



OBSERVATIONS ON THE PARTNERSHIP AGREEMENT WITH SLOVAKIA

PART I

INTRODUCTION

The observations laid out below have been made within the framework of the Common Provisions Regulation (CPR) and the fund-specific regulations¹. The observations take into account the 2013 Country-specific Recommendations (CSR) adopted by the Council on 9 July 2013² and the related European Semester Staff Working Document, and are based on the Commission Services' Position Paper (CPP) for the use of the European Structural and Investment Funds (ESIF) in 2014-2020.

The observations address issues based on the Partnership Agreement (PA) submitted by Slovakia on 14 February 2014.

The observations are presented following the structure of the PA as laid out in the template. The most critical issues for the Commission are noted in Part I.

1. Assessment of Member State policy objectives

- (1) The PA is a framework document that should set out clear political commitments to the strategic goals to address the key challenges identified by the Europe 2020 strategy, the CSRs and the National Reform Programme (NRP). It should define a framework for achieving the maximum European value added of the ESIF investments in Slovakia for 2014-2020 by addressing the bottlenecks hampering growth and by pursuing an ambitious development strategy enabling the enhanced long-term competitiveness of the Slovak economy and further reducing regional disparities. In this regard, the Commission appreciates the effort of the Slovak authorities in improving the quality of the PA compared to the previous version.
- (2) The proposed PA includes references to European Regional Development Fund (ERDF) investments in health infrastructure under thematic objective 9 (TO9). The Commission wishes to recall that in its CPP future ERDF investments in health infrastructure should,

¹ OJ L347 Volume 56, 20.12.2013: <http://eur-lex.europa.eu/JOHtml.do?uri=OJ:L:2013:347:SOM:EN:HTML>

² <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2013:217:FULL:EN:PDF>) its supporting analysis (SWD) (http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm)

unless part for example of a poverty reduction strategy, primarily be financed with national funds. The Commission notes that discussions on the possible extent and scope of future ERDF investments in health infrastructure are on-going.

- (3) In line with the Union's strategy for smart, sustainable and inclusive growth and relevant Europe 2020 objectives, the PA should make explicit reference to the planned focus of investments under TO7 (within section 1.1) on sustainable transport (in particular railway investments), primarily in the case of the Cohesion Fund (CF).
- (4) The Slovak authorities should take out any references to investments into small hydropower plants. The Commission would like to reiterate a strong reservation on the intended support for small hydropower plants in Slovakia as this is to be based on the "Strategy on the use of hydropower potential of the Slovak rivers", which is currently under examination by the Commission (in the framework of EU Pilot). As a result, the Commission is not in a position to agree to these types of investments for the time being. Moreover, there appears to be a lack of coherence between strategic planning at the national level and the river basin management planning in accordance with the Water Framework Directive (WFD).
- (5) In designing the overall architecture of programmes and their financial envelopes, the Slovak authorities should take note of the fact that the derogations set out in Article 70(2) of the CPR and Article 13(2) of Regulation (EU) No 1304/2013 (the European Social Fund Regulation), are not an appropriate instrument to increase the funds available for capital regions. Where an operation benefits more than one programme area and the Slovak authorities make use of the derogations, a pro-rata approach has to be used, based on an ex-ante assessment of the benefits for the different programmes that are to contribute financially to the operation, based on objective criteria and best available data (e.g. population benefiting from the operation, users targeted etc.). The Commission would also like to reiterate that for operations covered by the abovementioned derogation compliance with the conditions set out in Article 70(2) CPR (applicable to all ESI Funds except the ESF) and in Article 13(2) ESF Regulation has to be assessed during implementation and that these operations require the approval by the monitoring committee (except in the case of the ESF). In the light of the above, the Slovak authorities are asked to make the necessary recalculations for the funding of operations in the Bratislava region.
- (6) The Commission reiterates that arguments put forward by the Slovak authorities as regards the application of the maximum 3% transfer to Bratislava region in line with Article 93(2) of the CPR are considered to be insufficient. In order for the Commission to accept a derogation from Article 93(1) of the CPR, Slovakia is invited to better justify its proposal along the detailed comments raised in Part 2 (section 1.1).

2. Financial allocation proposed by Member State

- (7) It is unclear why a similar proportion of the budget is still proposed to be allocated to low carbon economy (TO4, climate change mitigation) and climate change adaptation (TO5). Given the climate-energy target and priority focus on low-carbon economy in the Europe 2020 Strategy, an adequate budget should be allocated to TO4.

- (8) In addition, the PA recognises that Slovakia is not among the regions considered as most vulnerable to climate change. In the light of this fact, the Slovak authorities should consider rebalancing the high allocation for ERDF investments into civil protection measures under TO5 towards environmental investments under TO6 in order to ensure greater compliance with the environmental acquis.
- (9) The Slovak authorities are invited to review the indicative allocation for TOs 5 and 6 by the European Agricultural Fund for Rural Development (EAFRD). The nature of the interventions under the focus areas of EAFRD priority 4 means that they contribute to both TOs 5 and 6 and are closely inter-linked. Priority 4 will also be programmed as a block, which means that individual focus areas cannot be attributed to individual TOs. For the indicative allocation of planned EAFRD expenditure to TOs (table 1.4.1), 50% of the expenditure planned under priority 4 should be allocated to TO5 and 50% to TO6.
- (10) The Commission notes a shift of the entire allocation for the cultural and creative industries originally under TO8 towards TO1. Until supporting documents justifying the TO placement of the planned support for these activities are submitted, the Commission reserves its opinion on the final assessment of this investment priority. At the same time, the overall sum earmarked for the cultural and creative industries, which is currently seen as too high, should be further reflected upon when additional details are available of the planned investments in this area with due consideration being given to reallocation towards other priority areas which are insufficiently covered, notably in the light of CSRs.
- (11) The indicative allocation for the European Social Fund (ESF) activities under TO10 is too low given the country's numerous challenges in education and several CSRs in the education field. Compared to earlier versions of the PA the Commission noted that the indicative allocation has been cut down even further. The evidence suggests that the earlier the investment in human capital occurs (quality education and skills development), the more effective and efficient it is with potentially lasting positive impact on the labour market integration, poverty reduction and competitiveness of the entire economy. Moreover, the PA should be improved to clearly foresee adequate support for the implementation of the Youth Guarantee Implementation Plan (see part II, paragraph 51 for further details).
- (12) Effective public administration is a key to successful implementation of any policies, including cohesion policy. While it is clear that ESIF investments should be used as a catalyst for reform and should not replace the Member State's regular budgetary expenditures, the decreased allocation for TO11 from ESF should be reconsidered by the Slovak authorities in view of the multiple challenges and reforms needed in Slovakia, as had also been underlined by CSRs, particularly CSR No 6. This is also substantiated by the experience from the 2007-2013 programming period when Slovakia, mainly due to the systemic weaknesses in the public administration, had continuous problems with the implementation of the EU Funds in accordance with the principles of legality, regularity and sound financial management.
- (13) The EAFRD allocation for TO10 (EUR 3.5 million) is very low in comparison to the previous programming period (EUR 25 million). There is no justification for this reduction under the new policy. Training is a key component of the EU rural

development policy and the Commission would have expected an appropriate financial support in the new period.

- (14) As regards the climate change expenditure (section 1.4), the PA should indicate how the methodology was used (at least the percentages used for counting each TO), and should provide the exact percentage of total climate change related expenditure bearing in mind that the objective of 20% should be ensured.
- (15) Taking into account the need to optimise the leverage effect of funding, the Commission asks Slovakia to identify in which priority axes in the Operational Programmes (OP) it intends to modulate the co-financing rates in accordance with Article 121 of the CPR and recalls that as set by Article 120 of the CPR the co-financing rate is to be determined on a case by case basis and the maximum co-financing rates should not always be applied to their full extent.

