

Executive Summary

The objective and focus of the evaluation

The strategic evaluation aims to assess the relevance of the operational programme, priority axes and measures with regard to the changing external environment and the needs of target groups, to assess the effectiveness of structural funds, to maximise added value, synergy and consistency with relevant policies and strategies.

The purpose of this strategic evaluation is to assess the set-up and development of the Regional Operational Programme (hereinafter as “ROP”) in relation to the priorities of the European Union and national priorities in the period from 1 January 2007 to 31 December 2012. The extension of the evaluated period until 31 December 2012 (originally, the ROP was to be evaluated as of 31 July 2012) was agreed with the Managing Authority (hereinafter as “MA”) due to the acquisition of statistical data that are reported in many areas by the end of the year and also due to the use of data from the 2012 Annual Report on the implementation of the 2007 – 2013 ROP.

The objective and focus of the ROP

The ROP focuses on regional infrastructure as one of the most important tools for improving the quality of life of the population. The ROP’s strategy focused on selected types of civil infrastructure and territory facilities that have been identified as key for the achievement of the global goal of the ROP.

The global goal of the ROP is "To increase availability and quality of civil infrastructure and territory facilities in the regions". This objective is met through the following priority axes:

1. Infrastructure of education (Areas of support: Selected nursery, primary and secondary schools).
2. Infrastructure of social services, social-legal protection and social guardianship (Areas of support: Selected social service facilities, facilities for performing the measures of social-legal protection and social guardianship).
3. Strengthening of cultural potential of the regions and tourism infrastructure (Areas of support: Selected major repository (i.e. memory and heritage fund) institutions at the local and regional levels, immovable cultural heritage (cultural-cognitive and city tourism), tourism).
4. Regeneration of settlements (Areas of support: Physical infrastructure of settlements, housing infrastructure, municipal infrastructure with separated and segregated Roma settlements, non-commercial rescue service infrastructure, regional development documents).
5. Regional communications ensuring transport serviceability of the regions (Areas of support: Intervention in selected 2nd and 3rd class roads sections).
6. Technical assistance (Areas of support: Support for the management and implementation of the ROP).
7. European Capital of Culture - Kosice 2013 (Areas of support: Selected investment projects related to ECoC - Kosice 2013 (cultural infrastructure)).

Progress in the implementation of the ROP

Originally, a total of 1.445 million EUR from European Regional Development Fund (hereinafter “ERDF”) was allocated into the implementation of the ROP for the 2007-2013 programming period. A midterm revision of the ROP led to an increase up to 1,554,503,927 EUR. The reasons for the revision and related increase of funds were the following: a significant change in the socio-economic environment (global economic crisis), a change in the development priorities at the national, regional and local levels (development priorities in times of crisis and change in legislation on education, tourism and social affairs, reassessment of priorities in times of crisis, the government resolution defining the project European Capital of Culture - Kosice 2013 (hereinafter as “ECoC – Kosice 2013”) as a national priority, government resolutions regulating the regionalisation of tourism in Slovakia, etc.), problems with the implementation of certain areas of support of the ROP in relation to legislative barriers (infrastructure of social-legal protection and social guardianship, housing infrastructure), and other reasons (extensive flooding).

Contracting within the ROP as of 31 December 2012 reached 86.11% of the commitment in the 2007-2013 programming period (EU resources + state budget + own public resources); compared to other operational programmes, the ROP is the fourth most successful operational programme under the NSRF.

As of 31 December 2012, disbursement of EU funds in the amount of 901,647,775.37 EUR reached 100% in terms of n+3 rule for 2008, 2009, and 2010 commitments as well as under the n+2 rule for 2011 commitment; disbursement of funds committed to 2012 is currently underway and amounts to 34.44%. As of 31 December 2012, 58% of the total commitment for the ROP in the 2007-2013 programming period has been disbursed. Disbursement of funds totalling 58% can be considered reasonable; the MA assumes that all allocated funds will have been disbursed by the end of the 2007-2013 programming period.

Pursuant to Articles 16 and 17 of the Interinstitutional Agreement between the European Parliament, the European Council and the European Commission (hereinafter “EC”) on budgetary discipline and sound financial management, the midterm revision of the ROP led to the assignment of additional resources from the ERDF.

The main reasons for conducting the first revision and the associated midterm reallocation of funds follow:

- Significant change in the socio-economic environment (global economic crisis);
- Change in the development priorities at the national, regional and local levels (development priorities in times of crisis and change in legislation on education, tourism and social affairs, reassessment of priorities in times of crisis, the government resolution defining the project ECoC - Kosice 2013 as a national priority, government resolutions regulating the regionalisation of tourism in Slovakia, etc.);
- Problems with the implementation of certain areas of support of the ROP in relation to legislative barriers (infrastructure of social-legal protection and social guardianship, housing infrastructure), and other reasons (difficulties in achieving complementarity with the Operational Programme Competitiveness and Economic Growth in promoting tourism investment activities).

The second revision conducted in 2012 responded to the situation which arose due to a deficit of funds for settlement of beneficiaries’ claims under Priority Axis 1 Infrastructure of Education, which attracted the greatest interest among beneficiaries, and in consequence led

to a situation in which funds amounting to 282 million EUR were approved and contracted beyond allocation available under this priority.

