structural Funds and the Cohesion Fund. BSO is an independent body within the Ministry of Finance, carrying out tasks of coordinating internal control of public finances and independent control of all EU Funds and is also responsible for coordinating the fight against fraud.

**b) Identification of areas of intervention where the ESI funds will be used in a complementary manner:**

<table>
<thead>
<tr>
<th>Thematic objectives</th>
<th>ERDF</th>
<th>ESF</th>
<th>CF</th>
<th>EAFRD</th>
<th>EMFF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Strengthening research, technological development and innovation</td>
<td></td>
<td></td>
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<tr>
<td>2. Enhancing access to, and use and quality of, information and communication technologies</td>
<td>✓</td>
<td></td>
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<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>3. Enhancing the competitiveness of SMEs, of the agricultural sector (for the EAFRD) and of the fishery and aquaculture sector (for the EMFF)</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>4. Supporting the shift towards a low-carbon economy in all sectors</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>5. Promoting climate change adaptation, risk prevention and management</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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</tbody>
</table>
6. Preserving and protecting the environment and promoting resource efficiency

7. Promoting sustainable transport and removing bottlenecks in key network infrastructures

8. Promoting sustainable and quality employment and supporting labour mobility

9. Promoting social inclusion, combating poverty and any discrimination

10. Investing in education, training and vocational training for skills and lifelong learning

11. Enhancing institutional capacity of public authorities and 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 the integration of academic and research areas, 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 also be used for specialised counselling and thus transfer of specialised knowledge into the agriculture sector.

Under thematic objective 2, the ERDF and EAFRD funding will be used in a complementary manner. The resources of both Funds will mainly be used to find solutions for the issue of white areas in rural areas.

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, innovation and thus technological development and consequently increasing the added-value of products and services, with an emphasis on establishing a more effective support environment for individuals and enterprises as well as the knowledge triangle. The EAFRD funding will be used for enhancing the productivity of SMEs and, in the field of food-processing industry, large enterprises, generational renewal in agriculture and the promotion of various forms of cooperation and integration for a more competitive performance of players in the market, also the integration into quality schemes will be encouraged. With the objective of enhancing the competitiveness of the Slovenian companies, the EMFF funding will be used to enhance the competitiveness of micro and small enterprises registered for the implementation of commercial sea fishing, farming of aquatic organisms and processing of fisheries products. In this way we will indirectly enhance the ability of the 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 energy efficiency of the public sector and households and sustainable mobility the CF funding will be predominantly used. Through 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 into low-carbon society by also enhancing economic growth. The ESF funding will be used for the relevant incentives in employment (TO 8). The EMFF funding will be allocated to improve energy efficiency and environmental awareness of the sector as well as to promote activities within Natura 2000 sites where a favourable status of species and habitats can be provided through measures.
Under thematic objective 5, the ERDF, CF and EAFRD funding will be used in a complementary manner. For construction flood-protection measures the CF funding will be used, while the ERDF funding will be used in a complementary manner to invest in non-construction 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 and adaptation of agriculture to climate change.

Under thematic objective 6, investment under four Funds, namely the ERDF, CF, EAFRD and EMFF, will be implemented in a complementary manner. The CF funding will be used for the construction of infrastructure for environmental improvement, particularly in the area of water quality and drinking water supply. The ERDF funding will be mainly used to establish a management system for the Natura 2000 network. The EAFRD funding will be used for maintaining and promoting sustainable farming systems in less-favoured areas. The EAFRD funding will also be used for restoring forest potential destroyed by natural disasters. The EMFF funding will also contribute to the preservation of biodiversity; these resources will be used to promote sustainable development of the fisheries sector in line with the Common Fisheries Policy reform, namely with the aim of improving the conservation status of aquatic resources and ecosystems. The ERDF funding will be used also for investing in projects of urban renewal 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. The CF funding will be used to remove bottlenecks on the TEN-T network and improve the quality of transport infrastructure. The ERDF funding will be used to improve transportation links for better accessibility and a harmonious regional development.

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 the unemployment rate, in particular for the identified target groups, for employment incentives as well as incentives for the adaptation of jobs and active ageing, and for supporting youth employment incentives. The EAFRD funding will be used to create new jobs and new employment opportunities in rural areas. In the context of 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 the opportunity to enhance 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, for the promotion of social entrepreneurship. The ERDF funding will be used primarily for investment that will support the process of deinstitutionalisation and long-term care. The EAFRD funding will be used for strengthening 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 the links between the labour market and education as well as the economy, encourage mobility especially for the socially deprived and promote 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 the competences and strengthen the transfer of knowledge to rural areas.
The 2014-2020 programming period has also foreseen the implementation of financial engineering on 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 the related employment) also in relation to the Smart Specialisation Strategy. Based on the experience from the 2007-2013 programming period, we will continue with the implementation of 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. Respecting the content and the form of interventions, there are financial institutions in Slovenia that implement FEI, such as Slovenian Development Bank (SID), Slovenian Entrepreneurship Fund (SEF), oriented into financial support for SMEs, EKO 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 under 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 implementation of similar funding schemes. For the next financial period, the use of financial instruments has also been foreseen for achieving thematic objectives 1, 3, 4 and 9.

For the 2014-2020 period, Slovenia will, in cooperation with the EIB and EIF, prepare a preliminary assessment of the market needs and funding gaps in the market together with the estimation of the amount and scope of public funds required for financial instruments, including the types of financial instruments for the areas of action to encourage growth and development of SMEs, research, development and innovation (RDI), energy efficiency (EE) and sustainable development of urban areas, including investments in environmental infrastructure.

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 EMFF, measures to be financed with CAP instruments, local development strategies and other instruments of the Union, identification of possible overlaps together with measures to prevent the overlapping. The objectives and instruments of rural development policy complement and upgrade the measures under CAP Pillar I. Thus, in addition to the possibility of obtaining support from the RDP 2014-2020 young farmers also have the possibility of obtaining support under CAP Pillar I, 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 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 RDP 2014-2020 will not be given in the form of an annual or one-off payment. However, the farmers participating in the small farmers’ scheme can access other support under the RDP 2014-2020 under CAP Pillar I. Payments to areas facing natural or other specific constraints will be allocated entirely from the RDP 2014-2020, so there is no risk of duplicate payments under the CAP Pillar I and II for areas with natural handicaps. Preventing double financing of agri-environment and agro-climate commitments and commitments under the measure for organic farming with agricultural practices beneficial for the climate and the environment under CAP Pillar I will be taken into account in the calculation of the amount of payment for the measure “agri-environment and agro-climate payments” and “organic farming”. The agri-environment and agro-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 I.
Co-ordination arrangements and structures to support the complementary use of ESI Funds:

Based on the competences vested in it, the Government Office for Development and European Cohesion Policy will take part in the preparation of the relevant development documents of the Republic of Slovenia, development policies and competitiveness policy and will ensure coordination of their implementation and methodological links between the development policies and a 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 implement 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, External Borders Fund, European Fund for the Integration of Third-Country Nationals, European Return Fund and European Refugee Fund etc.) and other EU instruments (connecting Europe Facility, Horizon 2020, Erasmus +, Creative Europe, 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 the Funds and participating ministries. Inter-ministerial coordination has already been established for the 2007-2013 period charged with planning and monitoring of the implementation (ERDF, ESF, CF) and will be upgraded through inclusion of the other two Funds (EAFRD, EMFF).

Key functions of the Inter-ministerial Coordination Committee:
- coordination and approval of Partnership Agreement revisions
- monitoring of the progress as regards fulfilment of PA objectives and discussion and approval of PA progress reports
- review of implementing plans and delivery of opinion thereon
- provision of counselling services on matters of content and organisation/implementation based on evaluation findings and analysis results

Figure 3: Basic coordination structure in support of the complementary use of ESI Funds
With the aim of ensure Slovenia’s contribution to the realisation of the individual thematic objectives the MA will establish relevant **Expert Groups** at the working level under the **OP ECP 2014-2020** to provide for coordinated preparation of expert bases. The latter will be composed of representatives of intermediate bodies, national authorities of European Territorial Cooperation, information points for direct EU programmes (Horizon 2020, Creative Europe, Erasmus, LIFE, etc.) and, if necessary, external experts.

Key functions of expert groups:
- development of implementing plans for OP ECP 2014-3030 measures by taking into account complementarities between the Funds (two-year plans coinciding with the national budget preparation, and, if necessary, 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)
- monitoring of the implementation and progress in fulfilment of intermediate objectives at given milestones
- review of implementing plans and preparation of bases for development of reports, evaluations and analyses

Figure 4: Basic coordination and OP ECP 2014-2020 implementing structure
Mechanisms to ensure the complementary use of funds by applicants and beneficiaries:
The mechanism to help beneficiaries will be designed so that beneficiaries and applicants will have access to calls for funds that are indirectly implemented in Slovenia via national contact points through the e-governance-supported contact point. The central info point will be set up in the form of appropriately designed dedicated website for interactive communication and information exchange, as well as the information centre for help and support to beneficiaries and potential applicants.

2.2. The information required for ex-ante verification of compliance with the rules on additionality (Article 15 (1) (b) (ii) CPR), based on Article 95 and Annex X CPR

Table 19: Gross fixed capital formation (general government) in % GDP

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<tbody>
<tr>
<td>Gross fixed capital formation (general government) in % GDP in Slovenia</td>
<td>4.55</td>
<td>4.40</td>
<td>4.29</td>
<td>4.18</td>
<td>4.19</td>
<td>4.24</td>
<td>4.34</td>
</tr>
<tr>
<td>Gross fixed capital formation (general government) in % GDP in the cohesion region of East Slovenia</td>
<td>1.80</td>
<td>1.74</td>
<td>1.70</td>
<td>1.65</td>
<td>1.66</td>
<td>1.79</td>
<td>1.83</td>
</tr>
</tbody>
</table>

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 estimations are made on the basis of indices of growth. The budget for 2014 envisages a substantial increase in investment
- the key for the calculation of the regional share of the indicator is the share of population. In the reference period from 2007–2013, gross fixed capital formation of general government in average accounted for around 2 % of GDP. In view of the macroeconomic situation, public finance constrains, decreasing trend of the investments and expected significant decrease of 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 East 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 in accordance with Article 19 and Annex XI of the CPR at national level and in the event that the applicable ex-ante conditionalities are not fulfilled, of the actions to be taken, the bodies responsible, and the timetable for implementation of those actions (Article 15 (1) (b) (iii) CPR)

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 in accordance with Article 21 of the CPR (Article 15 (1) (b) (iv) CPR)

**OP ECP 2014-2020**

The managing authority for the operational programmes under Objective 1 – Convergence 2007-2013 has established a system of monitoring and evaluation. According to the requirements under Regulation 1083/2006/EC, the electronic management information system (MIS) was established that provides information support for the implementation of the European Cohesion Policy instruments and audit trail of the expenditures, financial flows and indicators. The complexity of information system in the process of monitoring often created a bottleneck when implementing complex and demanding instruments.

