



Observations on the Partnership Agreement with the Republic of Slovenia

Introduction

The observations set out below have been made within the framework of the Regulation (EU) 1303/2013 and the fund-specific regulations. The observations take into account the 2013 country-specific recommendations adopted by the Council on 9 July 2013 (<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) and are based on the Commission's Position Paper (CPP) for the use of the European Structural and Investment Funds (ESIF) in 2014-2020.

The observations refer to the Partnership Agreement submitted by Slovenia on 10 April 2014.

The observations are presented following the structure of the Partnership Agreement (PA) as set out in the template. The most critical issues for the Commission are noted in Part I.

PART I

1. Assessment of Slovenia's policy objectives

1. All relevant country-specific recommendations adopted in the framework of the 2014 European Semester should be taken into account for the final draft of the PA, in accordance with point (a)(i) of Article 15 (1) of Regulation 1303/2013.
2. The scope of funds in relation to the thematic objectives as well as the logic of investment priorities under specific thematic objectives as set out in the Regulation (EU) 1303/2013 and the fund-specific regulations needs to be fully respected in the PA.
3. Under **thematic objective 1**, the Commission understands from the informal dialogue's discussions that the support to researchers is intended to promote research, development and innovation in companies, and therefore it falls under the scope of the ERDF. This should be explicitly stated in the needs analysis. In case human resource development focuses on addressing skills mismatch, up-skilling of staff, career opportunities for researchers, and mobility of researchers, the need should be supported by the ESF under thematic objective 8 and would need to contribute to the objectives of the ESF.
4. As a new element in the PA, a project "e-space" is presented under thematic objective 1. A project that encompasses ICT equipment and interconnection between databases used for spatial planning is not eligible under this thematic objective. Depending on its detailed objectives and content, a public service application could be supported under thematic objective 2.
5. Culture and creative industries and the ICT sector are the only two industrial sectors explicitly mentioned under thematic objectives 1 and 3 to be supported without justification and with no references to the smart specialisation strategy, which is currently under

preparation. The informal observation sent earlier on disproportionate attention given to certain sectors thus remains valid. In order to be eligible for support under the thematic objectives concerned, a clear link with the smart specialisation strategy should be presented as well as additional justification provided.

6. It is unclear how the support to open-code IT solutions in public administration and better e-government services can be eligible under the ERDF within the thematic objective 1. As similar measures will be supported by the ESF under the thematic objective 11, the Commission invites Slovenia to re-examine the justification for the planned measures and reconsider the eligibility of these measures under thematic objectives 2 or 11 if the analysis clearly proves a need for such measures.

7. The maintenance of research infrastructure or co-financing of operational costs of research infrastructure is not eligible, thus all references to potential support to these measures should be deleted.

8. The inclusion of **thematic objective 2** proposed by Slovenia, although not covered by the CPP, was supported in the informal observations and is acceptable for the Commission. However, the analysis should be better structured. In addition, investments into broadband infrastructure should take place only in the areas of market failure. Therefore the reference in the PA that the investment will be co-financed "predominantly" in white spot areas should be replaced by "only in the areas of market failure", especially as the broadband infrastructure will be co-financed also in Western Slovenia, which is a more developed region.

9. Under **thematic objective 3**, the Commission would advise to consider the support to entrepreneurship in a more general manner, omitting the focus on specific target groups and the education system as such as it is already addressed under thematic objective 10.

Financial instruments to support social enterprises should be supported by the ESF under thematic objective 9 and should contribute to the ESF objectives. Resources can be allocated from several Funds in the same financial instrument, however, a clear audit trail for the respective funds need to be maintained.

10. Under **thematic objective 4**, the PA mentions support for micro hydropower generation. The Commission has not included support for hydropower generation in the CPP and has indicated its reservations towards these types of measures in the informal observations. Irrespective of whether hydropower production is envisaged at larger or smaller scale the major concern of the Commission is to ensure compliance of such projects with EU environmental legislation, in particular, the Habitats Directive and Water Framework Directive (primarily Article 4.7.), taking into account their likely significant effects (including cumulative effects) on Natura 2000 sites and aquatic ecosystems. Therefore, the Commission maintains its position not to support hydropower generation in the scope of the ESI Funds in Slovenia.

11. Under **thematic objective 7**, the Commission has expressed a reservation vis-à-vis investments in the national and regional roads and agreed to co-finance a very limited scope of interventions only in Eastern Slovenia as a less developed region. This should be explicitly confirmed in the PA. An analysis of the administrative capacity problems in the transport sector is not presented, despite the clear need expressed in the CPP.

12. The Commission's informal observations that under most thematic objectives analysed the PA does not **differentiate between the two NUTS 2 regions**, still remains valid. Notwithstanding a special section with general description of both regions, the main specific challenges of Western and Eastern Slovenia have to be highlighted per thematic objective, where they influence the objectives and choice of measures which will be further developed in the operational programme (OP). If there is no explicit difference between the regions, this should be clearly stated. Additionally, potential specific territorial challenges below NUTS 2

level are not identified in the analytical part which should present a basis for the selected territorial approach.