3. Cross-cutting policy issues and effective implementation

- (16) Following the decision of the Slovak Government No 139 of 20 March 2013 and the political agreement of relevant Ministers on 20 December 2013, investment in public administration (TO 11 and TO 2) is covered in two OPs (OP Effective Public Administration and OP Integrated Infrastructure). The Commission would like to reiterate that an integrated approach to public administration should be ensured taking into account CSRs (particularly CSR No 6), non-fulfilment of ex-ante conditionality (EAC) 11 and experience from the programming period 2007-2013. The PA should elaborate more on how it is ensured that the legal, procedural and organisational reforms (TO 11) precede the design of any investment in IT infrastructure (TO2). Planned operations under TO2 shall be subject to compatibility with results of the interventions achieved under TO11.
- (17) In section 1.3 under TO9, small infrastructure is foreseen to be financed from EAFRD and within it also local roads (as proposed in the draft Rural Development Programme (RDP) 2014-2020). Investments in roads of local importance should only be financed to a limited extent if they contribute directly to the regeneration of a deprived rural community area and are foreseen in an integrated development plan. EAFRD support for local roads under TO9 will be targeted on those areas where it can deliver improved connectivity between rural areas and the wider transport network, and where potential contribution to local economic development can be maximised. This restriction should be indicated in the PA.
- (18) Section 2.5 of the PA rightly points to the fact that political influence negatively affected the implementation of 2007-2013 OPs and there is a need to eliminate this influence in the 2014-2020 period, inter alia by adopting a new civil service act by the end of 2014. Similarly, in section 2.1 of the PA it is specified that the effective functioning of mechanisms for coordination between ESIF and other support instruments will be ensured by introducing administrative and legislative conditions preventing political cycle influence on management and implementation of ESIF. It is therefore inconsistent to mention in the same section that the work of the formal working committee ensuring coordination of interventions from ESIF and other EU instruments will be subject to political decision. The Slovak authorities are invited to reconsider the decision making of this committee.

- (19) Tackling corruption is highlighted as a central action in the CPP for Slovakia for the 2014-2020 programming period which proposes restricting the room for corruption, conflicts of interest and cronyism in the use of EU co-financed spending. It is desirable that all the above mentioned shortcomings, weaknesses and risks be addressed in an efficient and effective way with the financial support of ESIF. In addition to observations made in Part II (section 2.5) the PA should refer to the specific recommendations for Slovakia included in the Anti-corruption report adopted by the Commission on 3 February 2014³.
- (20) Under the part Low competitiveness of agriculture, one of the risks highlighted for Slovak agriculture is "the reform of the Common Agricultural Policy (CAP) which is characterised by the liberalisation of global trade under agreements concluded within the World Trade Organisation (WTO) and which opens the sector to higher competition and price volatilities." The Slovak authorities should reconsider this statement, which does not take into account the shift of the CAP to the higher market orientation of farmers in the EU.
- (21) Concerning the EACs requiring an action plan, the Commission reserves its final assessment on the possible significant prejudice to the effectiveness and efficiency of the achievement of the specific objectives until the time when the programmes have been submitted and all necessary information is available.
- (22) At present, the Commission considers six EACs as fulfilled: 2.1, 2.2, 4.2, 4.3, 8.2 and 8.4. The Commission disagrees with Slovakia's self-assessment of the fulfilment of the EACs 5.1, 6.2, 7.1, 8.1, 8.3, 8.6, 9.2, 9.3, 10.4 and the general EACs on state aid and public procurement. The Commission recalls that for all non-fulfilled EACs applicable at national level a summary of the relevant action plans should be included in the PA. In line with observations made in Part II (section 2.3) the Slovak authorities should also provide additional information and clarifications on particular EACs so as to allow the Commission to carry out its assessment properly.
- (23) The Commission considers that the systematic use of cross-financing in OPs from the outset is a misinterpretation of Article 98(2) of the CPR and points to a weakness in the intervention logic of the planned priority axes and of the integrated approach which should be pursued by the Funds. Where complementary interventions from the ESF and ERDF are necessary to deliver on the challenges addressed by the programme, these should be envisaged from the onset under different Funds. Where cross-financing is planned, managing authorities should ensure it does not increase unduly the administrative burden for beneficiaries. The regulation requires beneficiaries to demonstrate that costs are necessary for the satisfactory implementation of the operation and are directly linked to it. Managing authorities will need to monitor the use made of cross-financing as it is limited to 10% of the Union contribution to a priority axis. Moreover, managing authorities are to check whether the other criteria set by Article 98(2) CPR are fulfilled, as only part of an operation can be subject to cross-financing

³ http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/organized-crime-and-human-trafficking/corruption/anti-corruption-report/index_en.htm

and the costs must be necessary for the satisfactory implementation of the operation and be directly linked to it.

PART II - FURTHER OBSERVATIONS

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

General comments related to the intervention logic

- (24) The Commission notices inconsistencies in the intervention logic in terms of links between needs, objectives and main expected results per Fund. The Slovak authorities should screen sections 1.1 and 1.3 of the PA, taking into account detailed comments made in this part, in order to ensure that chosen results correspond to the identified needs.
- (25) In order to better reflect the main results by Fund the description of the thematic objectives in part 1.3 of the PA should indicate more clearly the scope of interventions by Fund. This is of particular importance for TO8, TO9 and TO10.
- (26) Currently, there are two sections that deal with TO10. The purpose of the PA is to bring all relevant parts, even though financed by different OPs and Funds, together. It is therefore difficult to assess results under TO10, which is divided into two parts which partially overlap with each other. The Slovak authorities are invited to merge the two separate sections on TO10 into one coherent text throughout the PA.
- (27) The mainstreaming in the case of the relevant policies is not developed sufficiently (e.g. Air Quality Policy - though some measures are proposed in the PA, it rarely makes explicit links between measures in agriculture, transport and energy consumption and the effects on Air Quality under different TOs with explicit references to Air Quality legislation). The Slovak authorities are requested to address this issue.
- (28) References are often made to "operational programmes" and it remains unclear whether they are also covering the Rural Development Programme (RDP). The Commission suggests that for purposes of clarity the word "programmes" is used every time and explicitly applies also to the RDP.

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

- (29) The PA is missing in section 1.1.1 an analysis of territorial imbalances, development needs and bottlenecks. The Slovak authorities should provide a brief description of the key territorial differences and challenges as well as the resulting development needs and potential.
- (30) The PA often refers to the situation of rural areas. However, it is not clear what definition of rural areas has been used (EC typology or national definition) for purposes of analysis. The PA should indicate from the outset (section 1.1.1) the definition of rural areas used in drawing up the PA, and the share of territory and population in such areas.
- (31) For reasons of comparability, especially in section 1, the Slovak authorities should make a better use, where possible and relevant, of available European Statistical System data. It is also important especially in the OPs that any territorial analysis on sub-national level refers to harmonised spatial definitions (e.g. NUTS/LAU).

Funding priority: Innovation-friendly business environment

Thematic objective 1

- (32) A regards infrastructure (section 1.1.2.1.1), there is some inconsistency in the first paragraph: while 2007-2013 investments have started filling the technological gap of research and innovation (R&I) institutions, the efficiency of their utilization is very low, as far as the real benefits in the innovation process are concerned. On the other hand, the line immediately after says that the results of the 2007-2013 investments will be visible only in five years. Finally, the following sentence states that investments into infrastructure in 2014-2020 will be focused on areas stemming from the Smart Specialisation Strategy (RIS3). The paragraph in this way does not really justify further investments into research and development (R&D) infrastructure. The Slovak authorities should revise this text.
- (33) The analysis could further provide more information concerning international mobility of Slovak workers, university graduates and return of highly qualified experts from abroad.
- (34) The need for more public demand driven innovation, including the use of innovation procurement tools such as pre-commercial procurement and public procurement of innovative solutions could be addressed.
- (35) The opportunities for ESIF to support the research infrastructure of European interest under the European Strategy Forum on Research Infrastructures (ESFRI) could be highlighted if clearly identified and prioritised in the national ESFRI roadmaps currently being developed.
- (36) The PA should make a reference and explain the implications resulting from the EU Strategic Energy Technology Plan (SET-P).
- (37) In case of environmental technologies, including eco-innovation linkages between TO1 (and possibly TO3) and TO6 should be better explained. Eco-innovation is not mentioned at all in the analysis of disparities. This aspect can be also relevant in the context of the lack of small and medium sized enterprises' (SMEs) capacities to innovate. The expected result of "implementation of eco-technologies" (under 1.3) should be linked to TO6.