On the other hand, the MIS ensures access to a huge data base for the purpose of evaluation of the implementation of funds. Changes of the management information system are one of the main priorities for creating an efficient system for the implementation of the results-oriented principle.

**Methodology and mechanisms:**

1. Milestones for content-related/output 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 to monitor the achievement of objectives and milestones with output indicators, immediate effects and financial indicators and key implementation steps. This will contribute to 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 procedures for the definition of:

- clear and transparent set of indicators, milestones and targets
- methodology and principles of monitoring intermediate and final achievements supported by IT system, together with the defined 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 groups and sub-groups, the European Commission)
- the system of financial corrections in case of a failure to achieve targets and possible consequences
- methodologies for the evaluation of links between individual data, immediate effects, results and achievement of EU2020 objectives

The definition of indicators will respect the bottom up principle; the set of indicators will enable aggregation up to higher level 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, 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 annual basis (AIR)
- the monitoring committee on 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 OP ECP 2014-2020: apart from monitoring the complementarity of funds and instruments, the ISC will also have predefined tasks for performance monitoring

**RDP 2014-2020**

A joint monitoring and evaluation system is applicable within the framework of RDP 2014-2020. For identifying milestones and objectives in the performance context we will apply output indicators set out in Annex 4 of the EAFRD implementing regulation. In accordance with Article 5 of Regulation No. 215/2014 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 the RDP 2007-2013 implementation. For measures where projects are 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 focused on achieving the set objectives under specific milestones. In the period 2017-2019, the evaluation will also include an assessment of the progress 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, the evaluation activities will be focused on whether the implementation of the programme is 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. An assessment of whether there is a need to reinforce the administrative capacity of the authorities, involved in the management and control of the programmes and, where appropriate, of the beneficiaries, as well as, where necessary, a summary of the actions to be taken for this purpose (Article 15 (1) (b) (v) CPR)

1) An assessment of the needs for the reinforcement of administrative capacity of the authorities and beneficiaries taking into account the experience from the previous programming period, including issues identified in evaluations or studies, or raised by the Commission.

To reinforce the administrative capacity of authorities, technical assistance of the ERDF, the ESF and the Cohesion Fund will be used for the ERDF, the ESF and the Cohesion Fund, technical assistance of RDP 2014-2020 for EAFRD, and technical assistance of OP EMFF 2014-2020 for the EMFF.

In accordance with the EU guidelines on the closure of the programming period 2007-2013, 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 absorption in the period 2014-2020) will be crucial.

To implement the measures of ESI funds, Slovenia will pay particular attention to reinforcing the administrative capacity of both, bodies involved in the implementation of ESI funds, as well as the beneficiaries of these funds, as follows:

- by ensuring appropriate employment capacities in the areas where bottlenecks in the implementation have already been identified in the present programming period
- by reinforcing the competences of the employees in the implementation of ESI funds
- with education and training of the employees as well as the beneficiaries (a training program will be prepared) to ensure smooth ESI fund implementation
- by reinforcing the models of human resources management which will also bring better implementation of services
- by reinforcing the actions to ensure smooth operation of processes
- by introducing a permanent process of evaluating the quality and quality management (carrying out evaluations, etc.) on the basis of the predefined criteria (standards) and indicators of the effectiveness of implementation

The managing authorities will prepare a common human resources action plan for the programming period 2014-2020, which will include the estimated number of civil servants needed to implement programmes and the state of administrative capacity and potential need to reinforce human resources.

**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 about 600 (ministries, public funds, public institutes and public agencies involved in the implementation of Cohesion Policy in the Republic of Slovenia), of which about 60 % of the staff will deal with contract management and administration, 20 % of them will perform controls, while the rest 20 % of the staff will be engaged in other activities (e.g. preparation of instruments for the absorption of cohesion policy funds, management of internal units that are responsible for coordination of work and activities within the relevant bodies involved
in the implementation of cohesion policy, public procurement, calls for proposals, project investment documentation development, work in “system” bodies (e.g. public procurement system) etc.).

Analysis of administrative capacities of the relevant authorities in the period 2007-2013 is the basis for the new 2014-2020 staffing structure. The staff will be paid out from technical assistance under the objective “Investing in growth and jobs” that builds on the lessons of the existing 2007-2013 implementing structure and on the envisaged 2014-2020 concept.

2007-2013 programming period

The 2007-2013 period saw two different employment quotas under technical assistance projects – the first group were new jobs under technical assistance (a total of 388 jobs, of which 111 permanent jobs), while the second group was represented by the funding of civil servants (167 persons). The total number of jobs supported under technical assistance projects amounts to 555 (ministries, public funds, public institutes and public agencies).

Table 20: Civil servants under TA at intermediate bodies in the 2007-2013 period

<table>
<thead>
<tr>
<th>OP</th>
<th>Intermediate body</th>
<th>Quota according to the approved TA projects (jobs under TA)</th>
<th>Cohesion policy staff (shift of the funding source from the national budget to the TA)</th>
<th>Total number of cohesion policy implementation staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>OP ETID</td>
<td>Ministry of Agriculture and the Environment</td>
<td>25</td>
<td>20</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td>Ministry of Infrastructure and Spatial Planning</td>
<td>31</td>
<td>20</td>
<td>51</td>
</tr>
<tr>
<td></td>
<td>Ministry of Economic Development and Technology - MA</td>
<td>53</td>
<td>19</td>
<td>72</td>
</tr>
<tr>
<td></td>
<td>Ministry of Finance – IB</td>
<td>17</td>
<td>13</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Ministry of Finance – Budget Supervision Office</td>
<td>13</td>
<td>4</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td><strong>139</strong></td>
<td><strong>76</strong></td>
<td><strong>215</strong></td>
</tr>
<tr>
<td>OP HRD</td>
<td>Ministry of Labour, Family and Social Affairs</td>
<td>83</td>
<td>12</td>
<td>95</td>
</tr>
<tr>
<td></td>
<td>Ministry of Education, Science and Sport</td>
<td>28</td>
<td>29</td>
<td>57</td>
</tr>
<tr>
<td></td>
<td>Ministry of the Interior</td>
<td>9</td>
<td>0</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Ministry of Health</td>
<td>5</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Ministry of Culture</td>
<td>4</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Ministry of justice</td>
<td>5</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Ministry of Economic Development and Technology - IB</td>
<td>2</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Ministry of Economic Development and Technology - MA</td>
<td>5</td>
<td>4</td>
<td>9</td>
</tr>
</tbody>
</table>
The employees are divided in three main areas with respect to the nature of their work:

- contract managers and administrators: particularly those that perform first-level controls of expenditure, they account for about 61.3% of total jobs. This staff is key to efficient use of EU cohesion policy funds (the shortcomings detected by the managing authority and the national audit authority were most frequent precisely at the first-level of expenditure control)

- controllers: the staff engaged in verification and certification of expenditures and functioning of the system; represent about 19.5% of total jobs

- other areas of work (e.g. finance, legislation, counselling). Account for about 19.2% of total jobs. Involved in the preparation of instruments for the absorption of cohesion policy funds, management of internal units that are responsible for coordination of work and activities within the relevant bodies involved in the implementation of cohesion policy, public procurement, calls for proposals, project investment documentation development, etc.)

Key performance issues in the European Cohesion Policy implementation dealt with in the 2007-2013 period:

- management verifications at the level of intermediate bodies or controls at contract managers: the latter are often inadequately trained to make decisions in concrete cases (the risk of lack of knowledge in individual legislative provisions increases proportionally with the increased complexity of the system of cohesion policy implementation); they are often exposed to various pressures (both by the beneficiaries as well as by their superiors); due to austerity measures and consequent reduction in the number of civil servants 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 the bodies in a wider context that are likewise an indispensable element 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 bear 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 the preparation of public procurement documents; lack of information on legislative changes (frequent changes of 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 the areas that are facing 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 workload in above-average burdened jobs). As a result of severely reduced activities in the framework of TA, the efficiency and effectiveness of the system of Cohesion Policy implementation accordingly deteriorated.

Staffing structure in the period 2014-2020

Slovenia has been allocated about 22% less funds under the European Cohesion Policy for the 2014-2020 period compared to the preceding period. Regardless of this fact, the staffing structure is supposed to remain the same or similar in order to provide smooth implementation of the Cohesion Policy in the new period as well, especially under additional tasks that will result in the above-average workload for administrative staff. This is expected as a result of our efforts to introduce simplifications for the 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).

Analysis of the workload per individual authority involved in the 2007-2013 period implementation is the basis for the new 2014-2020 staffing structure. Cohesion Policy funds per employee per year are considered as the main indicator of the workload.