2. Financial allocation proposed by Member State

13. The financial allocation between programmes and thematic objectives is considered acceptable for the Commission. The allocated funds as presented in the PA respect the thematic concentration for ERDF and the Cohesion Fund as well as the ESF minimum share. The requirements related to minimum allocations for LEADER and green expenditure from the EAFRD are respected as well.

14. The Commission invites Slovenia to confirm that the Youth Employment Initiative (YEI) is programmed as a separate priority axis in the OP, as it is currently stated in the PA. In case the YEI is programmed as a part of a priority axis this has to be corrected in the PA.

15. The share of the ESF for social inclusion should be correctly presented.

16. Taking into account the need to optimise the leverage effect of funding, the Commission asks Slovenia to identify in which priority axes in the operational programmes it intends to modulate the co-financing rates in accordance with Article 121 of the Regulation (EU) 1303/2013 and recalls that as set by Article 120 of Regulation (EU) 1303/2013 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

Administrative capacity

17. In line with the CPP and the informal observations, the Commission expects Slovenia to place a strong emphasis on the arrangements for effective public procurement. An advisory body acting as a help desk and ex ante examiner of all tender documentation prepared by the contracting authorities benefiting from ESI Funds is to be set up. The body should be part of the future management and control system. This measure should be clearly presented in the PA.

18. Taking into account the adequacy of staffing levels within the Management and Control System and within the intermediate bodies raised repeatedly by the Commission in the context of the ESF in the 2007-2013 period, the planned reduction of staff working on the ESF should be reconsidered.

Ex-ante conditionalities (Section 2.3)

19. Please note that this is the Commission's preliminary assessment of the self-assessment provided by Slovenia, without prejudice to final assessment upon the submission of the programmes by Slovenia containing detailed self-assessment and relevant action plans. The Commission considers that the following ex-ante conditionalities are fulfilled: 4.2 *Actions to promote high-efficiency co-generation of heat and power*, 8.1 *Access to employment*, 4.1 *GAEC*, 4.2 *Minimum requirements for fertilisers and plant protection products*, 4.3 *Other relevant national standards*, 5.2 (EAFRD) *Water sector* and 8.6. *Youth*.

20. The Commission agrees with the self-assessment that the following thematic ex-ante conditionalities can be considered partially fulfilled at this stage: 3.1 *Specific actions for promotion of the Small Business Act*, 4.1 (5.1 for EAFRD) *Actions to promote energy efficiency in buildings*, 4.3 (5.3 for EAFRD) *Actions to promote the production and distribution of renewable energy sources*, 6.1. *Water sector*, 6.2 *Waste sector*, 10.2 *Higher Education* as well as the general ex-ante conditionalities 4 *Public procurement* and 5 *State aid*.

21. The Commission agrees with the self-assessment that the following ex-ante conditionalities can be considered non-fulfilled at this stage: *1.1 Existence of Smart Specialisation Strategy, 1.2 Research and Innovation Infrastructure, 2.1 Digital growth, 2.2 (6. for EAFRD) Next Generation Network Infrastructure, 5.1 Risk prevention and risk management, 7.1 Transport, 7.2 Railway, 7.3 Other modes of transport and 9.3.Health.*

22. The Commission does not agree that ex-ante conditionality *7.4 Development of smart energy distribution systems* is applicable as there is no indication in the PA on the support for development of smart energy distribution, storage and transmission systems and through the integration of distributed generation from renewable sources (point (e) of Article 5(7) of Regulation (EU) 1301/2013).

23. The Commission does not agree with the self-assessment that the general ex-ante conditionality *6. Environmental legislation relating to Environmental Impact Assessment and Strategic Environmental Assessment* is considered fulfilled. As regards the first criterion, the Commission considers it is not fulfilled due to non-adoption of the implementation decree for the new Environmental Act. As regards the second and the third criterion, the Commission considers these criteria as only partially fulfilled as there are no arrangements in place to ensure dissemination and training and therefore not adequate administrative capacity to apply the new EIA legislation. An action plan for all the above-mentioned non-fulfilled criteria is thus missing and should be submitted in the revised version of the Partnership Agreement.

In addition, the Commission expects a clear commitment from Slovenia that all new projects to be co-financed under the ESI Funds in the 2014-2020 period comply with the EIA Directive and explain the operational arrangements taken to ensure this. The Commission will check this aspect in the framework of the programmes.

24. The Commission does not agree with the details of the self-assessment on the following thematic and general ex-ante conditionalities:

- *1.1 Existence of Smart Specialisation Strategy:* the action plan in Table 14 should be more elaborated, describing all the relevant steps for fulfilment of the relevant criteria. For example, activities like "strengthening the empirical bases for the preparation of the Smart Specialisation Strategy" or "preparation of a detailed policy mix of the government" need to be better explained. The policy mix does not involve only the government but all the relevant authorities at all levels. Furthermore, the listed events do not explain what will be achieved after them. The timeframe for fulfilment of the budgetary framework criterion is missing;
- *1.2 Research and Innovation Infrastructure:* In Table 14 further details on the activities planned for the fulfilment of this ex-ante conditionality and its connection to the Smart Specialisation Strategy should be provided, including the timing for delivery and the link to the existing Research Infrastructure Roadmap 2011-2020;
- *3.1 Specific actions for promotion of the Small Business Act:* In Table 14 the exact deadline for every step of the action plan should be provided;
- *4.1. (5.1 for EAFRD) Actions to promote energy efficiency in buildings:* please note that the Commission according to current available information considers the thematic ex ante conditionality 4.1, supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector, to be not fulfilled. This concerns not sufficiently fulfilling Article 4(1), 5(2) and Article 11(4) and (5) of Directive 2010/31/EU. Article 4 of the EPB sets out the legal base for the adoption of the minimum energy performance requirements for buildings and building elements, but the Slovenian regulations do not cover building elements. Regarding Article 11(4) of the directive, no transposing measure