Thematic objective 2

- (38) In the section 1.1.2.2.1, Semantic Interoperability, the reference to Directive 2003/98/EC (the "PSI Directive") should be integrated with a further reference to its revision, Directive 2013/37/EU of 26 June 2013, bearing in mind that the deadline for transposition is 18 July 2015.
- (39) In this same section account should also be taken of the Connecting Europe Facility (CEF) 2014-2020, which will also support the deployment of an Open Data Digital Service Infrastructure including a pan-European Open Data portal building on the experiences mentioned in the same section at footnote 31 of the PA.

Thematic objective 3

- (40) Under section 1.1.2.3.3.1, the text refers to low competitiveness of agriculture, highlighting the need to support the production of labour-intensive commodities with higher value added and, at the same time, enhance Slovakia's food self-sufficiency. In the light of ample opportunities existing in Slovakia provided by all Bioeconomy sectors such as agricultural/forestry/food/waste, it is recommended to add a reference to the development of Bioeconomy as defined by Commission communication COM(2012) 60. The same reference should be made for TO4 (section 1.1.5.1), TO6 (1.1.5.3.2) as well as in section TO3 (1.3.1.3).
- (41) The Slovak authorities should remove the statement referring to the lower crop yields which is indicated as the fundamental problem for the Slovak agriculture. The Commission considers that this challenge was not sufficiently analysed, as there could be different reasons for lower yields (low inputs, less fertile soils etc.) which do not necessarily affect the competitiveness, but could require better adaptation of the production to the sustainable use of the natural resources. The revenues from the primary agriculture production also depend on the added value to this production, which, particularly in Slovakia, is low.

Funding priority: Infrastructure for economic growth and jobs

Thematic objective 7

- (42) The Commission appreciates the strong road safety focus in the PA. It is proposed that reference should be made in section 1.1.3.1 to the importance of applying the EU infrastructure safety management principles in planning, construction and maintenance of road infrastructure.
- (43) The analysis of the current situation indicates insufficient funding for maintenance of the road and rail infrastructure. The PA should in this regard make a reference to the need to ensure the durability of the ESIF and CEF investments by providing for sufficient funding for maintenance, bearing in mind that maintenance is not eligible for ESIF/CEF support.
- (44) The Commission would like to invite the Slovak authorities to reconsider the navigation projects in order to avoid any potential non-compliance with the environmental acquis, in particular Article 6.3 of the Habitats Directive and Article 4.7 of the WFD. This applies especially to the major projects⁴, for which the Commission has expressed its reservation.
- (45) The Commission recommends streamlining the first sentence of section 1.1.3.1.3 as follows: "Inland water transport is operated on the Danube river (marked as E-80 according to AGN agreement), which belongs to the Core Network Corridor Rhine-Danube".
- (46) Under the same sub-section, the Slovak authorities should consider revising the second part of the paragraph as follows: "In the medium to long-term horizon the Core Network

⁴ in particular: "Implementácia technických opatrení na odstránenie prekážok a vyriešenie splavnosti na Dunaji na r. km 1880,260 - 1862,000 (klasifikácia stavieb č. 2151 a 2152)

Corridor Rhine-Danube will have to provide for the navigation of vessels with a draught of at least 250 cm all year round. For this, proper maintenance measures need to be regularly performed on the entire Slovak stretch, in line with the Declaration on effective waterway infrastructure maintenance on the Danube and its navigable tributaries signed in 2012". The Commission would like to highlight that any of these technical measures would need to comply with the relevant requirements of the WFD and the Habitats Directive.

- (47) As regards sustainable urban transport (referred to in 1.1.3.1.7) a clear link to the section on sustainable urban development should be made (3.1.3).
- (48) Promotion of sustainable transport in the cities (including Bratislava) should be embedded in a coherent Sustainable Urban Mobility Plan and be linked with Air Quality Plans and noise plans as required by the EU directives. The greening of transport is not just done by greening of the public passenger transport fleet but also by smart planning of infrastructure (which will also reduce nitrogen dioxide (NO₂) and particular matter (PM) concentrations especially in urban areas). The Slovak authorities are invited to reflect these principles in the PA.

Funding priority: Human capital growth and improved labour market participation

Thematic objective 8

- (49) While barriers to faster transition of long-term unemployed and inactive to labour market are specified, a barrier faced particularly by Roma in the labour market – discrimination – is not mentioned in this section. Latest available data on Roma participation in the labour market should be quoted⁵.
- (50) One of the main challenges in active labour market policies (ALMP) is the lack of a systemic and complex evaluation of their effectiveness and efficiency and assessment of their impact (Commission's Staff Working Documents 2012 and 2013). In addition, spending on ALMP is relatively low in Slovakia (as a share of GDP) and public employment service (PES) capacity is hampered by limited resources. This should be reflected in the PA.
- (51) The PA should clearly foresee support for the implementation of the Youth Guarantee based on the Youth Guarantee Implementation Plan that adequately reflects the Council Recommendation on establishing the Youth Guarantee (2013/C 120/01).
- (52) As regards active and healthy ageing and long-term care, the Slovak authorities should make reference in the PA to active and healthy ageing promotion strategies.

Thematic objective 9

- (53) An explicit reference should be made in the text of 1.3.3.2.1 and 3.1.5 that the measures geographically targeted on the marginalised communities/settlements (predominantly

⁵ e.g. 2012 European Union Agency for Fundamental Rights (FRA) Data in focus report "Financial and labour market situation"

inhabited by Roma) will have an inclusive nature, i.e. there should not be exclusive Roma activities/investments where parallel mainstream structures exist.

- (54) School segregation should be mentioned among the challenges. The Commission recommends that data on school segregation as well as available data on discrimination by majority society are quoted⁶.
- (55) The PA acknowledges in line with the CSR that there is a need to increase the cost-effectiveness of the health care system (section 1.1.4.2.4.1). The Slovak authorities should insert a specific reference to the CSR No 1 as well as to the Strategic Framework for Health for 2014-2030. As highlighted in Part I (section 1), any ERDF investments into health infrastructure need to be justified by and clearly linked to an underlying efficiency orientated healthcare reform strategy.

Thematic objective 10

- (56) The issue of inclusive education is introduced under 1.1.4.3. The problem of segregation should be further analysed under quality of education at primary and secondary schools (1.1.4.3.1.2.2).
- (57) Forecasting skills demand and supply is one of the challenges in Slovakia and the ESF should contribute to improvement of labour market forecasts as an early warning mechanism to help to alleviate potential labour market imbalances and support different labour market actors in making informed decisions. The corresponding rationale and expected result should be added in 1.3.3.3.
- (58) The inclusiveness of mainstream education and the misuse of the special-needs education should get more focus under TO10 in accordance with 2013 CSR No 4.
- (59) It should be noted that the European Council of October 2013 has specifically requested that ESIF be used to upgrade information and communication technology (ICT) skills. There are references in the PA towards improving the quality of the Slovak education system, and addressing the issue of skills. However the issue of modernising Slovakia's education and training system by building and developing the educational ICT infrastructure, including the ICT training of teachers, remains unaddressed and non-specified. The Slovak authorities are requested to address this issue.
- (60) Section 1.1.4.3.3 on further education should include a reference to the implementation of the European Qualifications Framework, credit system and system for validation of non-formal or informal learning as well as the learning outcomes-based approach underlying these instruments.
- (61) The subsection on territorial concentration (1.1.4.3.4) should underline that desegregation and inclusiveness improvement efforts should be concentrated on the Roma populated areas.