Bases for the estimate of total jobs envisaged:

1. Comparison of similar contents of the 11 thematic objectives with the operational programmes’ 2007-2013 contents which helps identify TA costs per particular Funds:
   - OP ETID: average cohesion policy funds per employee per year – EUR 2,500,000
   - OP SRDP: average cohesion policy funds per employee per year – EUR 2,000,000
   - OP HRD: average cohesion policy funds per employee per year – EUR 1,000,000
   - bodies carrying out centrally the horizontal functions are the managing authority, audit authority and certifying authority

2. The amount of funds by investment priorities by particular Fund for the period 2014-2020 (ESF, ERDF and CF).

3. Estimation of the total number of envisaged jobs was made on the basis of the above two sets of data.

4. Estimation of total jobs at the MA, CA and AA was made on the basis of the 2007-2013 relevant data and on the basis of the scope of functions and responsibilities of these bodies stemming from the relevant cohesion legislation package and a longer programming period.
Table 21: Envisaged funding of jobs by TA funds under the objective “Investing in growth and jobs” by Funds in the 2014-2020 period

<table>
<thead>
<tr>
<th>Fund</th>
<th>Envisaged number of jobs under TA</th>
<th>Cohesion Policy staff (shift of the funding source from the national budget to the TA)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERDF</td>
<td>104</td>
<td>36</td>
<td>140</td>
</tr>
<tr>
<td>ESF</td>
<td>110</td>
<td>57</td>
<td>167</td>
</tr>
<tr>
<td>CF</td>
<td>176</td>
<td>94</td>
<td>270</td>
</tr>
<tr>
<td>Total</td>
<td>390</td>
<td>187</td>
<td>577</td>
</tr>
</tbody>
</table>

The Government of the Republic of Slovenia will adopt the personnel plan for the implementation of ESI Funds in the 2014-2020 programming period funded under the Cohesion Policy funds for the period of the multi-annual financial framework 2014-2020. The total quota of permanent and fixed-term contract jobs will thus be specified, and will not be a part of the Joint Personnel Plan, but will be incorporated in the specific personnel plan of staff for absorption of the ESI Funds in the Republic of Slovenia for implementation of the 2007-2013 programming period that will close by the end of 2015 in accordance with the n+2 rule and for the implementation of the multi-annual financial framework 2014-2020 that will close by the end of 2013 in accordance with 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.

The managing authority will, in line with the available technical assistance funds, decide on the possible changes in the number of jobs in future as well (especially as regards further recruitment and transfer of staff between the ministries), but only on the basis of the workload assessments and analyses that primarily build on the amount of the cohesion policy funds per employee. The MA will be able to propose the transfers of staff between the ministries when the implementation activities will be completed at particular IBs, while, elsewhere, where implementation will still be underway, the need for additional staffing will be identified.

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 (the responsibilities of work assignments do not match the actual job ranking, i.e. clash between the remuneration and the extent of assignments’ responsibilities. At the same time, the MA will strive to improve the stability of job structure (reduce the fluctuation of jobs).

In addition to retaining a stable and experiences staffing structure the MA should also additionally build capacity through a system-wide inclusion of employees in the programmes of education and training, particularly in the key areas where the greatest risks were detected (accounting, bookkeeping, general implementation of cohesion policy, public procurement, state aid), namely to improve the competences of the employees. 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 Cohesion Policy), and in certain cases also to other stakeholders involved in the implementation of the Cohesion Policy in the Republic of Slovenia. To a certain extent and in certain areas additional staff will need to be employed (e.g. public procurement and informatics).
In the programming period 2014-2020, technical assistance funds will be used for financing the activities for strengthening administrative capacity in both cohesion regions and of other players with a view of paving the way for a successful absorption of the funds at national and regional levels (e.g. project management, documentation management).

**RDP 2014-2020**

For the RDP 2014-2020 the MA is preparing a personnel action plan for the RDP 2014-2020 implementation, comprising the bodies responsible for the management and control of the EAFRD, and the estimated number of employees for each body. Notwithstanding the fact that less funds is allocated to the Republic of Slovenia for rural development policy under the EAFRD for the period 2014-2020, the same or a similar level of staffing as in the period 2007-2013 is envisaged for the smooth implementation of the Common Agricultural Policy, primarily due to the additional tasks (financial instruments, environmental issues, reducing error rates, etc.) which bring greater workload mainly to the administrative staff, which is a precondition for the implementation of simplifications for the beneficiaries. In 2014 and 2015 two programming periods are being implemented simultaneously, so additional staff will need to be provided.

The MA action plan for RDP 2014-2020 envisages measures to provide for the preservation of the existing staff, experienced in the implementation of EU Funds (SPD 2004-2006, RDP 2004-2006 and RDP 2007-2013) as well as measures to enhance the competences and knowledge transfer.

In the context of RDP 2007-2013 implementation the tasks are being performed by permanent civil servants, financed under 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 human resources policy of the Government of the Republic of Slovenia, the MA plans to extend the employment contracts for the key employees in the field of RD P2014-2020 implementation by 31 December 2014. The contracts will be extended until 2024. The MA will also prepare the education and training plan which will identify the required knowledge to carry out certain tasks, also the processes for the transfer of knowledge and information will be identified.

Based on preliminary analyses of RDP 2007-2013 implementation, a minimum of 30 civil servants are needed for the performance of MA tasks and 115 civil servants for the performance of the tasks of the Agency for Agricultural Markets and Rural Development which performs the tasks of the paying agency and to some extent also management tasks.

**OP EMFF 2014-2020**

The Ministry of Agriculture and the Environment is the competent ministry and the body, responsible for the management and implementation of the Operational Programme for Fisheries Development in the Republic of Slovenia for the period 2014-2020. The Ministry is responsible for the operational programme, 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 the management and implementation of the OP EMFF 2014-2020. The analysis is the basis for the establishment of the staffing structure for the new financial perspective 2014-2020 and is based on the experiences of the existing implementing structure model for the programming period 2007-2013 as well as the model of the future implementing structure for the programming period 2014-2020.
The following is used as an aid for the preparation of the staffing analysis for the 2014-2020 programming period:

- obligatory guidelines for the implementation of the activities of the Operational Programme for Fisheries Development in the Republic of Slovenia for the period 2007-2013 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 period 2007-2013
- 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 the staff, working in the field of fisheries policy management and implementation, has been expanding constantly. To help manage and implement the European Maritime and Fisheries Fund Slovenia is eligible to the so-called technical assistance which, *inter alia*, helps strengthen human resources potential for the abovementioned tasks. 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 greatly endanger if not hinder altogether the management of the OP 2007-2013. Over a period of almost ten years the implementation of the 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 the 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 employments were implemented in accordance with the technical assistance programme. Altogether 10 employments under technical assistance are approved by the OP 2007-2013 implementation commission. On 31 October 2013 technical assistance financed 1 permanently employed civil servant and 7 civil servants on a fixed-term contract. The Ministry of Agriculture and the Environment employed 6 civil servants and the Agency for Agricultural Markets and Rural Development employed 2 civil servants.

Distribution of tasks for OP 2007-2013 implementation:

- Ministry of Agriculture and the Environment performs managing authority tasks
- Agency for Agricultural Markets and Rural Development performs intermediate body tasks as well as the tasks of the expenditure certifying authority and other tasks (payments to the beneficiaries, recovery of amounts unduly paid and reporting on irregularities) with the distribution of tasks taken into account
Table 22: Current number of employees under technical assistance (full-time employments) – OP EMFF 2014-2020

<table>
<thead>
<tr>
<th>Institution</th>
<th>Ministry of Agriculture and the Environment – Managing Authority</th>
<th>Agency for Agricultural Markets and Rural Development – Intermediate Body</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tasks of the Managing Authority</td>
<td>3.5</td>
<td></td>
</tr>
<tr>
<td>Holders of measures</td>
<td>3.0</td>
<td></td>
</tr>
<tr>
<td>Project managers, administrative check</td>
<td>1.0</td>
<td>2.0</td>
</tr>
<tr>
<td>On-the-spot check</td>
<td>0.5</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>8.0</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Staffing structure for the OP EMFF in the period 2014-2020

In the context of EMFF the 2014-2020 financial perspective represents the continuation of the current financial perspective 2007-2013 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 gathering and management of data in the context of Common Fisheries Policy and fisheries surveillance, which represents additional workload for the employees. In the transitional period (in 2014 and 2015) the 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 again increases the workload.

The basis for drafting the analysis is the Analysis of the workload for individual tasks in the context of OP 2007-2013 management and implementation. This analysis is supplemented with the envisaged additional tasks relating to the OP 2014-2020 management and implementation. The analysis has shown 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 gather and manage data under the Common Fisheries Policy and fisheries surveillance measures in the field of environment, CLLD, analytics).

Table 23: An overview of the required total number of employees in the context of technical assistance for the implementation of the 2014-2020 programming period

<table>
<thead>
<tr>
<th>Task</th>
<th>Required number of employees in the context of technical assistance (full-time employments)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing Authority tasks</td>
<td>3.5</td>
</tr>
<tr>
<td>Holders of measures</td>
<td>3.5</td>
</tr>
<tr>
<td>Project managers, administrative check</td>
<td>2.5</td>
</tr>
<tr>
<td>On-the-spot check</td>
<td>0.5</td>
</tr>
<tr>
<td>Total</td>
<td>10.0</td>
</tr>
</tbody>
</table>

According to the assessment, at least 10 employments 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 need to be performed also in the following financial perspectives. This means that in the long run the system will need to provide at least 10 permanent jobs. Considering that currently one civil servant is employed permanently under technical assistance for the implementation of the European Fisheries
Fund, additionally 9 permanent jobs will need 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).

Systemic arrangement of jobs financed under OP EMFF technical assistance

The Ministry of Agriculture and the Environment performs important task of designing, implementing and managing fisheries policy. In 2004, when the process of the expansion of work areas with the European subject matters was launched, technical assistance funds proved to be an important support in the context of this process. Unfortunately, due to these staffing funding opportunities in the context of technical assistance, since 2004 the Ministry has not been properly regulating the status of employees. 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 of a project nature but it rather involves a continuous and systematic design and implementation of the fisheries policy. Hence the need for a systemic regulation of the status of the staff on fixed-term contracts under technical assistance and for the transition into permanent employment as practiced in the implementation and management of Structural Funds in Slovenia.

The importance of 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 the letter of 21 August 2012 which was addressed to the Director-General of the Forestry, Hunting and Fisheries Directorate which also acts as the Managing Authority Head. The letter emphasized the importance of the continuity of the staffing structure and administrative capacities in the implementation of the operational programme for fisheries development in the next financial perspectives.

Based on the analysis the Government of the Republic of Slovenia will define the total quota of permanent jobs which are not part of the Joint Personnel Plan under the condition that the employing entity provides ESI funding.

2) Where relevant, a summary of the main actions taken or envisaged to reinforce administrative capacity, outlining where technical assistance will be used.