could be found to require that the energy performance certificates actually provide an indication as to where the owner or tenant can receive more detailed information on the recommended measures, including as regards their cost-effectiveness. Article 11(5) of the directive, no transposing measure could be found to require public authorities to take into account their leading role in the field of energy performance of buildings. The Commission therefore requests Slovenia to review the self-assessment and to complement this assessment with a description of the actions to fulfil the ex ante conditionality, the bodies responsible and a timetable for these actions

- *6.1. Water sector:* as regards the first criterion, the Commission agrees with the self-assessment concerning metering in households and requests confirmation that individual meters are installed in all new buildings and whether there are plans to gradually refit old buildings. The Commission does not consider the second criterion of this ex-ante conditionality as fulfilled, in particular, due to insufficient justification of exemptions and missing summary of the measures required to bring the water bodies progressively to good status or potential (including expected timetable for their implementation). The Commission expects Slovenia to overcome these shortcomings of the river basin management plans in the second cycle of plans 2015-2021 and re-confirm this commitment in the PA through the adequate design of the needed Action Plan. As regards the deficiencies in the water monitoring network, the PA should make clear that Slovenia will support it within the cohesion policy.
- *7.1 Transport, 7.2 Railway and 7.3 Other modes of transport:* the action plan for fulfilment of the three mentioned ex-ante conditionalities should be more detailed and should respect the Table 14 outline;
- *9.1 Active inclusion:* an action plan to provide technical support to beneficiaries needs to be included in the summary;
- *11. Administrative capacity:* as for the public administration criterion of this ex ante conditionality, it is not clear from the summary whether the Slovene authorities consider this ex ante conditionality fulfilled or not. This should be clarified;
- *4. Public procurement:* please note that the Commission is not in a position to consider the last criterion on the arrangements to ensure administrative capacity for implementation and application of Union public procurement rules as fulfilled until appropriate technical assistance is provided to all bodies involved in the application of public procurement rules in the field of ESI Funds. This is not confirmed by the information provided in the PA. Therefore, a detailed action plan for fulfilment of the first and the last criteria should be provided in the Table 14.
- *5. State aid:* The self-assessment provided should be more precise on the application of the state aid rules and cover all state aid schemes relevant for the EAFRD. The Commission requests an additional clarification on the monitoring of the schemes under the General Block Exemption Regime (GBER) - how is it ensured that the individual application of a scheme is in line with state aid rules laid down in the GBER and does the granting authority verify ex ante each individual application of a scheme with the state aid department or is there an ex post control by the state aid department. Until this information is provided, the Commission is not in a position to assess the fulfilment of the last criterion.

25. The Commission is not in a position to assess whether the following ex-ante conditionalities are fulfilled until additional information or more precise referencing (including relevant chapters, articles from the listed documents) is provided: *10.3 Lifelong learning, 8.5 Adaptability of workers, 8.6 Employment of young people, and 10.4 Vocational education and training.* The presented action plans should contain a roadmap for adoption,

while the higher education action plan should also contain measures for reduction of gender differences. An action plan for social inclusion should be added.

26. The Commission notes that the self-assessment of the general ex ante conditionality 7 *Statistical systems and result indicators* is missing and should be included in the next version of the PA. However, the Commission will only be in position to assess the fulfilment of this ex-ante conditionality at the level of the OP and RDP.

27. The revised PA should clarify whether the action plans for ex-ante conditionalities 1 *Anti-discrimination*, 2 *Gender*, 3 *Disability* are prepared jointly by the managing authorities of the three programmes or separately by each managing authority of the programmes.

PART II - FURTHER OBSERVATIONS

1,1 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

28. This section of the PA should describe, where relevant, how the macro-regional strategies were taken into account while identifying the main development needs. Where appropriate, references to macro-regional strategies should be added under each relevant thematic objective, and not only as a separate part in Section 3.1.4. As the main tools in implementing the macro-regional strategy's objectives will be the operational programmes, the PA should describe how the chosen thematic objectives for ERDF, the Cohesion Fund and EAFRD will contribute to implement the priorities of the macro-regional strategies.

29. The overall strategy as far as the ESF is concerned should be made clearer throughout the thematic objectives 8-10, including cross referencing where appropriate. The high number of the investment priorities under thematic objectives 8-11 makes it difficult to achieve a real thematic concentration.

30. It is recommended that the analytical part is supported by the available EU statistics. In addition, it is crucial that any territorial analysis at sub-national level makes use of harmonised spatial definitions (e.g. NUTS).

31. The section on economic trends and challenges could be updated based on more recent full year 2013 data and take into account recent revisions. On 28 February 2014 the national statistical office released the latest national account data and made substantial quarterly revisions in each quarter of 2013.