Funding priority: Sustainable and efficient use of natural resources

Thematic objective 4

⁶ e.g. FRA and United National Development Programme (UNDP), 2012

- (62) The analysis concerning greenhouse gas (GHG) emissions should be better balanced. A significant part of the text is devoted to the EU Emissions Trading System (ETS, while ETS is out of the scope of the ESIF support. Instead the PA should explain Slovakia's binding target on GHG (+13%) covering sectors such as energy and transport. The sentence "emissions from transport in the context of energy are 20%" is unclear and should be revised.
- (63) The analysis regarding GHG emissions from agriculture should be extended to an analysis also for ammonia and PM from agriculture. Ammonia from manure and fertiliser can have an important impact on Air Quality, including PM which is a major problem in Slovakia.
- (64) The Slovak target on energy efficiency should be consistently presented throughout the PA. The target expressed at the level of primary energy is 20% (not 23%, which is final energy consumption). The Slovak authorities should quantify potential savings of listed areas such as public buildings & housing, industry, heat supply etc.
- (65) Section 1.1.5.1.3 states that investment is expected into buildings in all sectors. The Slovak authorities should specify in what type of buildings (public, housing including multifamily buildings and family house, etc.) the investments will be made. A reference to the Energy Efficiency Directive, Article 4 "Long-term renovation strategy of the national building stock" should be provided, to ensure consistency with the intervention through the ESIF.
- (66) The importance of the energy savings monitoring system and its coordination among different Ministries and Agencies needs to be better highlighted and explained.
- (67) The overall goal of TO4 is the support to the shift to low-carbon economy in all sectors. While the text explains the intention to focus on regional sustainable energy action plans, this is not put into a wider context of developing a low-carbon strategy, where energy and transport are key sectors. The Slovak authorities should provide a reference to a broader approach in addressing the shift to a low-carbon economy, in particular given the continuous increase of the GHG emissions in the transport sector. The Slovak authorities should specify the link between TO4 and TO7 in particular when it comes to measures driven by the objective of reducing GHG emissions. More explanation should also be given to the support for development regional/local action plans for sustainable energy and linkages with the Covenant of Mayors initiative. A clear link should also be established with the assessment of the potential for the application of high-efficient cogeneration and efficient district heating and cooling, pursuant to Article 14 of the Energy Efficiency Directive.
- (68) Improving energy efficiency and renewable energy should also be linked to Air Quality objectives at national and local level (National Emission Ceilings, Air Quality Limit Values). The focus should be on promotion of clean renewable energy. Biomass should be accompanied by abatement measures to avoid worsening the PM situation. The Slovak authorities should specify clearly that the above principles will be guiding in deciding on future investments.
- (69) Concerning the analysis of renewable energy sources (RES), figures should be in accordance with the latest Eurostat data (published on 10 March 2014), the share of

renewable energy in Slovakia's gross final consumption in 2012 was 10.37% (not 11% as mentioned in the PA), 20.5% in electricity, 8.72% in heating and 4,83% in transport sectors.

- (70) The renewable energy sector development seems to stagnate while the Slovak National Renewable Energy Action plan trajectory gets much steeper in the years to come. The PA should therefore provide a clearer assessment on the state of play and perspective of RES. The PA should be consistent with information provided in the National RES Progress Report when it comes to the need to increase the use of RES and measures for achieving the 2020 target.
- (71) There seem to be structural problems in Slovakia's RES sector, which are not analysed while they might influence the effectiveness of ESIF investments. These include administrative barriers, regulatory uncertainty and the need to assess and to improve the capacity of the electricity grid to receive energy from RES, including decentralised RES production. The PA foresees to phase out support for electricity production from RES while it does not clarify the reasons behind this (e.g. covering mature technologies, etc.)
- (72) The concept of "innovative solutions" for RES should be better clarified (e.g. technologies which combine an innovative solution with positive impacts on the stability of the electricity grid). The PA should also specify whether support for innovative technologies (including storage, smart grids) is foreseen. The Commission guidance for the design of a RES support scheme underlines the importance of responsible grid management, including grid balancing and demand response mechanism being ensured. The same is also valid for all decentralised RES generation, including by individuals.
- (73) Innovation in RES generation and innovation in RES in transport are not sufficiently addressed. In the transport sector, there is no reflection on measures to develop alternative fuels infrastructure or measures for advanced biofuels and other RES.
- (74) There is no information in the PA on energy efficiency in agri-food and forestry, suggested as a funding priority in the CPP (for EAFRD). If there are gaps and needs for investments, this should be clearly indicated in the PA, otherwise evidence should be presented proving that there is no need.
- (75) The analysis should also cover RES potential in agriculture and forestry which is linked to the EAFRD investments in RES under TO4.

Thematic objective 5

- (76) As regards the irrigation systems and drainage under the EAFRD support, the PA recognises their important role in the prevention of damage from the climate change point of view. However, the water retention measures and measures improving the water regime in the soil (agriculture and forest land) should also be considered as measures against adverse climatic conditions, natural disasters, or improving water and soil quality. Sustainable water resources management needs to be ensured (in particular in water scarce areas). The sentence referring to green infrastructure on p.47 (section 1.1.5.2.1.1) should be revised in order to exclude any potential ambivalence that drainage channels are exclusively part of green infrastructure. Furthermore, given the positive influence of the drainage and irrigation systems on production and

competitiveness, a significant part of these investments should be recognised under TO3. Finally, the PA should clearly state that investments in drainage of all scales should in no way lead to damage to protected nature areas and areas with high nature value and should be in any case in line with the WFD and River Basin Management Plan. The above proposed changes will need to be reflected accordingly in part 1.3 of the PA.

- (77) It seems that the concept of green infrastructure was not understood by the Slovak authorities in its full possible extent. The section 1.1.5.2.1.2 is still based on the automatic need for deployment of combination of the grey and green infrastructure. This should be corrected.
- (78) The structure of section 1.1.5.2.2 does not reflect the priorities of the CPP as it is mainly limited to flood protection. The Slovak authorities should rebalance the text in line with the CPP.
- (79) No link has been made between risk prevention and climate change adaptation on the one hand and spatial planning on the other hand. Spatial planning should be used to reduce risks related to climate change (for example avoidance of building on flood plans). The Commission invites the Slovak authorities to include this aspect in the PA.
- (80) As regards the forestry, the PA does not seem to recognise the issue of the vulnerability of the forest ecosystems in Slovakia. The valuable forests (primeval included) are being cut down and almost 60% of logging comes from salvage cutting due to inappropriate stands' composition and thus environmentally friendly practices should be promoted. The PA should include the references to this issue.
- (81) The section 1.1.5.2.1.3 on biodiversity does not take into account the previous comments of the Commission stemming from the CPP as regards the need to "promote incentives and voluntary initiatives, to integrate biodiversity conservation in forest management plans and forestry practices". So far, only the carbon sequestration function is mentioned. The Slovak authorities are invited to revise the text accordingly.

Thematic objective 6

- (82) The analysis for the wastewater sector (1.1.5.3.1) is comprehensive. Nonetheless the PA should provide an indication on how many agglomerations will be supported with ESIF in the 2014-2020 period.
- (83) In the waste sector, there is a lack of determined measures/actions to achieve the declared intention. These should in the first place be aligned with the recommendation included in the Commission Roadmap⁷.
- (84) Support to best available technologies (BAT) is proposed. The Commission recalls that the aim of the support should be promotion of such innovative technologies which go beyond EU standard. The Slovak authorities should reflect this clearly in the PA in order to favour investments in the most innovative solutions.

⁷ (http://ec.europa.eu/environment/waste/framework/support_implementation.htm)

- (85) The Slovak authorities should ensure that the PA makes a reference to fisheries control activities of traceability.

Funding priority: Modern and professional administration

Thematic objective 11

- (86) Section 1.1.6.1.1 providing information on the structure of public administration infrastructure seems to be redundant as it does not translate into investments from the ESIF. Investments in public buildings are covered elsewhere in the PA, such as for instance investments in energy efficiency in public buildings is covered under TO4.
- (87) The concept of deinstitutionalisation is normally used for the provision of social services (children's homes and long-term residential care facilities) and is already covered under TO9. The reference to the deinstitutionalisation of the public administration services is not clear and should be taken out from the PA.
- (88) As regards provision of further training (section 1.1.6.1.3) the PA should specify that there should be room for including members of the judiciary, court staff and other relevant legal professionals under the scope of training for public administration.
- (89) In general, the PA lacks detailed references to the justice component of TO11. Under subsection 1.1.6, better alignment to the Justice CSR No 6 should be ensured by referring to the justice component of TO11 as an independent objective. Currently all justice aspects seem to be linked to law enforcement, corruption or criminal law only. In this sense, the CPP also specified that ESIF should concentrate on the following specific objectives "Improve the efficiency and quality of civil justice procedures, ensure enforcement of courts decisions, and promote alternative dispute resolution mechanisms. Modernise court infrastructure and their organisation."
- (90) The analysis (1.1.6) of the e-government part is very process oriented, but should also reflect the practical business environment aspects (transparency and reduced time/cost of procedures).