The revision in August 2011 reduced the volume of this “overapproval” to 171 million EUR and the revision in 2012 approved a transfer of funds to Priority Axis 1 from other priority axes, thus reducing the “overapproved” amount of funds to ca. 117 million EUR; this was possible thanks to savings in projects’ budgets brought about by public procurement, non-reimbursement of ineligible expenditures, and underdraw of funds.

The third revision was conducted in the middle of 2012 and it followed on from the previous revisions. It aims to continue with the gradual reduction of the deficit of funds under Priority Axis 1 Infrastructure of Education by transferring savings achieved within the ROP into it.

Priority Axis 1 attracted a very high number of applicants – the demand represented more than 360% of allocation available and 98.65% of funds were disbursed by 31 December 2012.

Due to low disbursement rate under Priority Axis 2 – only 26.19% – the total allocation for Priority Axis 2 was reduced to 239,147,040 EUR for the benefit of Priority Axis 1. The remaining funds will be used exclusively to support the pilot approach of deinstitutionalisation of existing social service facilities, and for construction, reconstruction, modernisation and equipment of the so-called community centres.

Disbursement of funds under Priority Axis 3 reached 13.05% and it constitutes the lowest disbursement rate among the priority axes. The main reasons were lower interest among applicants compared to the originally projected set-up of objectives in the operational programme, higher amount of projects’ budgets under measure 3.1 of the ROP compared to the originally projected set-up of objectives in the operational programme – it mainly relates to demanding technical nature of national historic landmark projects, difficult definition of exact requirements with regard to the content and scope of the budget, which was necessary for the control of public procurement and preparation of amendments to contracts on the provision of non-repayable financial contribution (grant).

Priority Axis 4 has the second best disbursement rate amounting to 55.78% and it represents one of the most important development priorities for applicants - cities and towns. This priority allowed municipalities to reconstruct and modernise public spaces and local roads.

54.88% of the funds were disbursed under Priority Axis 5. They were used for reconstruction and repair of local roads, and regional 2nd and 3rd class roads.

Technical assistance funds were used primarily to provide the MA with sufficient administrative capacities, to ensure smooth performance of the Intermediate Body (hereinafter as “IB”) and to provide for evaluation of the ROP. The disbursement rate amounted to 30.79%.

Government Resolution No 546/2010 dated 13 August 2010 brought an additional increase in allocation to the ROP in the programming period 2007-2013 for implementation of investment projects linked to the project ECoC - Kosice 2013 through creation of an additional Priority Axis 7 equipped with max 60 million EUR (EU funds). Priority Axis 7 created conditions for the implementation of national investment projects related to the project ECoC - Kosice 2013 that is - based on government resolutions adopted between 2009 and 2010 - defined as a priority at the national level. No funds were disbursed by 31 December 2012 but the MA declares full disbursement by the end of the programming period.

Complementarity of the ROP with development strategies of the EU and Slovakia

The relevance of the ROP was assessed in relation to 9 strategic documents, out of which 4 were Europe-wide (Community Strategic Guidelines 2007-2013, Sustainable Development Strategy for 2005-2010, Europe 2020, the EU Strategy for the Danube Region) and 5 were Slovak-wide (National Reform Programme 2006-2008, National Reform Programme 2008-2010, National Reform Programme 2012, Stability Programme of the Slovak Republic, and Innovation Strategy 2014-2020). The ROP contributes considerably to the fulfilment of 6 documents, it contributes to one only marginally, and it does not contribute to two at all.

Strategic documents to which the ROP contributes only marginally or not at all are documents that are focused on a specific area and do not have a more general nature. These documents were created in 2011 and 2012, and thus did not constitute underlying strategic material in the development of the ROP.

Given the above it can be concluded that the ROP actively contributed to the development strategies of the EU and Slovakia which were current at the time of its proposal and remained relevant even after the amendments to developing strategies in 2011 and 2012, and through its priority axes and measures it continued to contribute to the fulfilment of the objectives and priorities of these new or innovated strategies.

Changes in the ROP during the implementation

Changes in the external environment were associated with considerable administrative interference in the existing implementation documentation of the ROP, which necessitated increased work effort of the MA and IBs and basically complicated the implementation process and created unstable implementation environment.

Changes in the internal environment resulted from the implementation practice and focused on optimising processes. They were always aimed at remedying deficiencies, ensuring smooth implementation of the operational programme, and rendering the system user-friendly to managers, applicants and beneficiaries.

6 EU regulatory acts (directives and regulations of the EC, the EC initiatives) issued in the period 2007-2012 affected the implementation process and caused changes in the documentation of the ROP. Legislative changes in Slovakia impacted on the continuity of implementation processes to the greatest extent. 21 legislative changes in the period 2007-2012 led to significant changes in the implementation of the ROP and to multiple changes in the regulatory acts of the ROP.

Other complications were inflicted by the economic crisis in 2009 and widespread flooding in 2010. These facts added up to unstable environment for the implementation of the ROP especially in 2009 and 2010, and they also required three revisions of the ROP.

