

**EX-ANTE EVALUATION OF THE NATIONAL STRATEGIC REFERENCE  
FRAMEWORK OF THE SLOVAK REPUBLIC**

**Final Report – Consolidated Version**

*Based on the NSRF version as approved by SR Government decree No. 457 of 17 May 2006*

Project of the Ministry of Construction and Regional Development of the SR financed  
by Technical Assistance – Operational Programme Basic Infrastructure

Prepared by: Institute of Economic Research of Slovak Academy of Sciences

30 May 2006

### Ex-ante evaluation team

Ján Krištín	leading key expert 1
Milan Šikula	key expert 2
Bernhard Schausberger	key expert from EU 15
Milan Buček	local expert
Miroslav Šipikal	local expert
Ivan Okáli	local expert
Herta Gabrielová	local expert
Viliam Páleník	local expert
Vladimír Kvetan	local expert
Karol Morvay	local expert

Head of Institute of Economic Research  
of Slovak Academy of Sciences:

Prof. Ing. Milan Šikula, DrSc.

## TABLE OF CONTENTS

<b>1. Introduction and Executive Summary</b> .....	<b>1</b>
<b>2. Evaluation results of individual parts of the National Strategic Reference Framework</b> .....	<b>4</b>
2.1. Main problems, challenges and opportunities Slovakia is facing .....	5
Need to change the quality of economic growth – from a growth based on expending material and working (labour) resources to a growth utilising innovations and increasing labour productivity .....	5
Closer connection of employment growth with positive changes in level and quality of education as a basis for building a knowledge-based economy .....	5
Informatisation as one of the possibilities to accelerate the convergence of the Slovak Republic to developed countries .....	6
A way to economy, which decreases the loading of environment by savings in energy consumption .....	6
Infrastructure and accessibility of regions as a task, which is solved in an intersection of obtaining resources and its efficient use .....	6
European territorial cooperation offers to regions additional opportunities for development .....	7
Rural development is not a marginal issues for Slovakia .....	7
Problems and tasks of social development are closely linked with economic development .....	7
2.2. Evaluation of economic reasoning of strategy a its consistency: findings, conclusions, recommendations .....	7
2.2.1. Macroeconomic analysis .....	7
2.2.2. Strategy and its consistency .....	8
2.2.3. Basic approach to definition of the Slovakia's priorities .....	9
2.2.4. Regional dimension of the strategy and its consistency .....	12
2.2.5. The Strategy consistency with the European Union and the Slovak Republic policies. ....	13
Consistency with the EU strategic documents .....	13
Consistency with the Slovak Republic strategic documents .....	18
2.2.6. Summary evaluation of the strategy economic reasoning and its consistency .....	21
2.3. Evaluation of thematic (strategic and specific) priorities .....	22
2.3.1. Infrastructure and regional accesibility .....	22
Transport infrastructure and public transport development .....	22
Environmental infrastructure and protection .....	23
Local infrastructure .....	26

2.3.2. Innovations, information society and knowledge-based economy .....	27
Support of competitiveness of enterprises and services through innovations.....	27
Information society .....	29
Science and research.....	30
Public health modernization .....	32
2.3.3. Human resources and education .....	33
2.3.4. Evaluation summary of the thematic (strategic and specific) priorities .....	35
2.4. Evaluation of horizontal priorities .....	36
2.5. Evaluation of operational part and financing of NSRF .....	38
2.5.1. List ad characteristics of operational programs.....	38
2.5.2. Coordination of operational programmes.....	39
2.6. Evaluation of expected effects and impacts of investment in strategic and specific priorities of NSRF .....	40
2.6.1. Purpose and subject of the evaluation – the proposed scenario of financial allocations .....	40
2.6.2. Evaluation methodology for financial allocations scenario.....	41
2.6.3. Findings and evaluation of expected investment effects and impact .....	41
2.6.4. Comments to findings of expected investment effects and impact .....	44
<b>3. Overall evaluation of NSRF .....</b>	<b>44</b>
<b>4. Annexes .....</b>	<b>46</b>
4.1. Overview of answers to main evaluation questions .....	46
4.2. Overview of use main ex-ante evaluator recommendations in the preparation of the NSRF .....	49
4.3. References.....	51
Sources/Documents .....	51
Other publications.....	52

## 1. Introduction and Executive Summary

National Strategic Reference Framework (NSRF) is the document of a Member state, which defines its strategy for cohesion policy, determines operational programmes, through which respective activities will be financed from the Structural Funds and Cohesion Fund. The NSRF of the Slovak Republic covers “Convergence” and “Regional Competitiveness and Employment” objectives.