Justification of the transfer of a 3 % allocation from the less developed regions to the Bratislava Self-governing Region

- (91) Point 1.1.7.2.1 argues for the additional transport investments to Bratislava region, but is not fully clear which investments are foreseen. The main problem mentioned is insufficient quality of road infrastructure, but in the context of increasing emissions, the investments in sustainable transport would be recommended to be undertaken in the Bratislava region. The Slovak authorities are invited to streamline the justification and clarify the priorities of investments.
- (92) The wide regional divergences in employment and social inclusion described in the PA do not appear to justify decreasing the available ESF allocation for the less developed regions. The argument put forward by Slovakia regarding higher living costs in Bratislava region should be put into perspective taking also into account the higher disposable income. The Slovak authorities should reconsider the justification for each of the sub-sections under section 1.1.7.3.

- (93) Under the subsection 1.1.7.4.1 (TO4), the PA refers to the requirement of the Energy Efficiency Directive of 3% renovation of central government public buildings, which are mostly located in the Bratislava region. However, as far as the Commission is aware, no allocation in any of the relevant draft OPs counts with the proposed transfer under Article 93(2) of the CPR for improving energy efficiency in public buildings in the Bratislava region. The Slovak authorities should clarify how this requirement will be addressed with the use of ESIF.
- (94) Under the same sub-section (TO4), the Slovak authorities should be clearer on what private buildings (e.g. multi apartment buildings, private house) are targeted for energy efficiency and renewable energy investments. It seems that both measures linked to improving energy efficiency in blocks of flats and increasing RES in family houses are pursued in isolation, while EU legislation on energy efficiency and renewable energy requires, when appropriate, especially when going towards nearly zero energy buildings, a combination of both measures.
- (95) The reasoning to support small RES installations (TO4) needs to be clearer. The argument based on energy poverty alone is difficult to accept for the Commission. Instead, the justification should focus on the localisation argument, in some cases coupled with the issue of energy poverty for vulnerable consumers. Bratislava region is well placed to use both solar energy and geothermal energy, both being the investments priorities.

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

- (96) A number of expected results should be better formulated in order to adequately reflect the intervention logic and indicate the main changes to be attained by means of the ESIF. Rather than describing the process of the change, the expected results should show the planned final outcome of ESIF investments. This is especially critical for TO8, TO9, TO10 and TO11.

Funding priority: Innovation-friendly business environment

Thematic objective 1

- (97) Intervention logic of some elements under TO1 should be further improved. Expected results should better reflect on the nature of the proposed measures. For instance, the analysis identified the issue of low share of young people working in R&D and low international mobility of Slovak workers and university graduates. However, this does not seem to be translated into corresponding measures under 1.3. The Slovak authorities should adjust accordingly.
- (98) Similarly, the need to increase the performance of the R&I system has not been sufficiently reflected in the expected results (for example in terms of increasing patent applications, number of publications, number of spin-offs, etc.). This inconsistency should be corrected.
- (99) Expected results in energy should not be expressed only in financial terms (increasing R&I share in energy), but also in terms of results (for example "increasing a number of new, innovative RES technologies/low-carbon technologies" with a link to TO4).

Thematic objective 2

(100) The fixed broadband coverage in Slovakia is significantly lower than the EU average and the third lowest in the whole EU. The same holds true for fixed broadband take-up. As Slovakia did not take full advantage of the allocation for the development of broadband from the 2007-2013 OP Informatisation of Society, the Slovak authorities should make an explicit commitment in the PA to develop this critical infrastructure in line with the Strategic Document for Digital Growth and Next Generation Access Infrastructure 2014-2020.

Funding priority: Infrastructure for economic growth and jobs

Thematic objective 7

(101) A better link between the proposed intelligent transport systems (ITS) deployment and how it could help addressing the problems and objectives outline under section 1.3 should be introduced. In any case, support to ITS should be subject to confirmation by the Transport Master Plan.

Funding priority: Human capital growth and improved labour market participation

(102) The support for pre-primary education and care is mentioned under TO8, TO9 and TO10. It is justified given the main development needs and their multiple natures (support of employment, better educational attainment and social inclusion). However, the PA should make a clear reference to the overarching strategy of Slovakia for pre-primary education (where also demarcation lines between TOs 8, 9 and 10 in support of early childhood education and care should be explained more clearly). There is a need to avoid isolated piecemeal investments but to address the challenges of early childhood education and care through a strategic approach.

Thematic objective 8

(103) Under the subsection 1.3.3.1.1 the reference to social enterprises in the 2007-2013 programming period should be taken out as these were withdrawn from EU co-financing.

(104) The text under baseline refers to agriculture. However, under TO8, the support of non-agricultural activities in rural areas should be considered, as well as the contribution of RDP 2007 – 2013 to the creation of jobs in this view.

(105) In case of ESF, a number of challenges identified do not seem to be translated into expected result (such as employment of young people, in particular NEET⁸, gender inequalities and persons with disabilities). In addition, several expected results should be reformulated to reflect the change to be attained (for instance increasing support for sustainable self-employment, increasing support for administrative capacities or reinforcing measures in the area of care services). The Commission also recommends under "reducing unemployment of vulnerable groups, in particular" to add "Roma".

Thematic objective 9

⁸ Not in Education, Employment, or Training

- (106) The reference to childcare facilities for children below three years is already addressed under TO8 (also with corresponding expected result). It is not a priority under TO9 (as also demonstrated by the missing expected result). The same applies for the nurseries mentioned in 1.1.4.2 (TO9) and 1.1.4.1.6 (TO8).
- (107) The references to discrimination in the reasoning part should go beyond persons with disabilities and include discrimination on other grounds; in particular ethnicity (recognised as a need under 1.1.4.2.1) as well as sexual orientation, gender and age.
- (108) While the misplacement of Roma children into special-needs education is recognised in 1.1.4.2.1, this is omitted 1.3.3.2 and 1.3.3.3 and should be added. Similarly, the identified risk of social exclusion of migrants should be reflected in section 1.3.3.2.
- (109) Under ESF expected results "creating systemic measures" (both 1st and 5th indent), intensifying prevention and eliminating discrimination (6th indent) are too general and should be revised. Similarly, the third indent on school attendance rate of children could be split in two, while more emphasis should be placed on quality aspect. The Commission is of the view that the fourth indent on improving access to job opportunities should be reconsidered given the lack of justification under the reasoning part.

Thematic objective 10

- (110) Under the funding priority "Innovation-friendly business environment", a number of expected results (notably indents 1-4) are too vague. In addition, for the increased participation of students in practical training, it is not clear whether this result is linked to vocational training
- (111) While reduction of school drop-out rate, especially in relation to Roma communities and inclusive education, is mentioned in the reasoning for the selection of the TO, there is a complete lack of result identified for this significant need.
- (112) Under the funding priority "Human capital growth and improved labour market participation" improving the quality (for indents 1-3) as expected result is too vague and should be made more specific. Similarly, making the teaching profession more attractive should be also developed further. The Commission recommends splitting the first expected result in two, reflecting the inclusive dimension on one hand and vocational training on the other hand.
- (113) Change in higher education programmes to make them better respond to labour market needs is missing among expected results.
- (114) Under EAFRD the knowledge transfer and information actions focus only on the agricultural sector. However, taking into account the potential beneficiaries of EAFRD, the scope of investments should be widened to other rural actors.
- (115) As outlined in the general comments related to the intervention logic (part 2, section 1), TO 10 should be placed under one funding priority. In redesigning the baseline, reasoning for selection and expected results, the Slovak authorities should avoid any overlaps and streamline the text.

Funding priority: Sustainable and efficient use of natural resources

Thematic objective 4

(116) Clearer explanation should be provided (1.3.4.1.2) as regards the investment priorities for increasing energy efficiency and the use of RES in enterprises.