External interference in the implementation of the ROP caused serious complications, frequent administrative interventions in individual priority axes and measures, in launching of calls, and in the implementation of the projects themselves. These interventions provoked subsequent changes in the internal environment of implementation processes (issuing of methodological instructions and guidelines by the Central Coordination Authority (hereinafter as "CCA") and Certifying Authority (hereinafter as "CA"), system management update of the structural funds and the cohesion fund, system of financial management of the structural funds and the cohesion fund etc.) In order to address the increased administrative burden, the personnel of the MA and IBs worked overtime.

As far as beneficiaries and applicants are concerned, complications occurred mainly due to their insufficient preparedness to implement projects, which led to frequent requests to change them. The MA and IBs also stated significant deficiencies in public procurement.

Despite the above mentioned changes and the resulting problems in the implementation of the ROP, it can be concluded that overtime work and thorough cooperation with the CCA and CA helped manage most of the changes.

Comparison of results and targets

Out of 21 indicators measured at the programme level, 8 indicators exceeded their target values already, 10 of them are likely to reach and exceed their target values, and one has good chances to be fulfilled. Two indicators exhibit zero values and the achievement of their targets values by 2015 can in the current state be deemed questionable.

Priority Axis 1 has 12 indicators. Five of them already exceeded their target values and data from contracted projects shows that target values of three indicators will also be exceeded. Four indicators show satisfactory values and they are very likely to be fulfilled by 2015.

Priority Axis 2 has 14 indicators. Two of them already exceeded their target values, and two have high probability to reach them shortly. Whether target values of seven indicators will be reached is subject to the achievement of declared values in contracted projects. The fulfilment of indicator “energy savings” depends on whether additional calls will be launched. Two indicators were added in 2011 and their fulfilment cannot be yet evaluated.

Priority Axis 3 has 15 indicators. Three of them already exceeded their target values. Whether target values of five indicators will be reached is subject to the achievement of declared values in contracted projects. The fulfilment of four indicators depends on whether additional calls will be launched. Three indicators are not being fulfilled at necessary pace.

Priority Axis 4 has 18 indicators. Five of them already exceeded their target values. Whether target values of three indicators will be reached is subject to the achievement of declared values in contracted projects. The fulfilment of five indicators depends on whether additional calls will be launched. Four indicators were added in 2011 and their fulfilment cannot be yet evaluated. The indicator “number of supported development documents” is not being fulfilled at necessary pace.

Priority Axis 5 has 5 indicators. Three of them already exceeded their target values, and one has high probability to reach them shortly. The fulfilment of target values of 1 indicator is very likely. The indicator “km of new roads” is not being fulfilled at necessary pace.

Target values of indicators in Priority Axis 6 were already exceeded.

Priority Axis 7 is specific as there has not been any project completed yet. The declaration of the fulfilment of target values of indicators is based only on values stated in the contracted projects. If the declared values are reached, Priority Axis 7 will as such be successful.

At the priority axes level, the indicator “average reduction in energy intensity of buildings used by the supported facilities of civil and educational infrastructure, repository (i.e. memory and heritage fund) institutions and non-commercial rescue service facilities” seems to be the most sustainable one. The indicators “number of new and improved services provided in supported facilities of educational infrastructure” and “reduction in accident rate on supported 2nd and 3d class roads sections” can also be considered sustainable.

The sustainability assessment with regard to other results will be subject of evaluations following the subsequent monitoring reports of projects currently underway or completed but before the first approved subsequent monitoring report.

Priority Axis 1 ‘Infrastructure of education’ funded interventions in educational infrastructure in selected nursery, primary (with the number of pupils over 200) and secondary schools in

the growth poles. In 2011, there were 2,658 nurseries, 2,047 primary and 626 secondary schools in the regions outside Bratislava. Overall, only 2.26% of nursery schools, 68.7% of primary schools over 200 students and 22.04% of secondary schools were supported. The ROP made the greatest contribution to the development of primary schools. For all types of schools applies that the spatial distribution of aid did not correspond completely with demographic trends in individual regions.

Priority Axis 2 'Infrastructure of social services, social-legal protection and social guardianship' funded interventions in social infrastructure. Between 2007 and 2011, 229 new facilities were established and 3 of them were supported by the ROP. In 2011, 12.6% of the total number of facilities was reconstructed in the territory eligible under the Convergence objective but there are large regional differences. The highest support was received by Trnava and Presov region (ca. 19%); Trencin, Kosice and Nitra reconstructed about 15-16% of their social facilities. However, Banska Bystrica reconstructed only about 7% of them. There is a difference of 12 percentage points between the region with the highest and lowest percentage of reconstructed facilities. Given the demographic development, the ROP contributed to the development of individual regions equally.

Priority Axis 3 'Strengthening the cultural potential of the regions and tourism infrastructure' aims to develop tourism in the regions through interventions in the reconstruction of cultural monuments, reconstruction and revitalisation of buildings and acquisition of relevant equipment. The ROP contributed to the development of galleries and museums, though only to a limited extent (17% and 29%). It contributed to the development of public libraries, and cultural and educational facilities only marginally.