OP ECP 2014-2020

In the 2014-2020 programming period, technical assistance funds will be used to finance administrative capacity at the national and regional level and at the public administration level (ministries, public funds, public institutes, and public agencies playing any role in the framework of Cohesion Policy).

Two measures are foreseen for beneficiaries:

1. financing training and information events for beneficiaries prior to and at the time of the publication of the call for proposals
2. Financing additional necessary employments for beneficiaries under project funds for the duration of the project (i.e. under priority axes and not under technical assistance funds). These are the employments that are needed for the very implementation of projects. To ensure administrative capacity of other actors, especially those acting as European Cohesion Policy beneficiaries, the relevant resources can be provided within individual operations.

The specified (systemic) measures at the central level (state and public administration) will be generally financed under technical assistance funds, while similar measures at lower levels (particularly at the level of the beneficiary) may be generally financed under priority axes or the specific project itself.

Indicative breakdown of TA funds by individual sets:

- information and publicity (3 % of the TA) for up-to-date information of 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 for raising awareness on the absorption of European Cohesion Policy funds, etc.)
- studies, evaluations and other bases, analyses, strategic programming documents in relation to the ex-ante conditionalities (total 5 % of the TA), which will be required for the implementation of individual policies, operational programme priority axes or individual instruments
- employment of civil servants and other expenses in relation to employees, primarily for providing a stable and high-quality staffing structure in the field of Cohesion Policy (80 % of the TA)
- information systems (4 % of the TA), mainly the optimisation of systems in the field of 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 Cohesion Policy for a 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 operational programme (8 % of the TA), prevalingly for training administrative personnel in the state and public administration at national and regional level as well as of beneficiaries, including facilities, equipment, materials, travel expenses, contracting external experts in individual areas, etc. In the framework of these expenses, the Managing Authority also intends to finance the development of simplified forms to cost claims (flat rates, standard range of costs per unit, etc.) as one of the key measures to reduce bureaucratisation of procedures for the beneficiaries.

The Managing Authority will use technical assistance funds for other expenses incurred on the basis of “ad hoc” needs during the implementation of programming period, for the costs of the 2007-2013 programming period closure, for the preparation for the programming period 2021–2027 or the costs for ensuring synergies and complementarity among different sources of financing (especially in relation to the European Territorial Cooperation objective and the areas that will be financed under the EAFRD and the EMFF).
RDP 2014-2020

The RDP 2014-2020 technical assistance will be used to co-finance labour costs of civil servants on fixed-term contracts who are not funded under national budget lines. Technical assistance funds will also be used for financing the increased workload and additional burdens for all civil servants who will carry out additional work in relation to RDP 2014-2020, irrespective of their status or employment source of funding. If the RDP 2014-2020 implementation demonstrates the need for additional employment of civil servants such employments will be co-financed under RDP 2014-2020 technical assistance measures. The RDP 2014-2020 technical assistance funds will be used for studies, evaluations and other relevant bases as well as for training of civil servants for effective and efficient implementation, monitoring and management of the RDP 2014-2020 measures.

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 efficient implementation of OP EMFF 2014-2020. The process of integrating new employees is a time-consuming process, so it is very important to retain the jobs of the already existing employees who have experience with OP 2007-2013. This will ensure greater stability of the structure of jobs and implementation of 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 tasks requires at least 10 jobs that will be fully financed under the OP 2014-2020 funds. It will be also necessary to improve the structure of jobs with respect to the responsibility of individual jobs 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.).

TA funds will also be used for studies, evaluations and other appropriate bases and education of civil servants for effective and efficient implementation, monitoring and management as well as for the needs that will arise during the implementation of the programming period. Within 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.

Up till now and following the EU legislation, the Republic of Slovenia implemented separately the programmes on data collection, monitoring and execution. Within the new perspective 2014-2020, further demands at the EU level call for responsiveness and reinforcement of administrative capacities. In order to respond to an increase in the volume of collected data, administrative staff is 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 the bodies, a larger set of measures).

2.6. A summary of the actions planned in the programmes, including an indicative timetable, for achievement of a 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 of the procedures for the implementation of Funds.
Lessons learned under the 2007-2013 programming period:

a) Institutional level:
- Complexity of the implementation system with many implementing levels. Three operational programmes and compliance assessment for each of the operational programme, three documents describing the management and control system (also a lot of technical modifications as a result of the changes in organisational structure of ministries and government offices).
- One national rules (regulation) for Cohesion Policy implementation but a lot of 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 but specific issues not covered appropriately, not well-defined at the beginning and many upgrades required during 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 evaluation of applications
- Complex reporting at the level of operation
- All simplification possibilities have not yet been exhausted (insufficient use of flat rate of direct costs, standard scale of unit costs, lump sum instrument not implemented at all)
- Over-controlled system

c) Administrative capacity:
- 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 the deficiencies of the information system (regarding preparation of claims for payment and claims for reimbursement)

2014-2020 programming period:
In order to reduce administrative burdens we will issue guidelines that will clearly and unambiguously define the use of individual categories and will also enable beneficiaries a simplified application of 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.

Planned activities:

1. Simplification of national legislation (on public procurement, 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, a smaller number of guidelines which are more detailed with clearly defined categories and procedures

3. Level of calls for proposals 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 treatment of the 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 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 (advanced payments etc.)

Main simplification 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

Table 24: Indicative timeframe to reduce the administrative burden for the beneficiaries

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Source: Managing Authority

RDP 2014-2020

As regards RDP 2014–2020, simplification and greater transparency of its implementation is crucial both for the beneficiaries and the administration. In order to simplify the procedure and achieve greater stability (in the conditions, obligations, etc.), public tenders for investment measures will be
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standardized in the part that is 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
programming period 2007–2013 by respecting the principle of proportionality, repetitiveness and
severity of violations, will be further developed. More attention will be paid to training and informing
the final beneficiaries. The costs of the implementation of RDP 2014–2012 measures and their
maximum declared value per unit will be as far as possible specified in a special Catalogue of the
costs of the implementation of RDP 2014–2020 measures. 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 more rational use of public funds.
All this should contribute to a reduction in 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 the beneficiaries to prepare and submit their applications correctly,
and thus relieve the administration.

By filling out the e-application form in RDP application, the volume of work for the Agency for
Agricultural Markets and Rural Development is reduced, thus reducing the application processing
time and enabling the applicants to start their activities faster.

In the programming period 2014-2020, in some measures 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
the implementation of 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 RDP 2014-
2020 measures (AGRA fair, etc.) and each time 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 for proposals.

OP EMFF 2014-2020

For the European Fisheries Fund, the mid-term evaluation under the programming period 2007-2013
identified administrative burdens under the priority axis 1 (measures aimed at fishing fleet) and
priority axis 2 (aquaculture, processing and marketing), especially in terms of difficulties in
completing applications and preparing the complete documentation for the application to public
tender. The operators found that the complex and bureaucratic procedures deter the numerous
potential applicants from preparing the applications for the EMFF funds and that the interest to
prepare and submit the applications for the EMFF funds is small in the wide scope of the potential
applicants. The recommendation of the operators was, therefore, that all the (potential) final
beneficiaries need to be more closely acquainted with the Operational programme for Fisheries
Development in the Republic of Slovenia for the period 2007-2013. The Managing Authority was
advised additional actions for promotion and to organise workshops with the presentation of
experiences, best practices, difficulties and solutions of the Managing Authority and the Intermediate Body within 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 the promotion of the recognition of the actions and also began to search for best practices in other Member States to provide additional expert assistance to the fishermen and aquaculture producers to prepare the applications and the claims for payment.

Planned activities:

In the programming period 2014-2020, the MA will be committed to reducing administrative burdens in accordance with its competences. Before the beginning of the implementation of the OP EMFF 2014-2020 we will carry out counselling workshops with fishermen and aquaculture producers to ensure the reduction of administrative burdens and simplification of procedures. Efforts for improving cooperation between national institutions and the sector will be strengthened. Data from public records will be obtained ex officio, which will help the applicants in collecting documentation for their applications. Greater emphasis will be laid on the promotion of 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 SUPPORTED BY THE ESI FUNDS OR A SUMMARY OF THE INTEGRATED APPROACHES TO TERRITORIAL DEVELOPMENT BASED ON THE CONTENT OF THE PROGRAMMES (Article 15 (2) (a) CPR)

The objective of an integrated approach to territorial development is to ensure the harmonious development of different places and to enable all citizens to make 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 programming period 2014–2020, 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 the level of development. Development problems are mainly concentrated on the cohesion region of Eastern Slovenia. Development differences (also defined by development risk index – IRO) affect the quality of life both at regional and local level. The difference between the two regions is also attributable to the fact that the capital city of 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 cohesion region of Western Slovenia has a higher education level of the population, a higher employment rate and a lower unemployment rate as compared to the cohesion region of Eastern Slovenia, which among other things is also faced with a lower population density relative to the national average, mainly due to the sparsely populated border areas and larger forest areas.

In order to reduce these development disparities, it is essential that special development potential and key challenges of each region be addressed and dealt with properly, which may be reflected in well-elaborated regional development programmes prepared by the Regional Development Agency, which is the driving force of development in each region. At the local level it is important that the towns which meet the eligibility criteria for the Urban fund use prepare a good strategy of urban areas and that the implementation of this strategy is effective (detailed specification regarding the Urban fund is given in chapter 3.1.2).
Slovenia is a largely rural country. There are great differences in the development and population density between the rural and urban areas. Also, individual rural areas vary widely from one another, so it one of the main objectives to reduce the differences between them and ensure their sustainable development in the economic, social and environmental fields. There are also differences in the availability of public and utility infrastructure, which needs to be improved or built anew in certain areas. Given the diversity of terrain in Slovenia, certain areas (particularly hilly, mountainous, rural and border areas) or their inhabitants are faced with poor accessibility, which could be improved with public passenger transport connections, which would in turn result in the reduction of emissions and better quality (of life) and greater satisfaction of the population in these areas by facilitating their access to basic services. Furthermore, better accessibility would stimulate the development of tourism activity in these regions.