Thematic objective 5

(117) As regards the civil protection analysis, the Slovak authorities should prioritise and as far as possible refer to the recent Civil Protection legislation (no regret measures for instance: risk assessments, risk management capabilities assessments, etc.).

(118) Furthermore, the Commission would like to emphasize, that only Prevention and Preparedness are the stages of disaster management which are a priority for Cohesion Policy. The Slovak authorities are therefore requested to revise some of the expected results (1.3.4.2.3) and to adjust accordingly also the section 1.1.5.2.

(119) As proposed in the CPP, the investments for EAFRD should consider the following priority "Promote improved soil management through support for practices to prevent soil degradation, erosion and depletion of soil carbon stock, such as low tillage, winter green cover, and the establishment of agro-forestry systems and new forests".

(120) The water retention measures and measures improving water regime in soils (agricultural and forest land) should be also included into EAFRD investments under TO5, as they were highlighted under the analysis. Currently, it is not clear whether they are covered by the EAFRD investments (in any case these cannot be financed from ERDF or CF).

(121) Detailed investments on the prevention and mitigation of disasters in forests, such as complex anti-fire monitoring systems, building of anti-fire reservoirs, firebreaks etc., are proposed under TO5. The analysis however does not examine the fire risk in forests and therefore the reference to those investments should be withdrawn.

(122) The following investment activities under TO5 from EAFRD: "enhancing the effective use of resources and transition towards a climate change resistant low-carbon economy in agriculture, food industry and forestry" and "decreasing the volume of agriculture-produced emissions of greenhouse gases and ammonia" should be moved to TO4.

Thematic objective 6

(123) The last indent under the EAFRD part of expected results should be covered by TO 4 and the reference to non-productive investments should be deleted as it is not relevant for PA level.

Funding priority: Modern and professional administration

Thematic objective 11

(124) The reasoning on judicial system (1.3.5.1.1) needs to be improved. It is not clear what the needs are in this area.

(125) Increasing investments in institutional capacities and effectiveness of public administration services cannot be considered as a result and should be revised.

(126) This result on enhancing effectiveness is over inclusive. It should be revised to outline the change to be achieved with ESIF investment. In addition, financial administration, public procurement and anti-corruption should not be treated together with the judicial system under one expected result.

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 foreseen for climate change objectives

(127) The main observations on the indicative allocation are presented in Part I.

(128) The accuracy of figures presented in section 1.4 should be verified against the figures communicated in the letter of 20/12/2013 (Ares(2013)3779289) as regards the Funds.

(129) The EAFRD financial allocations should be in line with the result of the flexibility between the first and second pillar of the CAP applied by Slovakia and which was set out in the draft Delegated Act presented in the expert group on 12 February 2014.

(130) Regarding table 3, the Commission would like to reiterate that in case Slovakia decides to implement technical assistance (TA) operations relating to more than one category of regions (even if they are implemented only in one category of region), the related expenditure should be allocated on a pro rata basis taking into account the allocation under each category of region as a share of the total allocation to Slovakia. It should also be noted that the ceilings for TA should always be respected for each category of region (Article 119(1) CPR). In that respect, the Slovak authorities are asked to verify table 3.

2. ARRANGEMENTS TO ENSURE 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

(131) Under the complementarity between TO2 and TO11, reference should be made to the document defining the system for coordination between the OP Integrated Infrastructure and the OP Efficient Public Administration (referred to in section 1.3.5.1.2).

(132) Part of this section related to complementarity of ESIF and the CEF provides for financing through CEF of the construction of express ways. It should be noted that the Cohesion Fund envelope of CEF is exclusively foreseen for projects on core network or under horizontal priorities. As regards to CEF investments into roads, it needs to be emphasised that only cross-border sections between the first urban nodes on both side of the border are eligible under CEF. In addition, there needs to be an agreement between both MSs. It should be noted that Vice-President Kallas has already sent a letter explaining the situation of the CEF investment into roads to the Slovak State Secretary

of Transport on 17 June 2014. In line with the above, the Slovak authorities are invited to revise the section on CEF and in addition mention the relevant core network corridors where CEF investments are foreseen⁹.

- (133) On page 113, it is indicated "Based on the II. pillar objectives the complementarity (within the CAP) will be ensured with measures associated with the production of certain products, as well as the production and breeding of animals kept for farming purposes." This formulation does not take into account EAFRD objectives which are wider than the mentioned agricultural primary production (e.g. processing and marketing of the agricultural products, food supply chain organisation complements the direct payments). Therefore, the synergies between the two CAP pillars should take into account the objective of the EAFRD to contribute to a balanced territorial development of rural economies and communities, including the creation and maintenance of employment via the six Union priorities for rural development addressed in the Slovak RDP.
- (134) On page 114, it is indicated that financial instruments will not be used for EAFRD and EMFF, but no justification for this exclusion is given. The CPP highlighted the need to shift from grant support exclusively to the use of financial instruments under all ESIF. The Slovak authorities should reconsider.
- (135) The supportive role of the labour market and education system vis-à-vis climate action should be reflected in the table 11 as complementarity between TO5 and ESF.
- (136) Complementarity between the FEAD and TO11 in table 12 is unclear and should be removed.

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

- (137) In relation to the EACs, as indicated in Part I, the Commission makes a preliminary assessment of the self-assessment provided by the Member State, without prejudice to a final assessment upon the submission of the programmes by the Member State. According to Article 19(2) CPR for the EACs not fulfilled at the date of submission of the PA the relevant action plans should be included.

General ex-ante conditionalities

Anti-discrimination

- (138) The compliance of Slovakia with the requirements of Article 13 of Directive 2000/43/EC on the tasks of the racial equality body is currently being examined by the

⁹ Zilina – Kosice – Ukrainian border (Rhine – Danube core network corridor) and Zilina – Bratislava (Baltic – Adriatic core network corridor)

Commission¹⁰. The Commission is in contact with the Slovak authorities in order to monitor the situation, since serious concerns have been expressed from various sources (including the Council of Europe's Commission against Racism and Xenophobia, European Commission against Racism and Intolerance) whether the Slovak National Centre for Human Rights is actually properly performing the functions under the Directive.

- (139) The Commission shares the view of the Slovak Authorities on non-fulfilment of this EAC. The related action plan should provide more details on the specific actions necessary to correct the non-fulfilled elements of the EAC.

Gender

- (140) The Commission shares the view of the Slovak Authorities on non-fulfilment of this EAC. The related action plan should provide more details on the specific actions necessary to correct the non-fulfilled elements of the EAC.

Disability

- (141) The Commission shares the view of the Slovak Authorities on non-fulfilment of this EAC. The related action plan should provide more details on the specific actions necessary to correct the non-fulfilled elements of the EAC.

Public procurement

- (142) Given the fact that public procurement is the source of most errors in the management of cohesion policy funds as shown by numerous audit findings in 2007-2013 programmes, the Slovak authorities should pay particular attention to this area.
- (143) The Slovak authorities are reminded that the revised directives on public procurement provide for a gradual transition to mandatory e-procurement starting in 2016¹¹.
- (144) In the light of the above, the Slovak authorities are urged to prepare a national strategy for the timely and efficient transition to end-to-end e-procurement, as called for in section 5.3 of the Commission Communication 'End-to-end e-procurement to modernise public administration' (COM(2013)453 final). This strategy should set out the specific objectives to be achieved, the process to be followed, the milestones, and any necessary indicators. Adequate assistance from the Structural Funds should be made for the implementation of this strategy, in particular for the development or improvement of end-to-end e-procurement infrastructure, the strengthening of administrative capacity, training, and awareness-raising. The strategy should ensure that the most efficient and

¹⁰ EU Pilot nr. 4446/13/JUST

¹¹ This includes: (i) mandatory electronic notification of call for tenders and electronic access to tender documents (from March 2016); (ii) mandatory electronic submission of offers (e-submission) - from March 2017 for central purchasing bodies (CPBs), and from September 2018 for all contracting authorities

cost-effective approach to the implementation of mandatory e-procurement in Slovakia is undertaken, and that duplication at national/regional level is avoided, as it may result in interoperability problems. The overall objective should be an improved, simpler, and more efficient public procurement system.