Priority Axis 4 'Regeneration of settlements' finances investment projects to revitalise public spaces of settlements, housing infrastructure, development of municipalities with marginalised Roma communities (hereinafter as „MRC“) in rural areas and infrastructure of non-commercial rescue service. As no housing infrastructure project was implemented within the ROP, no contribution of the ROP can be identified. Negligible (4%) contribution can be detected to the regeneration of settlements aimed at improving the situation of the MRC. However, the ROP contributes significantly to the revitalisation and reconstruction of public spaces because it funds projects in 63% of all growth poles. The ROP makes the highest contribution to the development of the Fire-fighting and Rescue Corps (hereinafter as „FRC“) and Mountain Rescue Service (hereinafter as „MRS“) (36% and 55%).

Priority Axis 5 'Regional communications ensuring transport serviceability of the regions' finances investments in the reconstruction and modernisation of existing 2nd and 3d class roads and construction of new road sections in justified cases as well. Between 2006 and 2012, the state of 2nd and 3d class roads did not change significantly. The percentage of roads in good condition increased, the percentage of roads in satisfactory condition decreased, and the percentage of roads in defective condition increased. No new 2nd and 3d class road sections were built. It helped however to maintain the roads in more or less the same condition. The relevant roads would now be in worse condition without the ROP's investments.

Absorption capacity of applicants in relation to financial allocations

Despite the high requirements in relation to absorption capacity of both municipalities and state administration, the ROP belongs in the programming period 2007-2013 to the most successful operational programmes in terms of contracting and disbursement. As of 31 December 2012, 3,542 applications for non-repayable financial contribution (grant) were submitted and 1,864 projects were contracted, which means that 52.63% of applicants were successful.

The implementation of the ROP hitherto showed that the absorption capacity of eligible applicants under **Priority Axis 1** exceeded the originally allocated resources several times. As of 31 December 2012, 1,688 grant applications were received. 785 contracted projects is equivalent to the success rate of applicants amounting to 46.50%. Among the 785 contracted projects, 62 projects concern nursery, 637 primary and 86 secondary schools.

Both the strategy and the objectives of Priority Axis 1 are still highly relevant to existing needs. The implementation of projects of school infrastructure rectified the emergency condition of most school buildings and also exceeded the expectations with regard to reduction of energy intensity (by 48.22% on average), which in practice brings significant financial savings on energy bills. Saved money can be invested by schools in their further development. The reconstruction was accompanied by creation of conditions for provision of new services and implementation of leisure time activities, ICT equipment modernisation and overall improvement of technical and sanitary-hygienic teaching conditions.

Statistical data demonstrate an increase in numbers of children enrolled in nursery schools and a decrease in numbers of pupils and secondary school students. The boom of children born after 2007, who currently attend nursery schools and the first grades of primary school, will gradually increase numbers of pupils in primary as well as secondary schools later on.

Priority Axis 2, which supports social services, social-legal protection and social guardianship, was since the approval of the ROP in September 2007 affected by significant legislative changes at both the European and national levels. New legislation in the social field is currently focused on the individual, family and community individuals in critical social situation. One of the main adjustments is to create favourable conditions for clients to remain in their natural (home) environment.

This major change that took place approximately in the middle of the programming period undermined the original concept of the ROP in social services and translated into a complete strategy change and a change in the character of subsequent calls. Between 2007 and 2010, calls were aimed at supporting reconstruction, expansion and construction of capital-demanding, i.e. large-capacity facilities. This was mainly about humanising and removing barriers in existing facilities, and constructing of new facilities in accordance with the economic sustainability principle; retirement homes, social service homes for adults and for children, and nursing care facilities with a capacity of 50 clients and above complying with the minimum area standards (8 square meter per person) were among the most supported. Conditions for supporting community centres aimed at strengthening social inclusion of MRC were created as well.

As of 31 December 2012, 124 projects were contracted, 115 of them focused on adults and 9 of them on children. Despite intensive launching of calls for grant applications, the expected level of contracting was not reached. The MA identified the following reasons:

- Tightening of the relevant legislation, especially with regard to the requirements placed on establishing entities and facilities of social infrastructure (e.g. spatial, hygiene and other legislative standards);
- Generating so-called net revenue from projects, since especially facilities for the elderly accept payments from beneficiaries of supported infrastructure;
- Potential applicants, in particular municipalities and self-governing regions, focused in 2009-2010 primarily on other areas of the ROP.

Interventions under Priority Axis 2 have been since 2011 reduced to:

- Support for de-institutionalisation projects; this may be a pilot approach that will provide background and experience for socio-economic partners involved in the

preparation of policy and programme documents such as national strategic materials for social policy;

- Support for community centres contributing to social inclusion of MRC (in particular as a key activity within local complex approach strategies).

Priority Axis 3 has two measures which cover cultural infrastructure (Measure 3.1) and tourism infrastructure (Measure 3.2).

Supported area 3.1a is aimed at supporting existing repository (i.e. memory and heritage fund) institutions. **Supported area 3.1b** is about revitalisation of unused or inappropriately used cultural monuments.