Thematic objective 1

32. Potential synergies with different funding sources, including Horizon 2020 should be explored and better explained under section 1.1 or under section 2.1. In line with the priorities relating to Research and Innovation of the Common Strategic Framework, synergies with Horizon 2020 should also take account of complementarities with Public-Public Partnerships (Joint Programming Initiatives, ERA-NET, Art 185 initiatives); Public-Private Partnerships (Art 187 initiatives) and actions under Part IIIa of Horizon 2020 relating to Spreading Excellence and Widening Participation, in particular 'Teaming', 'Twinning' and 'ERA Chairs'.

33. Regional specialization is only briefly mentioned; please provide an explanation how it is interlinked with the Smart Specialisation Strategy.

34. The PA refers to a "*planned overview of the existing research equipment that received public funding*" to be carried out in 2014. It also states that "*the existing research infrastructure 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*". The mentioned overview and the ongoing Smart Specialisation Strategy process need to be fully in line and the link between them should be clearly explained.

35. The PA states that "*the investments will thus pursue the orientations set out by the the Smart Specialisation Strategy and the challenges specified in Horizon 2020*". The Commission welcomes the creation of synergies between ESIF and Horizon 2020, including through the allocation of the ERDF to Horizon 2020's shortlisted projects. However, the Commission would like to emphasise that any funding of Horizon 2020's shortlisted projects

must be fully in line with the Smart Specialisation Strategy. Therefore, the Commission invites Slovenia to rephrase this sentence in order not to create misunderstandings.

36. The PA states that "*research excellence capacities were strengthened only in the Western Slovenia in the 2007-2013 period and that 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 regions*". Since this statement pre-empted the final result of the Smart Specialisation process, the Commission suggests to delete this sentence.

Thematic objective 2

37. As mentioned under Part I, the analytical part should be improved and references given. In particular, the positive effects on the economic and social activity of the 2007-2013 investments do not seem to be directly linked to investments in ICT and therefore the Commission suggests deleting this paragraph.

38. The PA refers to a project "*call before you dig*" that is according to the information available to the Commission based on an already existing project in Slovenia. The PA (and the OP and/or RDP) should provide more information on the project and clarify whether this project is mentioned as a part of the analytical overview or as a project to be co-financed by the ESI Funds. Depending on its detailed objectives and content, support under the thematic objective 2 or other relevant thematic objective should be re-considered.

Thematic objective 3

39. In respect of agriculture, assistance should be provided for better manure handling to help improve air quality.

40. The suggestion to improve energy efficiency in agriculture and forestry on page 29 is strongly supported but a clear link should also be made with the benefits for air quality, not just GHG.

Thematic objective 4

41. The Commission considers that the PA should include a specific reference that all the investments proposed for the ERDF and CF support from the investment priority referenced under Article 5(4) of Regulation (EU) 1301/2013 and Article 3(a)(v) of Regulation (EU) 1300/2013 are embedded in a sustainable urban mobility plan and air quality plans and subsequently in a sustainable development strategy for the urban areas. Currently the PA only makes reference to "integrated transport strategies".

42. The Commission supports measures implementing the clean fuel strategy launched in 2013. Nonetheless, reference should be made strictly to support for "low-carbon charging stations" and "alternative fuel vehicle infrastructure". Reference to "construction of charging stations" or to "alternative fuels" alone should be deleted. The justification of support for alternative fuels infrastructure should be equally embedded in the specific sustainable urban mobility plans, which would also determine the construction of charging stations and low-carbon charging systems in urban areas and urban development strategies.

43. Support for energy efficiency and clean renewable energy sources (e.g. solar, wind, heat pumps and especially biomass) should be linked with the impact on air quality. Therefore, it is recommended that the text includes a reference to the compliance with National Emission ceilings e.g. for NO₂ and PM and as regards biomass to use the limit values suggested in the Air Package of 18/12/2013.

Thematic objective 5

44. The support for a description of a decision-making mechanism should be re-drafted to better illustrate the nature of the project – technical support and studies on water use and not as the setting up of a decision-making group which is a national driven process and not a measures to be supported with the ESIF funds.

Thematic objective 6

45. The wide interpretation of "support for brownfield investments" as a way to tackle urban renewal cannot be shared. Interventions should clearly focus on the measures eligible under article 5 (6) (e) of ERDF regulation. Reference to "development of creative industries, revitalisation of cultural heritage and public cultural infrastructure and increase in the attractiveness of cities as tourism destinations" should be deleted as not eligible under this investment priority. The Commission favours the support to rehabilitation of polluted sites wherever needed (i.e. Celje region) and where the polluter pays principle cannot apply.

46. Should Slovenia choose to also invest in the investment priority eligible under article 5(6) (c) of ERDF Regulation, it should be designed in an integrated manner and embedded in urban development strategies and in complementarity with the urban mobility plans and measures foreseen under thematic objective 4 and include a commitment that such projects, located within Natura 2000 sites/or affecting such sites, will receive an opinion of the Nature Conservation Authority to ensure no significant effects on the sites.

47. The part on sustainable agriculture fails to make a link with air pollution from agriculture and possible measures to address this. This has to be amended. Agriculture is a major source of NH₃, PM and NO₂, resulting in damage to health of citizens, crops, buildings and ecosystems.