- (145) With regard to the first criterion (Arrangements for effective application of EU public procurement rules through appropriate mechanism) and to the second criterion (Arrangements which ensure transparent contract award procedures), the Slovak authorities should explain what measures are already in place and what arrangements are still planned. The planned activities should be specified in the action plan.
- (146) In the light of above, the Commission considers criteria 1 and 2 as non-fulfilled.

State aid

- (147) The Commission disagrees with the view of the Slovak authorities on partial fulfilment of this EAC.
- (148) As regards the first criterion for fulfilment (Arrangements for the effective application of Union State aid rules), the Slovak authorities are requested to update the information regarding the responsibilities of the Ministry of Finance. It is not clear whether the Government Resolution on strengthening of the role of the national coordinator for state aid has been adopted. The Slovak authorities announce the introduction of an IT system to monitor de minimis aid. The system is aimed to be completed by the end of 2014. Similarly, the Slovak authorities plan on introducing a publicly available website (portal) to monitor all state aid (state aid registry). No indications are given as regards its completion. This criterion is therefore not fulfilled and an action plan is needed.
- (149) The second and third criteria cannot be considered as fulfilled. Given the lack of knowledge on state aid rules, it is important to develop a training strategy covering the new state aid rules to enter into force on 1 July 2014. Furthermore, knowledge centres should be developed to provide the necessary guidance to staff dealing with ESIF.

Environmental legislation relating to Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA)

- (150) The Commission disagrees with the assessment of the Slovak authorities on fulfilment of the third criterion. The on-going modification of the legislation might have an impact also on administrative capacities. The action plan for the whole EAC should be updated and contain clear information on the specific arrangement for direct application of the EIA Directive (e.g. re-assessment and re-permitting of the projects) which the Slovak authorities are already implementing in the 2007-2013 period for transport projects.

Statistical systems and result indicators

- (151) As envisaged in the PA template, the fulfilment of this EAC can only be assessed in particular OPs, as the required information will be available only at this level.

Ex-ante conditionalities for specific thematic objectives

Thematic Objective 1

- (152) The Commission shares the view of the Slovak authorities that the EAC 1.1 is only partially fulfilled.
- (153) As regards criterion 1 (EAC 1.1), several elements still need to be further explained and improved. Firstly, in the context of the proposed monitoring system, although a set of indicators was proposed, no values have been provided. Secondly, further clarification would be needed concerning the description of the prioritisation/elimination process and linkages of proposed areas of economic specialisation with R&D areas.
- (154) Concerning the second criterion (EAC 1.1), the Commission concludes "non-fulfilment" as the financial framework is not yet available.
- (155) As regards EAC 1.2 an indicative multi-annual plan for budgeting and prioritisation and national ESFRI infrastructure roadmap are not yet available, and as a result this EAC cannot be considered as fulfilled.
- (156) A reference is made to finalisation of the missing elements of fulfilment of the EAC 1.1 and EAC 1.2 by 31 March 2014. However, if the missing elements are not in place by the time of re-submission of the PA, an action plan for the fulfilment of the two EACs would be needed.

Thematic Objective 2

- (157) The Commission considers the two EACs on a strategic policy framework for digital growth (2.1) and for a national plan for Generation Network infrastructure (2.2) as fulfilled.

Thematic Objective 3

- (158) The Commission shares the view of the Slovak authorities on partial fulfilment of the EAC 3.1. Due to an on-ongoing process of introducing the mechanisms for monitoring the implementation of the measures of the Small Business Act (SBA), the third criterion is not fulfilled. The Slovak authorities are invited to update the action plan.

Thematic Objective 4

- (159) Concerning EAC 4.1 (linked to the Energy Performance of Buildings Directive) the Commission puts a reservation on the fulfilment of this EAC given an on-going internal Commission assessment.
- (160) The Commission agrees with the assessment of the Slovak authorities regarding the fulfilment of the EAC 4.2 (co-generation) and EAC 4.3 (RES).

Thematic Objective 5

- (161) The Commission disagrees with the assessment of EAC 5.1 (risk prevention and risk management). Pending the submission by the Slovak authorities of supporting documents on national or regional risk assessment, including assessment methodology and process and single- or multi-risk scenarios, the Commission cannot conclude on fulfilment of this EAC.

Thematic Objective 6

- (162) In the light of provided information, the Commission considers EAC 6.1(water sector) as partially fulfilled despite the assessment of the Slovak authorities as non-fulfilled. Given the fact that the principle of recovery of costs for all water management services is met with exemption of the water used for irrigation, the first criterion could be assessed as partially fulfilled. Similarly, the second criterion can also be regarded as partially fulfilled because the river basin management plan was adopted but not fully in compliance with Article 13 of Directive 2000/60/EC. The Slovak authorities are invited to adjust accordingly. The action plan presented is considered sufficient in order to achieve the fulfilment of this criterion by end 2016 at the latest.
- (163) Regarding the EAC 6.2 (waste sector), the Commission disagrees with the self-assessment presented in the PA for criteria 3 and 4. For criterion 3, the Commission has not received formally the waste prevention programmes. For criterion 4, the Slovak authorities provide details on transposition of the Waste Framework Directive while the information on the concrete measures planned to be undertaken to promote re-use and recycling of the municipal waste is missing. In general therefore this EAC should be considered as not fulfilled.

Thematic Objective 7

- (164) The Commission is of the view that EAC 7.1 (transport) should be considered as non-fulfilled given that both criteria are presented as non-fulfilled. For the first criterion, there is a work on-going on the comprehensive transport plan including all of its elements specified as sub-criteria. The Slovak authorities are invited to update the action plan accordingly.

Thematic Objective 8

- (165) Concerning EAC 8.1, Slovakia refers to a relevant legal act enhancing partnerships and provides general information on existing partnerships. However, Slovakia should provide relevant evidence (examples) of concrete implementation in order to be able to positively assess this conditionality. In particular, the Commission is of the view that information on the second criterion on cooperation with employers, guidance providers, NGOs, training providers is limited. Apart from a representative in the 'employment committee', no evidence of formal and informal cooperation arrangements with local employers was provided. The Commission disagrees with the assessment of the Slovak authorities and considers this criterion as well as the EAC 8.1 as non-fulfilled.
- (166) As regards EAC 8.3 the Commission considers the second criterion "reform of employment services will include the creation of formal or informal cooperation networks with relevant stakeholders" as not fulfilled due to insufficient information on cooperation with stakeholders.
- (167) On the EAC 8.6 the Commission notes that the draft Youth Guarantee Implementation Plan has been prepared. However, the Commission is of the view that the plan only partially adheres to the youth guarantee principles. In this regard, Slovakia was invited to revise its YGIP by April. As a result, contrary to the assessment of the Slovak authorities, the Commission considers the EAC 8.6 as partially fulfilled. An action plan needs to be prepared and summarised in the PA.

Thematic Objective 9

- (168) The Commission agrees with the partial fulfilment of EAC 9.1 (active inclusion). However, under the criterion concerning measures for the shift from institutional to community based care the reference to institutions with capacity below 18 users is regarded by the Commission as too high to provide independent living in community based care. Although the size of the institution cannot be used as a sole criterion to judge whether the supported infrastructure can be considered as community-based service or simply a scaled-down institution, the size is an important factor when developing new care services in the community. Smaller and more personalised living arrangements are more likely to ensure opportunities for choice and self-determination of service users.
- (169) As regards the EAC 9.2 (national Roma inclusion strategic policy framework), the Commission considers the fourth condition ("is designed, implemented and monitored in close cooperation and continuous dialogue with Roma civil society, regional and local authorities") linked to the first criterion as not fulfilled. The PA elaborates on the involvement of stakeholders in the 2014-2020 programming of the ESIF. However, information is missing on the existence of a structured, continuous and transparent dialogue with civil society organisations active in the field of Roma inclusion and with Roma communities in the implementation and monitoring of the national strategy (or set of policy measures) as well as in their review, on mainstreaming Roma inclusion into the regional and local agenda and translated into local action plans, and the implementation of these plans through transparent and appropriate budgets and monitoring systems.
- (170) The Commission notes that the Framework Strategy for Health (EAC 9.3) is in place. However, the coordinated measures to improve access to health services and the measures to stimulate efficiency need to be better spelled out. As for the monitoring and review system, emphasis should be placed on implementation of the overall strategy and not on the preparation of further documents completing the strategic framework.
- (171) On the basis of missing underlying elements the Commission considers the first criterion as non-fulfilled.
- (172) As regards the budgetary framework (criterion 2), the correspondence between the proposed funds and the actions to be undertaken is missing. In this respect, "cost-effective concentration of resources on prioritised needs for health care" is not demonstrated. As a result, the Commission shares the view of the Slovak authorities that this criterion is not fulfilled.
- (173) Overly, the EAC 9.3 should be considered as non-fulfilled. The Commission invites the Slovak authorities to prepare an action plan and reflect it in the PA.