Ex-ante evaluator was involved in the process of preparation of the NSRF. Its main task was in the interaction with the team responsible for drafting the NSRF to provide continuously assessments and proposals on individual parts of the document, discuss it with the National coordinator for NSRF, to present it on request during sessions of interdepartmental working group, meetings of the “Partnership for NSRF” as well as during the conferences for wider professional public. Since the ex-ante evaluation was repeating and interactive process between the evaluator and team drafting the NSRF, the members of the ex-ante evaluation team took a part almost in all consultation meetings with representative of ministries and regions organised by the National coordinator of NSRF and actively followed their comments and proposals.

The project was divided into phases and evaluation was carried out parallel with the preparation of individual parts of the NSRF. Based on this, the ex-ante evaluator during the individual phases produced number of partial (preliminary) outputs, which consisted of assessments and recommendations focused mainly on: (a) use of the analysis of current state of economy and its assessment; (b) structure of contents of the NSRF; (c) completion of relevance of the vision, the strategic objective and consistent strategy; (d) definition of strategic and specific priorities, (e) specification and quantification of investment priorities of the NSRF; (f) list of operational programmes and their basic division from the management point of view; (g) assessment of expected impacts of alternative financing scenarios; and finally (h) on the overall assessment of the NSRF including the number of operational programmes and financial allocations as approved by the Slovak government decree No. 457 of 17 May 2006.

The ex-ante evaluator based its opinion on the fact that the NSRF is a new type of instrument in the programming system for 2007-2013 period, which is not a direct management instrument, but integrates political priorities of economic and social development of a Member state. Therefore, the evaluator tried to influence the process of NSRF preparation in a way that the document provides explicit and complex answer to the question – how does Slovakia want to achieve accomplishment of its own priorities, and at the same time to contribute to the accomplishment of the Community objectives. In this context, the essential criterion was a consistency of the NSRF with strategic documents of Slovakia (primarily the Competitiveness strategy for the Slovak Republic and the National Reform Programme) and active response to the priorities of the Community Strategic Guidelines.

This consolidated (shortened) version of the Final report from the ex-ante evaluation of the NSRF consists, besides the introduction and executive summary, of the core chapter “Results from the evaluation of the individual parts of the National Strategic Reference Framework”, chapter “Summary of the final evaluation” and annexes.

In the first part of the key chapter, the ex-ante evaluator offers its own view on the main problems, challenges and opportunities for Slovakia, which serve as basis for assessment of individual parts of the NSRF.

The evaluation of economic justification of the strategy and its consistency is the most extensive part – it starts with the macroeconomic analysis, definition of the vision, strategy, approach to defining the development priorities and ends with the assessment of consistency of the strategy with EU and national documents. The chapter contains rather detailed appraisal of quality of macroeconomic and socio-economic analysis, appropriateness of identification of main disparities and development factors. In line with the NSRF, it states that the long-term objective of the cohesion policy is an overall convergence, i.e. adjusting the level of social and economic development in Member states to level of advanced (developed) economies. The cohesion policy of the European Union concentrates mainly on less developed regions, which should be reflected in the support (assistance) policy of Member states.

It is stated that economic justification of the strategy is suitable, takes into account the objectives of the Lisbon strategy and relevant documents of the Slovak Republic. The analytical part could have been shorter and in its final part more oriented on main disparities and development factors of individual regions (NUTS III level), respectively regions on NUTS II level.

The intensive discussions and exchange of opinions between the elaborators and ex-ante evaluators are reflected in the part „*Regional dimension of the strategy and its consistency*“(2.2.4). They took a place during the preparation of the NSRF, mainly during formulation of the strategy and the core of discussions is contained in partial outputs of the ex-ante evaluator. Main concern was to ensure that macroeconomic approaches applied in defining the strategy would be reflected in the consistent regional dimension respecting the accepted principles of regional development theory. The full (Slovak) version of the report contains a reference to the annex with recommendation how to define the regional dimension of the strategy in the NSRF.

Sub-chapter „*Evaluation of thematic (strategic and specific) priorities*“ makes an assessment of justification of priorities, definition of objectives, connection with the analytical part and other priorities as well as appropriateness, or reality of proposed context indicators. It has been observed that defined strategic priorities, their specification to the level of specific priorities take into account those areas, which are preferably defined in the Community Strategic Guidelines and the Lisbon strategy for Slovakia. It is recommended, after the approval of financial allocations, to specify/precise the list of proposed context indicators in order to define limited number of indicators for areas receiving the most financial resources. It is also advised to intensively consult the issues with the Statistical Office of the Slovak Republic. A separate part is dedicated to the evaluation of horizontal priorities.