It can be concluded that the ROP interventions contributed significantly to the improvement of the technical condition of galleries and museums, whereas the contribution of the programme to the state of public libraries, and cultural and educational facilities is negligible. Despite the high absorption potential, not only did Measure 3.1 not reach the expected demand, but the total sum requested in received applications did not even reach the allocation amount. Based on the evaluation results of the ROP's implementation hitherto, the following reasons for decreased interest on the part of applicants were identified:

- Increased financial demands on reconstruction of listed cultural monuments;
- Lower priority in times of economic crisis;
- Increased risk of generating net income;
- Higher risk of unforeseen expenses (e.g. additional expenditure on restoration works, archaeological survey, forced changes in technology and construction materials, etc.).

In terms of the current technical state of cultural infrastructure in Slovakia, absorption capacity in this area is high. The programme implementation however showed that potential applicants preferred to request support from other priority axes. Relatively low interest of eligible candidates arose for several interrelated reasons: (i) cultural infrastructure in most cities and towns was not a top priority requiring immediate intervention, so the municipalities focused mainly on school facilities in emergency condition and rehabilitation of public spaces, (ii) it is not easy to create a long-term financially sustainable concept of using reconstructed cultural objects, (iii) in general, there are rather larger projects that require more funding resources and co-financing, which involves more complications in the public procurement process, (iv) cultural infrastructure involves a higher risk of contingencies (e.g. additional expenditure on restoration works, archaeological survey, forced changes in technology and construction materials, etc.). For these reasons eligible candidates might have postponed their investments in cultural infrastructure for later.

Meeting the objectives of **Measure 3.2** was affected by interventions in tourism being divided into two operational programmes: Operational Programme Competitiveness and Economic Growth (hereinafter "OP CaEG") that focuses on beneficiaries from the private sector and the ROP that is aimed at beneficiaries from the public sector. As stated in the 2012 Annual Report on the implementation of the 2007-2013 ROP, anticipated synergies and complementarity between the ROP and the OP CaEG were not achieved in the first half of the programming period due to lack of coordination of calls between the two MAs.

Act No. 91/2010 Coll. of 3 March 2010 on the promotion of tourism systematically regulates promotion of tourism in Slovakia for the first time. Due to the new legislation (in particular with regard to the extension of territorial concentration), the focus of tourism by its nature moved closer to projects on settlements' regeneration (public spaces, sidewalks, bicycle paths, small architecture elements, orientation signs, bus stops, etc.). These types of activities are supported in the growth poles through the ROP's interventions under regeneration of

settlements (Priority Axis 4); therefore the MA for the ROP launched only one call for non-investment projects in tourism under Measure 3.2 aimed at supporting tourism clusters, building of partnerships between actors in tourism, creating complex information portals, marketing activities and the like in line with the new national legislation. In 2011, 2012 and 2013 there was no other call launched under this measure.

Unlike in the OP CaEG, where the interest for projects under Priority Axis 3 Tourism is high (as of 31 December 2012, 869 grant applications were received, 84 projects totalling 134 million EUR in grants were contracted), Measure 3.2 of the ROP is contributing to the objective of Priority Axis 3 for the above reasons only to a limited extent.

Priority Axis 4 has two measures that cover regeneration of settlements (Measure 4.1) and non-commercial rescue service infrastructure (Measure 4.2).

Under **Measure 4.1**, the MA refrained from promoting integrated strategies for urban areas because of difficulties associated primarily with the legislative regulation of financing of apartment buildings from EU structural funds, since these infrastructures are owned by individuals (revision of the ROP approved in 2011). Since 2011, Measure 4.1 divided into four areas of intervention defined as follows:

- 4.1a - separate demand-oriented community development projects,
- 4.1b - support for housing infrastructure,
- 4.1c - community development projects with Roma settlements in rural areas,
- 4.1d - regional development documents.

Supported area 4.1a experienced high interest of eligible candidates. Two calls launched in 2009 and 2010 attracted 785 grant applications and 554 of them were successfully contracted. The current implementation of the ROP shows that physical infrastructure of settlements was the second highest priority for municipalities after infrastructure of education, both in terms of the amount of requested contribution and the number of applications received. On the territory of the Convergence objective, there are 936 innovation and cohesion growth poles; as of 31 December 2012, projects for rehabilitation and reconstruction of public spaces were contracted with 58 % of eligible applicants under the provisions 4.1a. In relation to measures for the removal of flood damage from 2010 and measures for flood protection, the allocation into the regeneration of settlements' part of the ROP was increased by 39,448,841 EUR (of which 5 million EUR is intended for municipalities with Roma settlements). Respective calls were launched in January 2013.

Supported area 4.1b support for housing infrastructure (initially support for integrated strategies for urban areas) was as of 31 December 2012 still in the preparation stage for the implementation of the JESSICA initiative in the form of loan products for thermal insulation of apartment buildings with a total allocation of 8 million EUR. The absorption capacity is high according to the 2010 study "Implementing JESSICA Instruments in Slovakia": the total number of dwellings on the territory of the Convergence objective and in need of renovation is 521,290; it represents more than one quarter of all dwellings inhabited in 2011. On the other hand, JESSICA instrument will have to be competitive against administratively simpler credit products of building societies and banks.

Supported area 4.1c is intended solely for municipalities with Roma settlements in rural areas that developed local strategies of comprehensive approach. There are 163 eligible municipalities in Slovakia (30 in the Banska Bystrica region, 83 in the Kosice region, 49 in the Presov region and 1 in the Nitra region). Under the so far single call ROP-4.1c-2009/01, 65 eligible candidates submitted a grant application (i.e. 39% of eligible municipalities). There were 43 projects contracted, which equals to 26% of eligible municipalities implementing development projects.