Thematic objective 7

48. The Commission supports safety as a general selection and implementation principle for all transport projects. However the safety cannot be the sole justification for any investments to improve the quality of state and regional roads. Any such investment should be clearly justified by the national transport strategy.

49. Slovenia envisages Cohesion Fund support for the development of the international port in Koper in terms of deepening navigable waterways outside the port areas. The Commission would like to underline that these measures should take a due account of conditions stipulated in the Article 4(7) of the Water Framework Directive. For any project that modifies the hydro-morphological characteristics of a water body causing deterioration of the status, an appropriate analysis in line with the above-mentioned Article should be carried out as early as possible in the planning process. This would entail the analysis of alternatives (better environmental options), the set-up of the necessary mitigation measures, and a justification of the importance of the project.

Thematic objective 8

50. The identification of needs under this thematic objective should be expressed in more concrete terms. For example, some further details on how the system for matching labour

demand and supply or increasing the efficiency and targeting of active labour market policy measures will be achieved should be presented. The link to the Smart Specialisation Strategy should be made.

51. The ESF support to address the segmentation in the labour market in the context of the Youth Guarantee should be made explicit. The YEI is hardly addressed, and a dedicated section should be included in the next version of the PA.

Thematic objective 9

52. The part of the needs analysis on active inclusion should be further developed by focusing on specific target groups rather than bundling long term unemployed, inactive and other target groups together. The link to the low skilled, as a target group identified in the CSRs, should be established. The analysis of the challenges remains underdeveloped and does not address the more complex barriers facing people in poverty and social exclusion. It should also identify more specifically what types of active inclusion programmes need to be developed and implemented.

53. The analysis of needs under the subchapter improvements in health is very broad. It is not clear how a real impact on the prolongation of healthy years of living and on addressing health inequalities can be achieved with the limited level of funding.

54. The subchapter on social entrepreneurship does not explain what the support scheme entails, what two different types of social enterprises referred to in the PA are and what link the Slovenian authorities see between social entrepreneurship and competitiveness.

55. The needs analysis in terms of long term care and deinstitutionalisation should make a stronger link with labour market integration, where applicable, e.g. in relation to reconciliation of work and family life. The envisaged activities should stay within the limits of ESF and the ERDF support in the process of deinstitutionalisation. Additionally, the PA should better explain how concretely the certain elements of the process of deinstitutionalisation will be supported by the structural funds. For example, if it will target all or only some of the populations concerned (elderly, children, disabled, mentally disabled, etc.). In particular the PA should explain what is planned under the “intergenerational centre or non-profit cooperatives”.

56. The PA should cite the general obligation that the ESF shall promote social innovation which is not limited to the public sector, as there are also possibilities for engaging both social enterprises and the private sector to address social needs.

Thematic objective 10

57. Overall, a stronger link to the relevant CSRs (e.g. skills mismatch) should be established wherever relevant.

58. In the subchapter on lifelong learning, the target groups should be further specified in line with the CSR, as the overall participation rate in lifelong learning in Slovenia is above the EU average, while it is substantially lower for some specific groups (e.g. older workers).

59. It is not clear how career orientation identified as a need under thematic objective 10 will be linked to the career orientation services provided by the Public Employment Service

(PES), i.e. how cooperation between service providers in the education system and PES will be established.

60. In addition, it is not clear how vocational education, identified as a priority in the CSR, will be adapted to the labour market needs.

61. Please also clearly state whether in terms of informally acquired competences, the only activity needed is extension of the national professional qualification standards to include competences usually acquired at the higher education level and how it relates to addressing the skills mismatch.

62. In terms of improving the competences of teachers, please specify which levels of education the need refers to, what the end purpose of improving the skills of teachers is and how it is link to addressing the skills mismatch and the use of ICT. The use of the higher education investment priority should be reconsidered, especially since thematic concentration in the ESF will be difficult to achieve. The issue of skills mismatch can be considered an issue at all levels of education, which could also be addressed through upgrading of curricula as identified in the ex-ante conditionality on higher education (employability and entrepreneurship, transversal skills). Cooperation with the relevant stakeholders in addressing the issue would be beneficial. The link to the Smart Specialisation Strategy should be made under this thematic objective and the Commission position paper should be quoted correctly.

Thematic objective 11

63. One of the key goals identified under thematic objective 11 is increasing the trust in the rule of law. It is not clear what is meant by this broad term and what intervention from the funds would be appropriate to address it. In addition, it seems that there is a substantial overlap of needs identified under the trust in the judicial system and other subchapters. Please clarify.

64. The need to improve corporate social responsibility is new and should be substantiated further.

65. Please explain what tools for monitoring the quality of public administration will be introduced in parallel with CAF and why these are necessary.

66. Please explain how the funds will be able to contribute to the deregulation of professions.

67. The need to invest into the capacity of social partners should also be substantiated further.

1.2 THE PA CONTAINS SUMMARY OF THE EX-ANTE EVALUATIONS OF THE PROGRAMMES OR KEY FINDINGS OF THE EX-ANTE EVALUATIONS OF THE PA, WHERE UNDERTAKEN BY THE MS AT ITS OWN INITIATIVE

68. As no ex-ante evaluation of the PA will be carried out, a summary of the main conclusions of the final ex-ante evaluation reports for the three programmes and the Strategic Environmental Assessment should be provided under this chapter.