Slovenia is faced with yet another increasingly urgent problem which is also a consequence of the crisis, i.e. the increasing number of the unemployed due to the lack of jobs on the labour market. For this purpose, it is necessary in the new programming period to create in both cohesion regions a favourable business environment and support for companies as well as individuals wishing to pursue entrepreneurial activity, in order to increase employment and population density in the most remote and deprived areas. The majority of jobs are concentrated mainly in the urban centres and their immediate surroundings (business zones), which is also evident from the trend of daily migration of people from the sub-urbanised areas or countryside to the urban areas. This has a main impact on the quality of air. In order to improve air quality, it is reasonable to encourage the use of RES and energy efficiency, since air pollution in densely populated places is a major problem mostly due to industrialization, numerous firing installations and the related emissions, the use of motor vehicles and freight transport. Owing to its geostrategic location, Slovenia is an important transit country. However, the geostrategic position also entails numerous border areas, which are in most parts less developed and less accessible. Needs and potentials of these areas will be defined in detail in R&DP for the regions bordering to the neighbouring countries (HR, IT, AT, HU) and in the ETC operational programmes.

In the context of ensuring balanced territorial development, on the one hand it is important to strengthen the (international) competitiveness in urban centres and at the same time improve the quality of living 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 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 (Article 15 (2) (a) (i) CPR)

In Slovenia, the regional development potential has not been fully exploited yet, so in this programming period a greater emphasis will be laid on the coordinated action between national and regional levels, based on the intersection between the development documents at national and regional level. In the context of the preparation of the regional development programmes at the level of the statistical regions we also concentrated on the identification of the region’s specialisation as a method of concentration and activation of 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.

https://www.stat.si/tema_splosno_upravno_podezelje_predstavitev.asp
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 Osrednjeslovenska region to the economic development of Slovenia is the greatest, in order to increase the economic growth it is also necessary to stimulate the economic growth and development in other regions with so far unexploited endogenous 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 dispersion of human capital and innovation potential of regions and thereby increase productivity. The latter is also associated with education, efficiency of the innovation system and with organisational and social innovations.

3.1.1. Community-led local development (Articles 32-35 CPR, especially Article 32(1), (3), (4) and (5), and 33(c) and (g) CPR)

33 local action groups (hereinafter LAG) implemented the LEADER measures under RDP 2007-2013. LAGs were certified by the Managing Authority at the Ministry of Agriculture and the Environment in 2008 and 2009. LAGs carried out various projects which they selected on the bottom-up approach and which contributed to the realisation of local development needs.

In accordance with Article 32 of the EU Regulation 1303/2013, support for Community-led local development should be consistent with all the Funds which will support Community-led local development. This is provided through coordinated reinforcement of capacities, relevant selection, approval and financing of local development strategies and local action groups. Implementation of CLLD will include funds from EAFRD and EMFF. The main Fund for the implementation of the sub-measure “Support for running costs and animation” will be the EAFRD. Implementation of local development strategies will be financed separately under the two Funds, namely freshwater aquaculture under the EMFF and other areas under the EAFRD. The Managing Authority of the individual Fund will thus encourage LAGs to prepare local development strategies in such a manner as to ensure consistency of the documents. Local development strategies will be selected and approved by a committee which will be established by the competent Managing Authority.

In the context of implementing the LEADER measure, co-financed under the EAFRD, everyone interested in the approval of the Community-led local development implementation will be invited in 2014 to draw up a local development strategy which will include all the key elements as defined in Article 33 of Regulation (EU) 1303/2013. Local development strategies will be prepared by the existing LAGs, while giving them the chance to transform, merge or be newly formed (particularly important for those areas where the LEADER approach has not yet been implemented). LEADER measures will be implemented in rural areas throughout the country, where the LAGs will operate, namely with a prepared and approved local development strategy.

Pursuant to Article 59 of Regulation (EU) 1303/2013 the LEADER approach should be given at least 5 % of the EAFRD total contribution. Within the framework of the RDP 2014-2020 we will earmark over EUR 41 million of EAFRD funding for the implementation of the LEADER measure. The role of the LEADER measure is to realise local development strategies through projects which meet the EAFRD priorities’ objectives and contribute to the implementation of the RDP 2014-2020 thematic areas, namely based on identified needs of the local environment.

In the context of EAFRD LAGs will draft local development strategies, where the LEADER measure is implemented, in the areas containing between 20,000 and 150,000 inhabitants. As regards the implementation of LEADER under RDP 2014-2020, the main challenge in the financial perspective
2014-2020 will be reinforcement and capacity building of local development partnerships and enhancement of partnership-based decision-making process as a means of directed and harmonious resolution of development issues in local rural areas at the lowest level, also via the use of public funds. Enhancing participative decision-making and taking the responsibility and initiatives for one’s own development, as well, is an important issue that local action groups and the state will have to deal with. Under LEADER measures, local development strategies can be a contribution to all of six EU rural development priorities and can be used in the resolution of any challenge relating to these tasks or priority areas. According to experiences regarding LEADER approach implementation, it is envisaged that local development strategies will be used particularly in resolving the issues pertaining to socially sustainable and harmonious development of rural areas.

It is important that a LAG in its local development strategy identifies one or a maximum of two thematic fields which were identified in the RDP 2014-2020 and the local population identified as key for the development of the area. The preparation of the local development strategy should also take into account the need for the strategy contents to pursue the rural development policy priorities identified at EU level. The contents of individual projects, which will be prepared by the LAGs after the approval of the local development strategy, should also pursue this framework. Local development strategies must be harmonised with the remaining development documents at regional and local level. LEADER measure will primarily contribute to the thematic objective 9 (social inclusion).

LAGs will perform tasks in line with Regulation (EU) 1303/2013. The objectives set out in the local development strategy, which will be supported under the EAFRD, will be realised through the following sub-measures:

a) Preparatory support for activities related to the development of local development strategies.
b) Support for the implementation of activities within Community-led local development given to projects that will be recognized by the local community as important for the development of the local environment.
c) Preparation and implementation of activities for LAGs cooperation, which facilitates the transfer of knowledge and ideas, provides the potential to achieve project objectives, results in coordinated and simultaneous realisation of development initiatives of broader importance thus achieving synergy development in the wider rural areas. Promotion and expansion of projects through such cooperation is a challenge for 2014-2020, particularly in view of the fact that over the period 2007-2013 this measure did not have much success.
d) Support for the running costs and animation, which is used to recover the cost of LAGs operation and management.

Preparatory support under the EAFRD will be paid-out to those LAGs that will prepare local development strategies in line with EU and national regulations. Support will reimburse LAG costs incurred during the preparation of local development strategies. The sub-measure will be implemented only at the beginning of the programming period until the approval of local development strategies. The approved LAGs will be eligible to absorb funds under other three sub-measures after the approval of local development strategies, foreseeably in 2015.

Preparatory support under the EMFF will be used to develop a strategy so that the content in the field of freshwater aquaculture is in line with the requirements of Article 61 of the ERDF Regulation.

The implementation of the CLLD was envisaged mainly in those areas of Slovenia with a significant share of Slovenian production from aquaculture. The implementation of the CLLD is the decision of each LAG which will need to meet the requirements of each Fund. The areas should be limited in size
and smaller than units at the NUTS III level, they should be functionally linked in a geographical, economic and social sense, taking into account the specifics of the fisheries and aquaculture sector, provide sufficient critical mass in terms of human, financial and economic resources in order to support a feasible long-term local development strategy. As a result, the freshwater aquaculture sector will be integrated in CLLD (local action groups – LAGs), while the commercial sea fishing sector is to continue with the policy of sustainable development of fishing areas. Where the freshwater aquaculture sector is included in the LAGs, these will be obliged to have a representative number of freshwater aquaculture sector representatives in their membership.

The key objective is facilitating, namely through bottom-up approach, the freshwater aquaculture sector to implement projects which were not eligible under the 2007-2013 financial perspective particularly in terms of adding value to products from freshwater aquaculture, greater visibility of freshwater aquaculture in rural areas, creating new jobs in rural areas and adding value to rural areas.

With the inclusion of freshwater aquaculture sector we aim to utilise the thus far untapped potential of freshwater aquaculture in rural areas, to enhance organisation, integration and visibility of the sector, create new business opportunities and joint ventures in the market, providing added value and conservation of natural and cultural heritage in these areas.

In line with the requirements of point 5 of Article 3 of the EMFF Regulation, which defines the area of aquaculture as “an area with sea or lake shore or including ponds or a river estuary with a significant level of employment in aquaculture and functionally coherent in geographical, economic and social terms and designated as such by the Member State”, this means that Slovenia will identify the aquaculture area within the following 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 in the area covered by the LAG. At least three economic entities, engaged in breeding freshwater organisms intended for human consumption, should be registered within the LAG territory. Both conditions ensure adequate representation of freshwater aquaculture sector in the composition of the LAG and allow for the sufficient critical mass and decision-making ability. Private freshwater aquaculture sector representation, within the LAG implementing CLLD, should amount to at least 50%.

The LAG selection method will be carried out under the EAFRD, freshwater aquaculture sector will join the selected groups in those areas where a sufficient representation of the sector, in accordance with the abovementioned, will be provided for.

3.1.2. Integrated territorial investments

Slovenia has decided to use the ITI instrument in the implementation of integrated actions for sustainable urban development, which is specified in chapter 3.1.3.

3.1.3. Sustainable urban development, including the principles for identifying urban areas where integrated actions for sustainable urban development are to be implemented and the framework allocation of funds for these actions within ERDF framework at national level

Cities and other urban settlements represent 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. Characteristic of Slovenian cities and urban settlements is their small size compared to European cities. Medium-sized and small Slovenian towns represent a comparative advantage in terms of quality of life, combining the natural and urban environment and
links with the rural hinterland. The potential of urban areas provides opportunities for the development of towns/cities themselves and is an advantage facilitating better competitiveness of Slovenian regions.

Slovenia is characterised by a large number of small settlements (over 6,000) with 90 % of all settlements having less than 500 inhabitants; only 7 towns/cities have a population exceeding 20,000 people, 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) are larger and medium-sized towns constituting the skeleton of a polycentric system, which represents an important support to their functional hinterlands.

The concentration of the population in Slovenian towns/cities is now estimated at slightly over 50 %, while the rate of suburbanisation is above the average. Towns and urban settlements constitute 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 the Slovenian territory, the overall number of the population has increased by 27 %, and the number of residents living in towns and urban areas by as much as 60 %.