Sub-chapter „*Evaluation of operational part*“ comprised the proposal for division of the Operational programme (OP) Human Resources into two OPs, which was accepted. Regarding the number of OPs, the ex-ante evaluator supported the original proposal with fewer operational programmes. It would mean to create a more widely formulated OP Knowledge-based economy with delegation of the maximum responsibilities to respective Intermediary bodies under Managing authority.

Based on the political agreement and the consequent Decree of the Slovak government, it was decided to have ten OPs, which will require more extensive negotiations with the Commission.

In the sub-chapter „*Expected effects and impacts of investments*“, there are concluding results of the macroeconomic modelling of expected effects and impacts of investments to the priorities of the NSRF. Findings show that during programming period, in comparison with baseline scenario (without Eurofunds) a cumulative increase of GDP attains more than 14 % points, about 87 thousand additional jobs will be generated, overall employment rate will be increased at level of 63 %, unemployment rate by 2013 will have been dropped by 3 % points and labour productivity shall increase by 10 % in comparison with baseline scenario.

In the last chapter, „Conclusions of the final evaluation“, it is stated that based on the above presented findings, after considering the offered main recommendations, the ex-ante evaluator recommends that the National Strategic Reference Framework be approved as a basis of the Government of the Slovak Republic for negotiations with the European Commission.

The ex-ante evaluator justifies its final recommendation primarily because the NSRF is an attempt for a balanced incorporation of structural interventions from the various perspectives:

1. It aims to combine thematic and regional approach, while pointing out a necessity to complete this approach in the operational programmes.
2. It allows a balanced approach between short, medium and long-term interventions, mainly from the employment point of view. It primarily concerns the connection of short-term growth induced by building the infrastructure, creation of conditions for SME development as well as longer-term development in education, research and innovations.
3. It supports a balance between big investments and properly structured programmes for smaller activities with diffusion into higher number of centers, for example innovative solutions for basic environmental problems in peripheral areas.
4. It enables to balance standard investments into basic infrastructure with support of innovations and venture capital.
5. It directs to harmonising the policy objectives toward balanced and sustainable spatial development in EU and assumes the synchronisation of interventions within cross-border, transnational and interregional cooperation.
6. It assumes respecting the spatial planning policy within own territory as defined in the Concept of spatial development of Slovakia (KURS) in area of regional development while developing a decentralised structure of economy. Development of the polycentric network of residential structure in the Slovak Republic is in connection with the European polycentric system and communication network through transport corridors.

## **2. Evaluation results of individual parts of the National Strategic Reference Framework**

The National Strategic Reference Framework (NSRF) determines the content, main directions and systems of implementation of EU cohesion policy in the Slovak Republic in period 2007 - 2013. Therefore, the overall characteristics of the NSRF of Slovakia are based on the functions and principles for a long time applied in the management of the Community cohesion policy as well as on understanding conditions influencing its objectives and ways of its functioning in the next financing period.

EU cohesion policy in a long-term perspective aims at overall convergence (balancing level of social and economic development) of its Member states and regions to advanced economies as one of the basic preconditions of its complex (economic, social and political) development. A special importance and forms has the cohesion policy to be implemented in the period 2007-2013 - as a result of two factors.

First one is enlargement of the European Union, which in 2004 increased the national and regional disparities in economic and social development. In 2002, out of current 254 NUTS II regions in EU, 64 had their GDP per capita below 75% of EU 25 average. From those 64, they were 28 NUTS II regions, with inhabitants of 49 million which belonged to EU 15 and 36 NUTS II regions with 69 million inhabitants were in 10 new Member states. In 2002, the GDP per capita in EU 15 was 109,4 % of EU 25 average and at level of 51,8 % in ten new Member states.

Second factor, which currently does and in years 2007-2013 will influence the Community cohesion policy, is the Lisbon and Gotenburg strategy. The cohesion policy should be aimed at accomplishment of the objectives of the respective strategies. Strengthening of economic growth and increase in employment on basis of enhancement the competitiveness and creation of knowledge-based economy plays a crucial role for achievement of synergy effects in economic, environmental and social fields. From the perspective of the development strategy, which is supposed to strengthen economic potential of the European Union its cohesion policy will more symmetrically concentrate not only on convergence of its regions, but also on convergence of its national economies in the coming years.

Both presented factors increase the requirements on quality of the cohesion policy. The pressure on efficient use of financial resources allocated for its implementation increases as well. Therefore, EU institutions and organisations decided to reform the cohesion policy in two directions:<sup>1</sup>

- Enhanced strategic dimension of the cohesion policy, oriented on defining its priorities, which are binding for the whole Community and should harmonise its execution with achievement of objectives of the Lisbon and Gotenburg strategy,
- Support to independence and responsibility of individual Member states in searching and applying solutions needed for implementation of common obligatory priorities.