69. The ex-ante assessment of the OPs has identified some weaknesses regarding, i.a. the baselines and target values, the definitions of the target groups and the lack of concrete details on the planned actions. The recommendations made by the ex-ante evaluators should be addressed in the draft OP.

1.3 THE PA LISTS THE SELECTED THEMATIC OBJECTIVES, AND FOR EACH OF THE SELECTED THEMATIC OBJECTIVES A SUMMARY OF THE MAIN RESULTS EXPECTED FOR EACH OF THE ESI FUNDS (I.E. THE MAIN CHANGES THE MS SEEKS TO ACHIEVE UNDER EACH TO)

70. In Table 6, the expected results should be better and more specifically elaborated to capture the expected change. As Slovenia has opted for one multi-fund OP for ERDF, ESF and the Cohesion Fund all expected results related to these funds will need to be further refined in the operational programme.

71. The investment areas for thematic objective 1 do not cover the governance aspect identified in the analytical part.

72. "*Continuations of measures to solve the bad loans*" cannot be accepted as expected result under thematic objective 3 as such measures cannot be supported by the European Structural and Investment Funds.

73. In respect of the EAFRD, under thematic objective 3, focus area 3b (supporting risk management) is selected. This is neither in line with the needs analysis nor with the results that are sought. The reference to the focus area 3b should therefore be deleted.

74. Support for smart energy, eco-innovation and contribution of resource efficiency to SME competitiveness should be also addressed in the justification of selection of investment priorities for thematic objective 3 especially as these needs are addressed in the analysis (section 1.1.).

75. Thematic objective 8: the result on decreasing registered unemployment is rather broad, whereas results more closely linked to the adaptability of workers and support to labour market institutions should be added. Where possible the link between the expected results and the CSRs should be visible.

76. Thematic objective 9: the results seem either too broad or they are not clear. The CPP should be correctly quoted. Where possible, the link between the expected results and the CSRs should be visible.

77. Thematic objective 10: Some of the results seem too broad (competences of teachers, higher education). The justification should be in line with the analysis (employability of graduates). The CPP should be correctly quoted. Where possible the link between the expected results and the CSRs should be visible.

78. Thematic objective 11: Some of the results are too broad (rule of law and public administration), while other should be added (social partners, NOGs, human resources, anti-corruption measures). Where possible the link between the expected results and the CSRs should be visible.

79. Complementarity of actions supported by one fund should be described not only within the thematic objectives (e.g. thematic objective 9) but also complementarity of measures across thematic objectives.

80. The chosen investment priorities under the ESF do not include the investment priority on active and healthy ageing. We would therefore strongly advise that the OP include one or more specific objective(s) relating to older workers in the investment priorities which address the challenges underlying the low labour market participation of older workers.

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. THE FINANCIAL ALLOCATION SET OUT MUST COMPLY WITH THE THEMATIC CONCENTRATION REQUIREMENTS SET OUT IN THE CPR AND IN FUND-SPECIFIC REGULATIONS AND ENSURE APPROPRIATE FOCUS AND CRITICAL MASS OF INTERVENTIONS, TAKING INTO ACCOUNT THE TOTAL ALLOCATION AVAILABLE.

81. On page 98 the sentence *“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”* should be deleted as agreed during the informal dialogue meeting.

1.5 THE APPLICATION OF HORIZONTAL PRINCIPLES AND POLICY OBJECTIVES FOR THE IMPLEMENTATION OF THE ESI FUNDS

82. Though Slovenia well sets out the importance of partnership throughout the process of the preparation of the programming documents and is actively promoting the principle, the PA still lacks the description of the criteria applied for the selection of partners.

83. The draft PA lacks details on whether persons with disabilities through their representative organisations have been involved in the partnership. In line with the UN Convention on the Rights of Persons with Disabilities, to which both Slovenia and the EU are parties, and in particular Article 4(3) thereof on general obligations, persons with disabilities through their representative organisations shall be closely consulted with and actively involved in the development and implementation of policies to implement the Convention and in other decision-making processes concerning issues relating to persons with disabilities. This obligation applies to the preparation of PA and to the implementation, monitoring and evaluation of ESI programmes.

84. Please explain how the implementation of horizontal principles will be monitored in terms of achieving indicator targets and whether all principles, including accessibility, will be included in the selection criteria. It is not clear why accessibility is repeated under the horizontal policies goal.

85. The PA states that gender budgeting will be introduced. Please specify the roadmap.

86. As regards the respect for polluter pays principle, a clear indication on how polluter pays principle will be respected for waste and water sector is still missing, therefore the informal observation made by the Commission is still valid.

87. As regards sustainable development principle there should be additional information as regards the exact scope of the intended use of instruments mentioned such as green procurement, energy accounting, environmental or management systems.

88. Inclusion of air quality criteria under Directive 2008/50/EC could also be included (e.g. reductions of PM and NO₂) as different from CO₂ reduction and having a negative impact on health of citizens, ecosystems, crops and buildings

89. Additional information should be included in chapter 1.5.3. on sustainable development principle as regards the tools foreseen to monitor climate change adaptation and mitigation measures and especially the CO₂ reduction.