Most municipalities in Slovenia belong to the sparsely populated areas; the municipalities of Ljubljana and Maribor are densely populated areas; the remaining areas fall within the 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 a hub of connections, innovation, creativity and services. In the 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 in the traffic flows, it 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, consequently, increases the flow of people, goods, services and ideas. Productivity rate in urban areas is generally higher, however, Slovenian towns/cities have recently shown the signs of stagnation. Some functional areas of major centres are growing at the expense of the population concentration and of a higher daily migration in the direction of the motorway network, especially using cars. This has resulted in the increases in the carbon footprint, deterioration of air quality in towns/cities due to the growth of personal and transit traffic, and intensified pressures on space, inter alia on the highest quality agricultural land.

- **Approach to sustainable urban development, including the principles for identifying urban areas where integrated actions for sustainable development of urban areas are to be implemented**

Sustainable urban development is based on the principle of internal urban development (exploiting the potential of brownfield urban lands, vacant and poorly used sites for the development within urban areas) and good functional collaboration and networking with other cities and the surrounding areas.

In Slovenia, sustainable urban development will be supported through the instrument of integrated territorial investment (ITI). Under this instrument, it will be possible to implement integrated urban development and integrated urban renewal projects, linking the activities aimed at improving the quality of the living environment and the safety of life in cities/towns, energy efficiency, sustainable mobility and accessibility, development of creative industries, entrepreneurship development and
social inclusion. The emphasis is on the implementation of integrated investment sensibly linking and solving several issues at a time in the area of the intervention in question. Priority will be given to investments which directly contribute to the creation of new jobs and to the improvement of 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.

A prerequisite for the implementation of integrated actions for the sustainable development of urban areas is a sustainable urban development strategy prepared by a selected urban area. The strategy has to include economic, environmental, climatic, demographic and social challenges and objectives, which are essential for the sustainable development of a selected urban area. Guidelines for the preparation of the sustainable urban development strategy and the criteria for the selection of projects are drawn up by the ministry responsible for spatial environment in collaboration with the managing authority and the ministry responsible for regional development. Projects are proposed and implemented by the relevant urban area.

In the case of ITIs the beneficiaries are the urban areas that are selected on the basis of criteria defined within the PA together with the Managing Authority and the relevant ministries:
- such municipalities shall prepare and adopt sustainable urban strategies on the basis of which the municipalities themselves choose integrated projects to solve the identified problems (they sort the selected integrated projects by their relevance and attach them to the strategy)
- the ministry, responsible for urban development, provides, in collaboration with other relevant ministries guidelines for the preparation of the strategies and criteria for integrated urban projects
- selection of tasks/projects to be implemented by urban municipalities on the basis of the strategies will be implemented on the basis of the criteria set out in the dedicated call for proposals
- substantive assessment of the quality/suitability of integrated projects, proposed by the municipality, shall be carried out by the Managing Authority in cooperation with the ministry, responsible for urban development, and other relevant ministries
- the final verification of the eligibility of operations is carried out by the Managing Authority or Intermediate Body

A more detailed definition of the implementation structure will be presented in the context of the Operational Programme for the Implementation of the EU Cohesion Policy in the period 2014-2020.

Selection of urban areas is based on the following:
- terms and purpose of the ERDF Regulation and the conditions set by the EC in negotiations with Slovenia
- valid SDSS (classification of settlements)
- specifics of Slovenian space and cities/towns;
- specific territory-related issues from the point of view of implementation of EU obligations (Air Quality – PM10)
- analysis of development resources for modelling functional regions (additional criteria: gravitation, functions)

Urban areas entitled to ITI implementation in sustainable urban development context are those:
- defined in the SDSS as a centre of international importance
- defined in the SDSS as the centre of one of 5 wider urban areas
- defined in the SDSS as a centre of national importance and recorded as an area with air quality issue (PM 10) or the number of inhabitants exceeding 20,000 per settlement

- **Framework allocation of funds at national level for integrated actions in sustainable urban development context within ERDF (in accordance with Article 7 requirement of ERDF regulation) and ESF (not required but may be crucial with respect to the review of relevant integrated actions).**

Table 25: Framework allocation of funds for integrated actions in the sustainable urban development context within ERDF at national level

<table>
<thead>
<tr>
<th>Fund</th>
<th>Framework allocation of funds for integrated actions in sustainable urban development context at national level (in EUR million)</th>
<th>Share of total allocation of resources to relevant fund (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total ERDF</td>
<td>86,106,165.95</td>
<td>6.19 %</td>
</tr>
<tr>
<td>Total ESF</td>
<td>not defined</td>
<td>not defined</td>
</tr>
<tr>
<td>Total ERDF+ESF</td>
<td>86,106,165,95</td>
<td>6.19 %</td>
</tr>
</tbody>
</table>

3.1.4. The main priority areas for cooperation under CSF Funds in consideration of, where appropriate, macro-regional and sea basin strategies (Article 15(2) (a) (ii) CPR)

Through ETC cross-border programmes, Slovenia will favour common development strategies with an active role of local and regional authorities, and creating conditions for a joint and responsible management of common wealth thus contributing to different views on the common space.

Establishment of cross-border functional areas has strategic importance for Slovenia. Strengthening functional links between border urban centres and developing Slovenian polycentric settlement system will provide a steady supply of the population also in predominantly rural border areas aimed at establishing long-term territorial cohesion. In the context of cross-border cooperation programmes, priority is given to encouraging participation of partner institutions directly concerned by the 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 the 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 efficient use of resources, etc. Special attention will be paid to Slovenian minorities for their reintegration in the Slovenian cultural space, which has also economic, cultural, historical and political significance for Slovenia.

In the cross-border cooperation, the existing European Groupings of Territorial Cooperation (EGTC EGTC GO, operating in a cross-border conurbation of Gorizia and Nova Gorica, and EGTC Pannonia involved in the cross-border area cooperation with Hungary) and the newly created EGTC will play an important role as promoters 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) in the vast majority have their place among the measures of the Danube and the Adriatic-Ionian future 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 (Soča with Vipava, Drava, Mura, Sava and its tributaries)
• the preparation and implementation of the plans to reduce flood risks in cross-border river basins (Soča with Vipava, Drava, Mura, Sava and its tributaries)
• improving mobility and multimodality – road, rail, sea, river and air links
• providing favourable status of species and habitat types within NATURA 2000
• developing high-quality offer of green tourism, which is based on the active nature conservation and integration of natural and cultural potential

In 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 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 (Triglav National Park; the Karst; Eco-region Notranjsko–braška; new contents in environmental integration – cross-border environmental protection, natural and cultural heritage and tourism – cross-border tourist destinations; water supply; self-sufficiency; joint action in response to climate change as a highly intersectoral area – high risk of natural disasters, floods, droughts, erosion, etc.) and support to the shift towards low-carbon economy in all sectors (mobility between cities, passenger transport, rail passenger lines, biking trails and coastline).

In Hungary–Slovenia cross-border area, Slovenia has two key thematic objectives, i.e. shift towards a low-carbon society (projects in the field of energy efficiency and renewable sources, particularly geothermal), 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, eco-nutrition and self-care).

Thematic objectives for Croatia–Slovenia cross-border area have not yet been defined.

Regarding all four cross-border programs, Slovenia supports a view that under the administrative capacity thematic objective, financial allocations should be intended for small projects funds in the following areas: i) human resources and employment, ii) corporate networks and SMEs cooperation with educational and research institutions, including destination for FDI), iii) social protection and health, iv) the young, cooperation, cultural cooperation, creativity and inventiveness and, V) ethnic communities and development partnerships.

Coordination of the preparation of the Partnership Agreement, the Operational Programme for Cohesion Funds and of cross-border cooperation programmes takes place within one institution, which both in the documentation preparatory stage and during implementation provides for the complementarity and synergies of various funds at national and regional level. At NUTS III level (statistical regions), Slovenia prepares regional development programmes in accordance with the balanced regional development laws 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 has been envisaged, such as EGTC GO.
Coordination of the preparation of macro-regional strategies is the responsibility of the Ministry of Foreign Affairs, while the coordination and implementation of individual parts of strategies and the preparation of projects fall under 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 the 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, EUSAIR represents an opportunity to develop the sector in the context of joint projects for promoting further development of entrepreneurship in the field of extraction and processing of 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 activities which could facilitate integration and cooperation of the sectors, the scientific research community, mariculture and processing industry and public institutions (participation in joint research clusters and networks under EUSAIR). The EUSAIR, indeed, presents an opportunity to use the potential of establishing new jobs and the potential for the development of (new) quality products and services.

**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 environmental pillar EUSDR, which specifically identifies the topic of water management, environmental risks and preserving biodiversity. Slovenia strives for concrete action, which is complementary to the pursuit of 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, Slovenia will as a priority under the EUSDR and EUSAIR pursue the following objectives:

i) flood safety (also in terms of active involvement of non-construction measures in transnational river basins of the Mura, Drava and Sava)

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 implementation of the Protocol on Integrated Coastal Zone Management in the Mediterranean (ICZM)

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 level, which will have direct impact on the citizens and businesses in the region. In the same way as ever more frequent and severe floods, excessive heat and lack of water, as well, constitute one of the fundamental challenges in the region for the existential, agricultural, industrial and other corporate and urban activities.
In the future EU financial perspective, Slovenia will strive in EUSDR context for further cooperation concerning 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). Linking the activities for the implementation of the strategy with ISRBC work 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 in the Sava river basin.

Based on EUSDR, Slovenia will address the issue of reducing flood risks, which is one of key challenges to the region. In doing so, 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 basin, will be used as a basis for future cooperation and upgrading processes.

In light of the 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 on the preparation of 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, Slovenia together with other countries along the Sava River will within EUSDR support development of the urban planning concept for Sava River from its source to mouth for multipurpose use.

In addition, the Danube region is characterised by a large number of industrial areas with high risk, which represent 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 seems essential for the prevention, disaster preparedness and extent of eventual damage.

Slovenia has ratified the Protocol on integrated management of coastal zones of the Mediterranean (ICZM) and has acceded to the 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**

In environmental area, cooperation with neighbouring countries and in general is urgent, since the environment does not recognise administrative or political boundaries, due to which management of international river basins should be based on natural geographical and hydrological units, as it follows from the Water Framework Directive.