Supported area 4.1d is intended for drawing up development documents at NUTS 2 and NUTS 3 level. Eligible candidates are self-governing regions (except for the Bratislava region). They can submit a grant application for up to a predetermined indicative regional allocation (one seventh of the overall allocation for the call). All eligible self-governing regions except for Trnava, for which a separate call will be launched, submitted a grant application under the call ROP-4.1d-2012/01.

Measure 4.2 infrastructure of non-commercial rescue service is the first-ever systematic development support for rescue forces and facilities they operate. According to the data of the MA, 57 of a total of 157 FRC's facilities (i.e. 36%), 87 of 1843 Municipal Fire Brigades' (hereinafter as "MFB") facilities (i.e. 5%) and 6 out of 11 MRS's facilities (i.e. 55%) were supported on the territory of the Convergence objective as of 31 July 2013. State facilities of the FRC falling under the authority of the Ministry of Interior have the highest priority. The relatively low number of supported FRC's facilities hitherto is related to the setting of the budget rules that does not allow the Ministry of Interior to prepare all or most of the projects in one financial year.

Priority Axis 5 covers the 2nd and 3d class roads infrastructure. Self-governing regions which administer these roads are the only eligible candidates here. Despite difficult project preparation and co-financing needs, the demand among higher territorial units is high. In 2008 and 2009, two calls for proposals were launched; 61 grant applications totalling 157 million EUR were submitted, which represents 95% of the allocated resources.

55 projects were contracted as of 31 December 2012. The contracted allocation amounted to 64%. The third call for grant applications under Priority Axis 5 was launched in December 2012. Shortly after that, a separate call for reconstruction of roads in selected areas affected by floods was launched in January 2013.

According to data from the Slovak Road Administration, there were 3,419.908 km of 2nd class roads and 10,025.55 km of 3d class roads on the territory of the Convergence objective in 2012. As of 31 December 2012, the declared (contracted) length of roads to be reconstructed under Priority Axis 5 amounted to 353.11 km of 2nd class roads and 628.53 km of 3d class roads. This represents 10.3% of the total length of 2nd class roads and 6.3% of the total length of 3d class roads.

The data from the Slovak Road Administration shows that between 2006 and 2012, the condition of the 2nd and 3d class roads did not change significantly. The percentage of roads in good condition increased (by 2.23% in case of 2nd class roads and by 6.22% in case of 3d class roads), the percentage of roads in satisfactory condition decreased (by 4.28% in case of 2nd class roads and by 7.77% in case of 3d class roads) and the proportion of roads in defective condition increased (by 2.05% in case of 2nd class roads and by 1.55% in case of 3d class roads). The interventions of the ROP helped maintain or slightly improve the quality of 2nd and 3d class roads compared to 2006. The qualitative improvement will be more visible after the completion of all contracted projects.

Priority Axis 6 is considered to be technical assistance for the MA and all IBs. From the perspective of absorption capacity, technical assistance can be viewed as a specific area because these financial resources are contracted by the MA for its own needs and the needs of the IBs. As of 31 December 2012, the contracted allocation slightly exceeded 100%. Approximately half of the contracted resources are intended to pay wages and the other half covers information and publicity, hardware, operating costs, evaluations, studies, training, organising group meetings, committees and commissions, and legal and translation services.

The grant application submitted by the Ministry of Culture, which in 2011 became the new IB for Priority Axis 7 ECoC - Kosice 2013, was approved additionally in the first half of 2012.

Despite the high level of contracted funds as of 31 December 2012, the disbursement of technical assistance funds remains relatively low (30.79%). These are mainly resources contracted for the MA (IBs – self-governing regions drew 40% to 63% of contracted value). According to the 2012 Annual Report, this is primarily a result of lower needs for evaluations and analyses necessary for managing the ROP's implementation, organisation of meetings of the ROP's Monitoring Committee, conferences/trainings, business trips and promotional materials.

Priority Axis 7 creates conditions for implementation of investment projects linked to the ECoC - Kosice 2013. Priority Axis 7 was added into the ROP in 2011 as part of its first revision. The Ministry of Culture became the IB.

Following invitations to tender, 20 projects were contracted by 31 December 2012. In financial terms, this represents 97.45% of allocated resources. The projects' implementation however proved problematic under time constraints (projects were originally supposed to be completed by 31 December 2012 in order to serve their purpose throughout 2013). Delays arose because of complications linked to the public procurement process and the discovery of archaeological finds. As a consequence, the completion of some projects was postponed until 2013 not to the detriment of scheduled cultural events.

Compliance of the procedures of the MA, IBs and Paying Unit with the legislation

In the first two years of the programming period 2007-2013 the MA's staff was preparing the managing documentation and in cooperation with the CCA and relevant partners it continually ensured that it complied with the current Slovak and EU legislation.

In the period 2007-2012 there have been several legislative and organisational changes in the management of EU structural funds, to which the MA had to respond several times a year and update the basic ROP's documents.