1.6 THE LIST OF 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 EMFF, WITH RESPECTIVE INDICATIVE ALLOCATIONS BY ESI FUND BY YEAR

90. The indicative allocations per year of the EAFRD programme need to be provided.

2.1 THE PA CONTAINS THE ARRANGEMENTS, IN LINE WITH THE INSTITUTIONAL FRAMEWORK OF THE MS THAT ENSURE COORDINATION BETWEEN THE ESI FUNDS AND OTHER UNION AND NATIONAL FUNDING INSTRUMENTS AND WITH THE EIB.

91. As requested by the informal observations, complementarities and synergies with other Union instruments remain to be identified for the Funds (ERDF, ESF, and Cohesion Fund) whereas complementarities and synergies with national instruments remain to be identified for the ESI Funds,

92. The analysis of complementarities between EU and national instruments should identify the areas where national instruments are essential to achieve the main results set out for the Funds and where the ESI Funds are critical to complement the use of national funds.

93. Where appropriate, arrangements allowing for complementarities at the level of operations should be outlined including possibilities for complementary support from multiple funding sources within one operation. For the EAFRD, it is appropriate to indicate the arrangements allowing complementarities at the level of operations (such as for example integrated projects with investments and young farmers and combined measures between advisory services and measures for environmental benefit).

94. While complementarities between the ESI Funds are presented in general terms, the operational structures or mechanisms that will ensure that complementarity will be respected and implemented at the operational level have not been yet put in place. The PA would need to specify these operational structures or mechanisms per thematic objective. These operational structures or mechanisms should be established and confirmed in the re-submitted PA.

95. Complementarity of actions supported by one fund should be described not only within the thematic objectives (e.g. thematic objective 9) but also complementarity of measures across thematic objectives. Not only the joint Monitoring Committee for ERDF, ESF and the Cohesion Fund should contribute to the preparation and implementation of the macro-regional strategies, but experts responsible for these strategies in Slovenia should be part of the Inter-ministerial Coordination Committee as well, in order to ensure the coordination among the different funding sources, which will implement the macro-regional strategies` priorities. The system in place should be confirmed in the PA.

96. The coherence complementarity and synergies between the ESI Funds and the Asylum, Migration and Integration Fund on the one hand and the Internal Security fund on the other hand should be described.

97. The PA should include information on whether the derogation in Art. 13(2) of the ESF Regulation will be used in the case of the two categories of region in Slovenia. If so, the PA should include information on the arrangements for the implementation of operations covered by this derogation.

98. Information on in the preparation of the common ex-ante assessment for use of the financial instruments under ESI Funds does not refer to areas in which financial instruments are envisaged for EAFRD. This should be corrected in the re-submitted version.

2.2 ADDITIONALITY

99. In the heading of the table 19, the regional target needs to be expressed as Gross Fixed capital formation of the general government as a share of national GDP in the Eastern Slovenia.

2.5 THE PA CONTAINS 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.

100. The Commission welcomes the commitment to ensure adequate staffing levels to implement the ESI Funds, however we would like to see a more balanced approach in the description of all three blocks of public administration's performance: a) structure, b) human resources, and c) tools. Information on human resources is too detailed for the PA (encompassing also technical information on the number of staff allocated to different bodies in 2007-2013 period), whereas the description of structures and system/tools is almost missing from the text.

101. As highlighted in the informal observations and during informal dialogue meetings, information on the selected approach to address the weaknesses in respect of environmental compliance for CF and ERDF remains to be outlined in the re-submitted PA.

102. In line with the informal observations, the managing authorities should put in place effective and proportionate anti-fraud measures taking into account the risks identified. In line with the point (c) of Article 125(4) of Regulation (EU) No 1303/2013 and the point (b) of Article 58(1) of Regulation (EU) 1306/2013, the resubmitted PA should make a reference to the fraud risk analysis that has to be performed and how the results of the fraud risk analysis will be used in the internal control system of the managing authority.

103. The Commission asks Slovenia to describe in detail all the planned measures for enhancing administrative capacity in the field of public procurement that will be supported by the technical assistance of the OP and the RDP and that will ensure the fulfilment of the relevant ex-ante conditionality.

104. The PA specifically highlights that employment of the staff of beneficiaries for the project duration will be financed from the relevant thematic objectives ("*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 Commission considers this to be rather a question of national eligibility rules for projects and not a statement at the PA level, therefore this reference should be deleted.

105. The PA mentions support to beneficiaries from the technical assistance, yet there is no allocation for actions supporting beneficiaries presented. This should be corrected. Please note that FEAD is not an ESI fund and should therefore be included only in the sub-chapter on complementarity.

106. For the purpose of consistency with other chapters, technical information provided on the staffing levels should be only summarized in the PA.

107. As regards the EAFRD, actions for reinforcing management of staff are presented while a summary of main actions for weaknesses mentioned in the PA are still missing. The resubmitted PA has to ensure balance between the management of staff and other actions needed to reinforce administrative capacity.

108. It is claimed on p. 272 that a common action plan for human resources development is being prepared by the ESI Funds managing authorities while on page 276 is being claimed that the Managing Authority for the RDP is preparing an action plan for human resources for the RDP. It should be clarified whether action plan is common or separate for the OPs and the RDP.