Thematic Objective 10

- (174) The Commission does not agree with the Slovak assessment with regard to the fulfilment of the second condition of the EAC 10.4 (vocational education and training). Notably, Slovakia does not seem to have a national approach for quality assurance in line with the EQAVET Recommendation. In addition, the Commission recommends Slovakia to focus on capacity-building, in particular concerning identification of

learning outcomes (i.e. to create units of qualifications as building blocks of qualifications), monitoring of the labour market in order to anticipate skills needs and the competences required. The EAC 10.4 should therefore be seen as partially fulfilled.

Thematic Objective 11

(175) Despite the relevant description of the needs, the lack of sufficient and concrete supporting information raises doubts as to the fulfilment of the EAC11, as regards the justice component. The PA should provide more information on the overall strategic approach on justice, including the announced Concept of the Modernisation and Stabilization of the Judiciary, and more details on the relevant actions for its implementation, indicators, evaluation and objectives. Finally, actions under these funding instruments shall respect and shall be implemented in line with the rights and principles enshrined in the Charter of Fundamental Rights of the European Union. The Slovak authorities should revise the assessment along these suggestions.

EAFRD specific ex-ante conditionalities

(176) Although the self-assessment of applicability of the three EAFRD specific EACs is provided, it should be indicated (e.g. in the last column "Explanations" of the self-assessment table) that the fulfilment of these three EACs will be explained in the programme and that applicable national legal acts will be revised in 2015 following entry into force of the new baseline requirements (greening) under the CAP reform.

(177) The text under EAFRD EAC on "risk prevention" should be identical with the text under the same EAC applicable under cohesion policy. The same applies to the EAC on energy efficiency.

2.4. The methodology and mechanism to ensure consistency in the functioning of the performance framework in accordance with Article 21 of the CPR

(178) Regarding EAFRD, the statement included remains valid pending confirmation by the Slovak authorities that the pre-defined list of Common Performance Indicators will be used. However, if Slovakia decides otherwise, it has to be explained in the PA how the selection of indicators will be done and how consistency is ensured with the other programmes. The same applies to the setting of milestones, these being set by the Member State, not by the Commission.

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

(179) Further attention should be paid by the Slovak authorities as regards anti-corruption/anti-fraud measures. Currently, a short text has been included in Chapter 2.5 under the block dealing with human resources. Given that the approach to anti-corruption issue goes far beyond the field of human resources, this topic should be dealt with in a separate paragraph outside the 3 building blocks (but should be still kept in Chapter 2.5). The Slovak authorities are therefore invited to include a summary of an analysis identifying risks and include in the text of the PA relevant measures how to

address them (not only for human resources but also in terms of procedures and tools such as Arachne risk scoring tool).

(180) There is a commitment that the use of funds under the EU technical assistance will fully respect the measures aimed at the improvement of administrative capacities at the level of the PA, as well as at the level of OPs. If this is applicable also to the technical assistance under the RDP, the word "programmes" should be used instead of OPs. If not, it should be indicated which measures are foreseen under the technical assistance of the RDP in view of increasing the performance of administrative capacities.

(181) Under section 2.5 the references to "administrative capacities" are unclear. They sometimes refer in the PA either to human resources or to full time equivalents. The Slovak authorities should be aware that administrative capacity is not limited to human resources only. This should be correctly reflected in the text of PA.

2.6. A summary of the actions planned in the programmes, including an indicative timetable, to achieve a reduction in the administrative burden for beneficiaries

(182) Under the planned measures, the Slovak authorities should indicate whether the IT system for EAFRD will, in view of design and functionalities, also meet the current world standards of smart and open IT systems.

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

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

3.1.1. Community-led local development

(183) The indicative allocation for CLLD should be revised in the view of latest adjustments made to Integrated Regional OP (EUR 100 million instead of EUR 30 million).

(184) As regards the target territory, the Slovak authorities are invited to specify that the target territory for CLLD will be rural areas and rural-urban areas.

(185) It is indicated that Slovakia will not apply the lead fund option and that the running and animation costs will be financed proportionally from both ERDF and EAFRD. It should be noted that whilst an operation may receive support from one or more ESIF, any expenditure item included in a request for payment can be financed only from one fund and thus cannot be financed proportionally (Article 65(11) CPR).

(186) The role of ERDF and EAFRD in different types of territories should be indicated.

(187) The minimum mandatory tasks for Local Action Groups (LAGs) are established under Article 34(3) CPR. The tasks of the LAGs presented in the PA do not include all of them, e.g. the preparation of the selection criteria for the selection of the best projects contributing to the objectives of the strategy. In case it is planned to delegate additional tasks to LAGs these should be indicated as well.

(188) The PA should also indicate the arrangements for preparatory support, e.g. whether a two-round call for proposals is envisaged for new LAGs in order to allow them in the

first round to show their interest and to involve them into preparatory support and after a second call would aim to select the elaborated local development strategies.

- (189) The Commission noted that the PA excludes implementation of CLLD through ESF, which seems to be in contradiction with one of the main CLLD priorities identified in the PA "Development of local economy and employment". Closing the possibility of ESF interventions for CLLD at PA level will limit Slovakia's flexibility during the implementation stage (where the need for ESF measures might arise). The Slovak authorities should reconsider this exclusion.

3.1.4. *The main priority areas for cooperation, under the ESI Funds, taking account, where appropriate, of macro-regional and sea basin strategies*

- (190) On page 238, the Slovak authorities should consider redrafting the first bullet point as follows: "In the area of transport, cross-border cooperation programmes will mainly focus on those activities that improve the quality and safety of the cross-border sections of the road network in order to enhance access from tertiary nodes to the TEN-T network and to stimulate the use of the green modes of transport".
- (191) The Commission recommends streamlining the sentence in the middle of second paragraph (page 240) regarding the development of transport infrastructure as follows: "The transport infrastructure needs to be developed to enhance regional mobility by connecting secondary and tertiary nodes to the TEN-T network".
- (192) The reference to local roads (page 240) should be taken out as financing of local roads should be mostly a matter of national funding as specified in the CPP.
- (193) The text (page 240) refers to connectivity of national energy networks. To our knowledge ESIF funding is not planned to be used. The Slovak authorities are invited to redraft.

3.1.5. and 3.1.6: *An integrated approach to address the specific needs of geographical areas most affected by poverty (...) and to address demographic challenges of regions or specific needs of geographical areas (...)*

- (194) The Slovak authorities should avoid the proposed 'localism' of targeting geographical areas at LAU (local administrative unit) level within Marginalised Roma Communities (MRC) from 2013 Atlas and use the social considerations in public procurement for "target groups" of population. The Commission would like to highlight the obligation of neutrality and non-discrimination in the wording of contract performance clauses. Social consideration can be taken into account in the contract performance clauses, including a condition to employ a certain number of Long-Term unemployed persons from marginalised communities, in particular belonging to ethnical minorities, such as Roma.
- (195) The use of social considerations in public procurement should go beyond investments in MRC under the ERDF priority axis in OP Human Resources and should be streamlined in synergy to all relevant OPs in order to obtain a critical mass for a wider socio-economic impact. Social considerations in public procurement should also be envisaged for the RDP.

(196) The support possibilities under the EAFRD for the inclusion of MRC are not mentioned. However, the PA should indicate that these possibilities will be duly considered at RDP level.