The system audits and audits of operations confirmed that the authorities responsible for the management of the ROP (MA, IBs and Paying Unit) implement the ROP in accordance with the Slovak and EU legislation.

Implementation of delegated powers by the IBs

The MA for the ROP established eight IBs in the course of the implementation. All self-governing regions except for Bratislava and the Ministry of Culture perform the function of the IBs. The IBs are granted powers in order to participate in the implementation of:

- Measure 3.2 Promotion and development of tourism infrastructure,
- Measure 4.1 Regeneration of settlements,
- Measure 5.1 Regional communications ensuring transport serviceability of the regions.

The Ministry of Culture is involved in the implementation of Priority Axis 7 ECoC - Kosice 2013.

The relationship between the MA and the IBs is regulated by the Authorisations on delegation of powers and the Contracts on performance financing.

The Authorisations on delegation of powers were signed with the individual self-governing regions in June 2008 and with the Ministry of Culture in March 2011. The authorisations

define the subject and extent of the powers delegated in particular in connection with the exercise of powers in case of decentralised measures. Delegated competences mainly include the following areas of cooperation:

1. Cooperation in drafting and launching of calls for grant applications,
2. Processing and registering of grant applications,
3. Cooperation in grant applications' appraisal and selection,
4. Providing for selecting of operations for support solely in accordance with the evaluation and selection criteria approved by the Monitoring Committee for the ROP and with the legislation of the Slovak Republic and the EU,
5. Preparing and reviewing of grant contracts,
6. Registering and archiving of detailed accounting records of each operation,
7. Collecting data on implementation necessary for financial management, monitoring, verifications, audits and evaluation,
8. Ensuring compliance with the information and publicity requirements laid down in Article 69 of the Regulation in cooperation with the MA and in accordance with the approved Communication plan,
9. Verifying the delivery of co-financed works, goods and services, and incurred expenditures declared by the beneficiaries,
10. Ensuring that beneficiaries and all other entities involved in the implementation of the programme keep a separate accounting system or an adequate accounting code for transactions related to operations according to the guidelines of the MA,
11. Providing for procedures to ensure that all documents regarding expenditure and required audits necessary for proper audit trail are kept in accordance with the requirements of Council Regulation (EC) No. 1083/2006,
12. Ensuring that the CA gets all necessary information on procedures and performed verifications concerning expenditures in order to pursue certification,
13. Drafting relevant parts of annual, interim and final implementation reports on individual priority axes and thematic areas of support in accordance with the requirements of the MA.

Contracts on performance financing were concluded in August 2008 under an agreement between the representatives of the Ministry for Construction and Regional Development and the self-governing regions. These contracts secure funding for proper execution of tasks delegated to the IBs. Based on concluded contracts the MA reimburses the following costs:

- Salaries of part of employees of the IBs on the basis of so-called worksheets,
- Travel and transport costs of the IBs,
- Communications services,
- General material.

The MA also covers the costs associated with the provision of office equipment, information technology and technical equipment of the IBs as required by the IBs.

For correct and efficient implementation of delegated tasks, the MA guided the individual IBs by providing for workshops, seminars, written guidelines and by other means as appropriate. The MA as the body responsible for the implementation of the ROP is authorised to verify the performance of the tasks entrusted to the IBs. The IBs underwent inspection of documents sent by them (e.g. decisions on the approval / disapproval of grant applications, grant contracts, amendments to grant contracts, etc.) and the MA corrected identified errors.

With regard to administrative capacities it can be stated that on average 85.48% of positions at the MA and IBs were filled in the period 2007-2012. If 2007 (preparatory year) is omitted,

93.63% of planned positions were filled in the period 2008-2012 on average. This fact can be considered very satisfactory.

The average turnover of personnel of the MA and IBs was 43.88% in the period 2008-2012 (calculated as the sum of incoming and outgoing staff in relation to the actual number of employees at the end of the year). The high level of staff turnover was symptomatic of complications arisen in the course of the implementation.

The most important factors for the turnover were maternity leave and organisational changes. 20 women from the MA and 13 women from the IBs went on maternity leave in the period 2009-2012. As for organisational changes, new recruitments on the one hand and systemic reorganisation at the Ministry for Construction and Regional Development in 2010 on the other (including high-ranking posts at the General Directorate of the MA), and organisational changes in 2012 related to the new programming period 2014-2020 (several programme managers were assigned to the preparation of the new programming period) impacted on the implementation process the most.

Training and education for the staff of the MA and IBs was conducted continually between 2007 and 2012. It was managed by the CCA and the MA between 2007 and 2010. The IBs got involved in 2010 as well. Educational activities organised by the MA and the IBs were financed from the technical assistance part of the ROP and activities provided by the CCA were covered by the Operational Programme Technical Assistance.

The CCA, MA and IBs understood the importance of continuous training of their staff for the smooth running of the ROP's implementation processes. Relevant staff was trained continually, which led to better and more responsible job performance. This is to be evaluated very positively.

The cooperation between the MA and IBs in the period 2007-2012 can be considered satisfactory, with a tendency to improve the implementation fluency. Most areas of cooperation under delegated powers can be regarded as unproblematic, only with minor irregularities occurring from time to time.