109. It is explained that the Government of the Republic of Slovenia will adopt common human resources plan for ESI Funds that will specify quotas per fund. Please note that approach based on quotas is not acceptable for the EAFRD. As reiterated during the informal dialogue, the support for salaries of staff from the EAFRD may be funded from the technical assistance based needs analysis that is part of the human action plan analysis. Furthermore, a regulatory framework for guaranteeing the independence of administration responsible for the EAFRD management and implementation has to be ensured by classifying positions in administration accordingly. This should be confirmed in the re-submitted PA.

110. Please note that the extension of the contracts that expire on 31/12/ 2014 until 2024 and to be financed from the TA that is announced for the salaries to be financed from the technical assistance. While the Commission supports that staff is recruited on a permanent basis until the end of 2023 rather than on short term contracts, it cannot accept the approach of automatic extension. Transparency in the recruitment process via open competitions must be ensured via open competitions. This should be confirmed in the re-submitted PA.

111. Three sentences relating to financing of staff from TA for the RDP on page 280 should be deleted as they are too detailed for the PA.

2.6 THERE IS A SUMMARY OF THE ACTIONS PLANNED IN THE PROGRAMMES, INCLUDING AN INDICATIVE TIMETABLE, TO ACHIEVE A REDUCTION IN THE ADMINISTRATIVE BURDEN FOR BENEFICIARIES

112. A timetable for the introduction of the envisaged measures to reduce the administrative burden for beneficiaries should be added.

3 THERE IS A 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

113. Under this heading the description of the overall territorial approach is expected, yet only regional development programmes are briefly mentioned. The desired contribution of the territorial approach to the Europe 2020 strategy and to the achievements of the selected thematic objectives is not explained and needs to be further presented.

114. This section identifies different challenges and funding priorities (tourism, transport, public infrastructure etc.) which should be justified in the analytical part under the selected thematic objectives in line with the observation from Part I. The relevant challenges related to the selected territorial approach should then be summarized in this chapter. Potential funding priorities will be elaborated in the operational programme based on the sustainable urban development plans.

115. It is not clear what does the statement "*At the local level it is important that the towns which meet the eligibility criteria for the Urban funds prepare a good strategy of urban areas and that the implementation of this strategy is effective*" mean and whether it relates to the planned integrated territorial investment for urban areas or other sources of financing. Please clarify.

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 INCLUDING:

116. The description of the arrangements is too vague and should be made more specific. It seems that the identification of development potential for the NUTS 3 regions is still being prepared. Understanding that the process is still ongoing, additional details or arrangements on the process and the timeline need to be provided, following the outline of the general territorial approach under heading 3.

3.1.2 Integrated territorial investments

117. Notwithstanding the decision that the integrated territorial investments will be solely used in the urban areas, this section of the PA should provide an overview of the types of territories where the ITIs will be used as well as identifying the ESI funds that shall be used.

3.1.3 Sustainable urban development

118. The PA should clearly specify whether the ESF will be used in urban development, and if yes, with which amount.

119. The first part of this subsection contains an analysis of Slovenian cities which should be part of the analytical chapter (1.1).

120. The principles for identifying urban areas as ITIs are complex and involve multiple criteria (level of importance, number of inhabitants, air quality parameters, etc.) without clear rules for weighing these multiple criteria.

121. It needs to be clearly stated that the sustainable urban development strategies will not only identify the challenges but also provide basis for integrated projects to be co-financed.

122. It remains unclear whether the urban areas to be covered by the ITIs will be selected through a competitive process or a pre-selection of eligible urban areas will take place based on the principles for identifying urban areas.

123. Taking into account that detailed description of the integrated territorial investments will be provided in the OP, the main principles of the administrative and implementation/co-ordination arrangements need to be explained shortly in the PA. It is difficult to understand the role of the different bodies involved into identification, selection and implementation of sustainable urban development projects.

124. It needs to be clearly presented if the urban authorities are not only beneficiaries but also potential intermediate bodies as their responsibilities are to be proportionate to the level of delegation. Without prejudice to the detailed description of the role of the urban authorities and the implementation and the co-ordination arrangements that will be provided on the

operational programme level, the assurance on the delegation of the project selection to the urban authorities need to be provided at the PA level.

3.1.4. Macro-regional strategies

125. When describing the "The EU Strategy for the Adriatic and Ionian Region (EUSAIR)" the PA should also outline the linkages between EUSAIR's pillar 4 – Sustainable tourism and the relevant thematic objectives of the PA (3 and/or 6 instead of 7).

126. Please correct the reference to the EUSAIR within paragraph on EUSDR under thematic objective 7 (page 159).

3.1.5 Geographical areas most affected by poverty

127. Contrary to the previous informal draft PA, the official version of the PA fails to address the actions planned for the target groups at higher risk of discrimination (specifically the Roma population in the Dolenjska region). Slovenia is invited to explain how different target groups at higher risk of discrimination (Roma, persons with disabilities) will be addressed.

4 THERE IS 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

128. A roadmap for all foreseen measures should be presented in the PA.

129. The PA should describe actions to be taken to meet the requirement of the ESF as stipulated by the point (d) of Article 125(2) of Regulation (EU) 1303/2013. A clear statement is required on whether the systems in place will be able to collect data on the individual participants in operations.