**The EU Strategy for the Danube Region (EUSDR)**

Within the framework of EUSDR actions to preserve biodiversity will be associated with measures of water management. In the light of 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 hydro morphological situation of waters, as part of comprehensive measures implemented in the Natura 2000 areas.

Because we aim to improve water quality and preserve biodiversity in Slovenia as well as in the wider region, we will work intensively on the implementation of the two activities under the Strategy to accelerate the implementation of REACH Regulation with regard to the substitution of hazardous
chemicals and the WHO Resolution regarding obsolete pesticides and other obsolete chemicals. We will further combined 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 Ionian 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 from 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 where it implements its sovereign rights concerning research and sustainable use, preservation and management of marine resources, and its jurisdiction concerning research and conservation and preservation of the marine environment in compliance with international law and obligations arising from the acquis communautaire. Northern Adriatic is the most sensitive part of the Adriatic; for this reason it should be declared a protected area, in agreement with all countries of this area, which means that a regionally integrated approach would be necessary for the installation of any new economic facility or any other intervention that may significantly affect the balance of the ecosystem in this area.

Slovenia is coordinating the EUSAIR environment pillar “Preserving, protecting and improving the quality of the environment” together with Bosnia and Herzegovina; as member of the strategy Slovenia will focus on the implementation of mechanisms for balanced management of marine resources and coastal areas. Slovenia has 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. EUSAIR will be one of instruments of cooperation with Western Balkans countries; with these countries Slovenia entertains good institutional connections in various fields, in particular in the fields of environment protection, protection against natural and other disasters, and transport.

Under 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 will consider that in the very first phase of the drafting of the Marine Strategy for the Adriatic Sea sub-region the knowledge on the marine environment will have to be upgraded in order to enable the development of efficient measures aimed at improving and preserving a good environmental status of the sea-floor. With the neighbouring Italy and Croatia and within EUSAIR Slovenia will continue to address the issue of the shallow Northern Adriatic by applying the basic principle of the Marine Directive, i.e. the ecosystem approach enabling sustainable use of marine goods and services. Because of the trans-boundary nature of the marine environment this approach is only possible in cooperation between all countries sharing a particular region or sub-region. A very important step-stone in this process is the accessibility of relevant information in the region; for this reason Slovenian will, under UESAIR, support the idea of establishing a regional database on the status of the sea (biological and environmental indicators) and to harmonize and unify methodologies for defining objectives and measures.

As several countries share the same marine basin, it is imperative that they cooperate under EUSAIR in terms of exchange of data, know-how, experiences and good practices on sustainable management of the marine environment, with emphasis on sustainable exploitation of resources and endeavours to achieve a good status of natural habitats' types and species or fish stocks in the common marine basin. Slovenia and its fisheries scientists are already participating to the existing initiatives concerning collection and assessment of data on sustainable management of fishing
activities (for instance the FAO-AdriaMed Project); and are also cooperating with the countries concerned in the implementation of 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. A common and shared know-how on sea-floor, ecosystems and species may certainly make possible a sustainable management of natural resources in a common marine basin. Implementation of common regional projects would provide additional value for sustainable development and management of Slovenia’s commercial fishing industry: enhancement of scientific cooperation on collecting and assessment of data on fish stocks, improvement of data exchange on uses of marine goods and on common stocks; activities for exchange of good practices, innovations in the area of sustainable fishing practices, acquisition of new fishing know-how, strengthening of cooperation concerning supervision of the fisheries industry, and safety at sea. Considering the small size of Slovenia’s fisheries industry and the fact that Slovenian commercial fishers mostly fish shared fish stocks of the Northern Adriatic, and that a large share of the activity concerns small-scale coastal fishing, Slovenia's stakeholders will participate to EUSAIR initiatives in the limits of Slovenia's needs and capacities, in close consideration of the development of initiatives and projects at EUSAIR level.

**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 operational objectives and concrete projects of the following EUSAIR priority area: “To improve mobility and multimodality (covering road, rail and air links (as well as inland waterways)”, 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. reviving navigability of the river Sava) and tourism (e.g. creation of cycling routes, encouraging inland nautical tourism). The territory of Slovenia is traditionally crossed by transnational transport corridors (the Mediterranean Corridor, in the past 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, elimination of bottlenecks and construction of "missing" sections, in due consideration of sustainable transport requirements. Besides ensuring connectivity on 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)**

Specific attention within EUSAIR will be given to the integration of ports (Venice – Trieste – Koper - Rijeka), navigation safety, intermodality, connecting ports with hinterland areas, and public passenger transport services among coastal areas. The latter will improve accessibility and attractiveness of the area with its natural and cultural potentials and will upgrade tourism offer.

3.1.5. Where appropriate, an integrated approach to addressing the specific needs of geographical areas most affected by poverty or of target groups at highest risk of discrimination or social exclusion, with special regard to marginalised communities, persons with disabilities, the long term unemployed and young people not in employment, education or training (Article 15(2) (a) (iii) CPR)

The risk of poverty and/or social exclusion has been on a persistent increase ever since the outset of the economic crisis, standing at 17.1 % in 2009 and rising to 19.7 % in 2012. Data reveal that the increase has been recorded in both cohesion regions. In the cohesion region Vzhodna Slovenija the at-risk-of-poverty/social exclusion rate grew from 20.3 % in 2009 to 22.5 % in 2012, whereas the cohesion region Zahodna Slovenija in that same period witnessed an increase from 13.6 % to 16.5 %.

The rate has been growing more rapidly in the cohesion region Zahodna Slovenija, nevertheless, it
still remains higher in the cohesion region Vzhodna Slovenija. Data based on this indicator and published by Eurostat unfortunately do not cover geographic areas below the NUTS-2 level, which is why we have to resort to the data provided by SORS and MLFSA. 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. The impact of social transfers in Slovenia on reducing the risk of poverty seems considerably 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 the build on.

According to 2012 SORS data the registered unemployment rate in Slovenia average 12 % and 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 belonging to the cohesion region Zahodna Slovenija remain above the national average, this cannot be said for the cohesion region Vzhodna Slovenija statistical regions – the latter have, with the exception of Notranjsko-kraška – both unemployment rates standing above the national average. Pomurska particularly stands out in this respect, with the registered unemployment rate accounting for 17.3 % and long term unemployment rate reaching 10.3 %. At the same time, Pomurska has experienced the most noticeable positive trend which is reflected in the fall of unemployment rate by about 9 %, whereas other regions were faced with a growth of unemployment rates. 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 Zahodna Slovenija cohesion region above the national average and most of the cohesion region Vzhodna Slovenija statistical regions hovering above the national average. Most recipients per 1,000 inhabitants were in Pomurska (66.2 %), followed by Podravska (63.6 %), Zasavska (60.8 %) and Savinjska (57.2 %), Koroška and Spodnjeposavska both standing considerably above the Slovenian average as well – with 49.3 % and 48.0 % recipients respectively. The data thus suggest that almost entire area of the cohesion region Vzhodna Slovenija is facing above-average poverty rate in general and that no particular statistical regions can be underlined in this respect. More ESF resources will therefore be ring-fenced for the cohesion region Vzhodna Slovenija rather than the cohesion region Zahodna Slovenija under the priority axis Social inclusion, reduction of poverty risks, active ageing and health of the OP particularly for the programmes targeting active inclusion and promotion of social entrepreneurship in order to reduce poverty and social exclusion. The current indicative breakdown indicates that more ESF resources are allocated to the cohesion region Vzhodna Slovenija 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 Vzhodna Slovenija.

Regarding poverty risk at the NUTS 2 level Slovenia disposes with the Eurostat data. For the NUTS 3 level Slovenia has access to its own data (SORS) however the data refer to long-term unemployment. Slovenia does not have access to the relevant data for the NUTS 4 level and the poverty risk at NUTS 4 level thus cannot be precisely defined.

3.1.6. Where applicable, an integrated approach, to address the demographic challenges of regions or specific needs of geographical areas which suffer from severe and permanent natural or geographic handicaps, as referred to in Article 174 of the TFEU (Article 15(2) (a) (iv) CPR)

In the field of agriculture and rural development in is of utmost importance to dully consider the fact that in Slovenia 86.3 % of the whole territory are less favourable areas (LFA), of which 72.3% are mountainous or hilly regions. Natural handicaps in these regions limit the use of agricultural land.
Such unfavourable conditions do not prevent agricultural production; however, they 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 limitations of agricultural production in these areas. In mountainous and hilly areas agricultural use of land is very limited and the cost of using agricultural mechanisation is high. The vegetation period is short because of high altitudes. Steep slopes reduce the possibility of using agricultural mechanisation and also the choice of appropriate crops. Compensatory payments from the Rural Development Programme (RDP) are allocated to heads of agricultural holdings for cultivated land in areas with natural and other handicaps. At a lower altitude slopes are so steep as to prevent the use of regular agricultural mechanisation, and require the use of expensive special equipment. Handicaps present at lower attitudes are thus equivalent to handicaps in those areas at higher altitudes where the possibility of use of agricultural land is very limited. The implementation of this measure under RDP helps preserve agricultural activity, maintains population density and ensures a favourable income situation of the population in these areas.

4. ARRANGEMENTS TO ENSURE EFFICIENT IMPLEMENTATION OF THE PARTNERSHIP AGREEMENT AND PROGRAMMES (ARTICLE 15(2) (b) CPR)

4.1. An assessment of the existing systems for electronic data exchange, and a summary of the actions planned to gradually permit all exchanges of information between beneficiaries and authorities responsible for management and control of programmes to be carried out by electronic data exchange

(i) an assessment of the existing systems for electronic data exchange, including, for instance an overview of electronic services already available for 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 have been created separately to respond to specific needs of individual areas. Those are: APPrA, MFERAC, ISARR and IS-PA.

The central part of the information system for the preparation of the budget is the web application SAPPrA, used to draft and prepare the total national budget, and is part of the larger system APPra (system for budget preparation and analyses). The system supports all phases of drafting of the national budget, provides on-line access for entry of data from financial plans, explanation of financial plans and of the annual financial statement, breakdown of objectives and indicators, and enables preparation of analyses according to the needs of users.