The following issues continue to negatively affect the cooperation between the MA and IBs:

- Staff turnover at the MA and IBs,
- Continuing problems linked to public procurement due to frequent legislative changes and lack of competence on the part of beneficiaries,
- Frequent requests of beneficiaries for project changes,
- Regular changes in the management documentation for the ROP.

The assessment of errors included moderate deficiencies and deficiencies rated as minor but systemic in nature that were identified by the audits carried out in 2008-2012, since only these had serious impact on the implementation of the ROP.

Audit findings show that the highest number of irregularities was related to the non-compliance with procedures outlined in the current management documentation (24 deficiencies) and inconsistencies in the management documentation (23 inconsistencies). The implementation of control activities seems to be a quite problematic area as well because a total of 13 irregularities were found in here.

Frequent occurrence of non-compliance in the management documentation is attributable to many changes in the external environment, which caused frequent updates of management documentation at all levels and disproportionately burdened relevant staff of the MA and IBs. Frequent non-compliance with procedures outlined in the current management documentation can be attributed to lack of staff's attention but to a large extent to considerable staff turnover as well.

Deficiencies in the implementation of control activities were displayed in the areas of ineligible costs and public procurement. The “four eyes” principle was not obeyed either. Relevant staff was alerted to the deficiencies and encouraged to take more responsibility. Overall, it can be concluded that the identified deficiencies did not have any major impact on the implementation of the ROP and they were continuously removed. Unfavourable implementation environment had a significant impact on the error rate of the staff of the responsible MA who had to react to frequent changes and adapt documentation and implementation processes to changed circumstances.

Recommendations

Investments in infrastructure of nursery, primary and secondary schools are still relevant and highly demanded. Despite significant ROP’s interventions in the programming period 2007-2013, the absorption capacity of the infrastructure of education remains high. Given the demographic trends, interventions of similar nature should continue with priority being the infrastructure of nursery schools.

In order to meet one of the main objectives of Europe 2020 - **at least 40% of the population aged 30-34 years who have completed tertiary education – it is advised to continue to improve the facilities of secondary schools in order to improve conditions for the preparation of high school graduates who can pursue university education subsequently.** For the next programming period, the EC sees the best use of funds in the areas of:

- Business environment conducive to innovation,
- Infrastructure for economic growth and employment,
- Development of human capital and improving labour market participation.

This is also one of the reasons why it is appropriate to continue with the modernisation of secondary school facilities, especially with provision of the most modern equipment using ICT technologies. Graduates of secondary schools will be much better prepared for success in the labour market as a consequence.

In the area of social services, social-legal protection and social guardianship, in the future it is necessary to focus on building new and reconstruction of existing facilities of social services, social-legal protection and social guardianship, which in terms of the new legislation are undesirable and will need to be transformed into a smaller community facility type.

In terms of the current technical state of cultural infrastructure in Slovakia, the absorption capacity in this area is high. In Slovakia, there is still a large number of cultural monuments in very poor condition. It is therefore appropriate to channel investments into this area as well.

Relevance of the ROP’s strategy in regeneration of communities is high, particularly in case of separate demand-oriented community development projects. The absorption capacity of eligible candidates is still quite large, which is confirmed by more than 200 unsuccessful project applications. Given this fact, it is appropriate to use the remaining allocation under Measure 4.1 to separate demand-oriented community development projects 4.1a that attracted the highest interest on the part of potential applicants.

Further investments in 2nd and 3d class roads are needed in the programming period 2014-2020. Even though the EC does not recommend to finance local roads and road maintenance from the EU funds anymore, it is advised to support this area in the future.

It is necessary to continue paying attention to training staff of the MA and IBs in public procurement including electronic auctions. Training should be focused mainly on practical exercises and solving practical problems encountered in real public procurement situations. It is advisable to provide similar training to beneficiaries.

In order to achieve a reduction in administrative burden, it is necessary to identify and remove barriers down to the level of applicants. Data for closer identification of administrative burden can be obtained through surveys among beneficiaries as well as the staff of the MA and IBs. Particular attention should be paid to accessible, quality and understandable information in forms that enable easy work with it, verification of information on beneficiaries and projects by direct communication with relevant government organisations without the need to require it from beneficiaries and the like.

Further it is recommended to pay attention to stabilising the workforce, and effectively adjust the number of administrative capacities of the MA, IB and Paying Unit. To this end, an external administrative capacity needs assessment and in-depth audit of entities involved in the implementation of the programming period 2014-2020 should be conducted. Drawing upon the experience from the programming period 2007-2013, the analysis should identify the reasons for high turnover of personnel, and suggest stabilising mechanisms and optimal numbers of administrative personnel. If necessary, the administrative capacities in the management and implementation of programmes should be increased using technical assistance resources.

Based on experience from the period 2007-2013, the administrative capacity of the beneficiaries should be strengthened or this strengthening should be advised to them (number of employees, job function, education, draft of suitable educational activities).

Finally, it is necessary to continue improving the quality of professional and career development through systematic training of administrative capacities drawing upon past experience from the programming period 2007-2013.

Conclusion

Overall, the ROP can be described as a successful programme that has contributed significantly to improving the infrastructure of towns and villages, thus enhancing the living conditions of their people.