MFERAC was also developed by the Ministry of finance as support to 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. 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 information system **ISARR** was created for the needs related to the implementation of the Cohesion Policy by the MA and assures full information support, from the phase of planning of the operational programmes to the phase of reporting.

It consists of 8 active modules covering the following subject areas:
- module for calls for proposals
- module for the planning of operations and projects in the context of development programme implementing plan
- data entry module
- module to support the absorption process
- status reporting module
- data analysis module
- data transmission module
- system administration module

In the context of a dynamically-set framework, ISARR facilities, namely under the abovementioned modules, support to the following main processes for Cohesion Policy implementation in the Republic of Slovenia:
1. planning
2. implementation
3. payments and absorption
4. reporting
5. system administration

ISARR was established over the course of several years and the last substantial upgrade took place in the period 2008-2011 and included the renovation of all the procedures identified in the framework of the support for the absorption of the funds under Objectives 1 and 3. ISARR is based on the use of web technology (.NET) and it, as a result of accessing the information system via the Internet, 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 language.

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 the beneficiaries directly or through electronic data import through various forms of sub-processes. 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 does not only provide data entry and insight into accounting data but also other data envisaged by Council Regulation 1083/2006. Therefore, ISARR is not merely a classic financial-accounting system. It is a combined system as it allows monitoring of data on planned and realised activities and objectives (indicators). It therefore encompasses 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 has the least users. It was developed by the Ministry of Finance Paying Authority to supervise reimbursement of advance money financing to the national budget; data are drawn from ISARR and MFERAC. The system has built-in automatic controls in compliance with rules and requirements of the European Commission which allow for checking for errors before reimbursements are carried out. Its main function is certification of expenditure and creation of payment claims that the Payment Authority addresses to the European Commission. IS-PA has also access to data from UJPnet, allowing for financial management of funds on dedicated sub-accounts used for reimbursements into the national budget, and on which cohesion funds from the European Commission are transferred.
Repeated audits of the ISARR system showed that the system is vulnerable and partly unreliable; and that the contents and the structure of data (ISARR, MFERAC, APPra and IS-PA) often do not match.

All reports indicate, however, that there is plenty of room for simplifications and improvements of the system of drawing EU funds in Slovenia. Key findings and recommendations:

- The information system should be organised in such a way as to allow quality financial management, monitoring, control and assessment, including analysis of data, and should not allow for setting up of separate databases.
- There should be a unified method of entering data, which must apply to all users; entering of data into the information system must be without delays, consistent and harmonised.

**RDP 2014-2020**

Several activities were carried out concerning the European Agricultural Fund for Rural Development (EAFRD) and the relative information system already during the programming period 2007-2013.

The Agency of the Republic of Slovenia for Agricultural Markets and Rural Development (ARSKTRP) has provided a capable information system of high availability, which enables processing of large quantities of data in normal (indicative) time frame, and at the same time provides access to data for the previous programming period from 2006 on.

In the RDP period 2007-2013 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 Axis 2 measures, where payment claims are submitted under the single application which are used also for submitting claims for single area payments under the first pillar of CAP. The system of electronic data exchange for measures of Axis 1 and Axis 3 was set up at the end of the above period.

The current system of processing of applications and claims enables applications to be sent on line; the beneficiary must make a request for access, and then register to use the application. The beneficiary may fill in the application personally, or may authorize another person to do it. This system of registering data enables instantaneous detection of logical errors, which diminishes the time necessary for processing of data, this includes also requests for completing applications in which errors had been detected. The system of electronic data capture also enables faster verification of information in applications and claims, resulting in quicker processing of applications and shorter periods for preparation of requests to supplement incomplete applications. Claims are now recorded and processed in electronic form; this enables faster processing of claims and better control over claims submitted, which have to be consistent with decisions issued.

**OP EMFF 2014-2020**

Like in the programming period 2007-2013 physical data concerning EMFF applications will be registered in a particular IT application; parallel to processing of applications, all data necessary for monitoring, auditing and assessment of 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 to be carried out by electronic data exchange with an indicative timeframe

OP ECP 2014-2020

In the framework of preparing for the new financial perspective 2014-2020 the Managing Authority is preparing analyses and plans for improving the information support for Cohesion Policy implementation in the Republic of Slovenia. Activities started already in 2012, and in order to establish synergies and find new solutions an inter-ministerial working group was set up with the task to improve linking among existing information systems at national level in those segments where the need arises; both in terms of technologies and processes supporting them, and in terms of options to aggregate systems providing support to cohesion policy implementation of the programming period 2014-2020 in compliance with requirements from the proposal of 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 the beneficiary and for the bodies concerned (managing authority, certifying authority, intermediate body, and audit authority).

Implementation of the financial perspective 2014-2020 will be done in compliance with the following Commission principles and requirements

- greater flexibility
- clearer rules
- simplification of reporting
- reduction of administrative barriers
- 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 in force Slovenia must:

- By 31 December 2015 enable electronic data exchange for direct beneficiaries, managing authorities, certifying authorities, intermediate bodies and audit authorities (Article 122).
- Establishment of an electronic data recording and storing system of 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 standardized form which enables their exchange among authorities
- At the level of contents:
  - 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 electronic data exchange system of the Commission
In compliance with the Regulation EU on the implementation of the cohesion policy information systems to assist implementation of cohesion policies 2014-2020 will meet the following requirements:

- ensure electronic data exchange in order to minimize administrative burden 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 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 system are organized in such a way that data are entered in the system only once
- ensure, in all phases of processes, support to electronic signature of documents in cases when requests for submission of documents in electronic form is made
- on the basis of prior requests ensure adequate systems for electronic storage of data

The Managing Authority activities and guidelines are:

- In the beginning of the new financial perspective the Managing Authority establishes a permanent coordination body which will include all the key stakeholders under Cohesion Policy implementation with the objective of establishing an effective and coordinated operation of all the stakeholders under Cohesion Policy implementation and enhancing control over the eligibility and transparency of the use of Cohesion Policy funds.
- The availability of the technical assistance funds is arranged in such a manner as to enable maintaining and motivating human resources 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 the information support should be reduced, namely 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 which will enable single entry of data, and a 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 the legislation (with the Budget of the Republic of Slovenia Implementation Act, Public Finance Act and other regulation pertaining to public finance).
- The new information system acts as a reference system for the needs of the information support for Cohesion Policy implementation. The MFERAC is a reference system for the preparation (planning) and implementation of the national budget of the Republic of Slovenia from which ISARR gathers the needed data for reporting on and monitoring of 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 the identified deficiencies and weaknesses in the context of the performed audits of the system by simultaneously simplifying its use for all the involved users with a view of establishing a quality IT support in the implementation of Cohesion Policy. For the current financial perspective 2007-2013, the existing information system will be maintained to perform only the necessary activities for the smooth information support for the 2007-2013 financial perspective.
- The procedures and information systems will be adapted so that claims for reimbursement may be prepared promptly and automatically.
- Based on the proposals made by the Ministry of Finance and the Government Office for Development and European Cohesion Policy immediate actions for the preparation of the substantive and technical specifications will be carried out. These specifications will be the basis for the public procurements for performing the needed information system upgrades.
- In the context on the existing ISARR 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-razpisi) or other methods of allocating Cohesion Policy funds will be established.
- For the purpose of ensuring support to beneficiaries and other stakeholders in the process of Cohesion Policy implementation a single web portal is established within which a harmonised support will be provided both for solving issues related to the information system and for responding to questions posed by the beneficiaries and of the interested publics.

European Commission requirements in the field of IT support for the financial perspective 2014-2020 have already mostly 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 national authorities and reduces the use of paper documents. In the recent period were also addressed issues concerning single entry of data, linearity and transparency of carrying out of processes, and ensuring adequate keeping of records and audit trail, based on consistent data throughout all systems.

Activities carried out by the Ministry of Finance and the Managing Authority are thus consistent with guidelines of the European Commission on a more harmonized 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 in a later stage. Discrepancies among systems will thus no longer be possible, different systems’ databases will use the same data.

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 added value of such a solution lies in the fact that it will enable a complete harmonisation and transparency of national records in the field of cohesion policy.

Planned timeframe for adapting the information system for the implementation of 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 activities of revamping and upgrading of IS (March – July 2014);
- Upgrading of the necessary computer infrastructure (March – September 2014);
- Testing and activation of 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 (managing authority, certifying authority, intermediate bodies and audit authority) (from December 2014 on).
**RDP 2014-2020**

In the period 2015-2020 the information system for the implementation of EAFRD will be further developed to ensure better processing of applications and claims, to adapt to 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 of individual phases of the processing of applications and claims and better informing of beneficiaries on the status of their applications and claims.

For the purpose of reporting, evaluation and management of 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 RDP 2014-2020 and other data necessary for quality monitoring and implementation of RDP 2014-2020. ARSKTRP collects data on applications received and approved, on payment claims received, on payments made and on results of audits carried out (prior to payment, in the framework of a five-year monitoring, etc.). ARSKTRP draws data from single applications, applications for public tenders, payment claims and reports of beneficiaries of EAFRD funds. In the programming period ASKTRP will ensure recording of applications and claims in electronic form.

Quantitative and financial value of applications and claims is calculated by the application; and decisions and reports are generated automatically. The system enables registering of all controls made by authorized persons during the procedure. The procedure carried out for each application or claim is recorded in the electronic system and protected.

In 2015 and 2016 we plan to gradually introduce »business intelligence« to the area of review and supervision of individual beneficiaries. Currently the pilot phase of the project is being carried out; it enables viewing of all applications and claims that were submitted to the Agency and approved. In the next phase the project will enable access also to beneficiaries, who will be able to view their own applications and claims.

Concerning data exchange and control, in 2015 we plan to set up a classification system (code table) of eligible costs. We also plan to link existing classification systems, used to verify eligibility of individual attributes, directly to data collected by other public institutions (Ministry of Agriculture and Environment, (Agency of the RS for public and legal records and services - AJPES), Veterinary Administration of the RS VARS); this will make possible a better cross-compliance control of data provided by beneficiaries in their applications and claims.

**OP EMFF 2014-2020**

In the programming period 2014-2020 implementation of the EMFF will be carried out by means of the existing information system which will ensure accessibility and usability of data to all users.