---

<sup>1</sup> Cohesion Policy in Support of Growth and Jobs, Community Strategic Guidelines, July 2005

The need for strengthening the independence of EU members in decision taking on proportions of financial allocations from EU funds comes from the considerable national differences in problems and respective tasks in relation to their convergence. There are different opportunities and needs for orientation of co-financing on the national and local levels. The fact taken into account is that new EU Member states will join in 2007-2013 the Euro zone and will have to utilise in larger extent also the instruments of the cohesion policy in their own economic policy.

All resources of the Member states, which are much higher than resources available in the EU budget concentrate on implementation of priorities of socio-economic development of EU, resp. execution of tasks of the Lisbon and Göteborg strategy. It represents national public (government and local) expenditure used for co-financing of EU funded projects, but mainly private resources. EU cohesion policy and the NSRF, which defines how to implement the policy, underline the crucial role of private resources for the implementation of the strategic development goals. The private resources will be in 2007-2013 significantly higher than the resources from EU funds (it is estimated 6-7 times higher). Moreover, continuity in trends of structural changes and in development of efficiency of the economy depends primarily on the private investments. Hence, the NSRF focuses the structure and weight of its priorities on the broadly perceived business environment, on widening the opportunities and increasing the attractiveness for investing in the Slovak Republic for domestic and foreign investors. The NSRF expects that the overall economic policy, resp. economic policies formulated in the National Reform Programme affect functioning of the whole economy and use of all development resources.

## **2.1. Main problems, challenges and opportunities Slovakia is facing**

### Need to change the quality of economic growth – from a growth based on expending material and working (labour) resources to a growth utilising innovations and increasing labour productivity

The structure of the Slovak economy is burdened by orientation on investment, energy, raw materials and labour intensive sectors (industries), which has origin in the times of central planning. The share of technology and knowledge intensive sector in the Slovak Republic is about 20-30% lower than EU average. The radical change requires higher intensity in use of innovations. On the other hand, Slovakia is one of the five least efficient EU countries in terms of innovations. It lags behind in investments in research and development, innovation activity of small and medium enterprises and is characteristic by minimal activity in terms of patents. Transformation to the economy based on innovations is naturally dependent on activities of business sector. The support of the economic policy has a key importance for orientation of private initiatives toward commitment in innovations.

### Closer connection of employment growth with positive changes in level and quality of education as a basis for building a knowledge-based economy

Producing a capacity in competitiveness of knowledge-based economy, to which the Lisbon strategy concentrates, can not be done without educated, resp. life-long learning inhabitants. However, the increasing education level has not been in last decade a development priority of Slovakia. Share of public expenditure in human resources was in 2002 the third lowest in EU and

it was at 83 % of EU 25 average. In spite of the problems in the quality of labour potential, which are growing in last years, Slovakia still remains an attractive location in terms of use of human resources due to a flexible labour market and low labour costs. To keep the comparative advantage in supply of labour force, the education level in Slovakia will have to be increased, specifically to increase a share of inhabitants with university/higher education and on all levels of education to bring the content of education closer to the needs of the labour market. Implementation of the reform of educational system aimed at development of communication, analytical and creative abilities together with so far preserved intellectual potential of teaching staff will enable to bring in 2007-2013 the educational system in Slovakia closer to the level of educational system of EU developed countries.

#### Informatisation as one of the possibilities to accelerate the convergence of the Slovak Republic to developed countries

Informatisation is a part of most areas of social life. It increases competition and decreases costs on markets with goods, services and capital, increases labour productivity in production using information-communication technologies, helps to improve flexibility of population on labour market, brings positive changes into health sector, educational system and public administration. In the field of information society, Slovakia does not reach the level not only of EU 15 countries, but not even most of new EU member states. Improvement in accessibility as well as quality of information infrastructure is in considerable extent determined by support provided by the economic policy.

#### A way to economy, which decreases the loading of environment by savings in energy consumption

Energy intensity of the Slovak economy has during the existence of the independent Slovak Republic decreased by approximately 40 %. However, it is still more than four times higher than EU 25 average and the third highest in the European Union. Therefore, measures focused on the energy savings and improvement of energy efficiency on demand side was introduced as priorities of energy policy in the Slovak Republic. Increasing the share of renewable energy resources connected with elimination of use of primary resources producing loads for environment is part of the energy policy of Slovakia. Using the EU assistance for implementation of the above mentioned priorities of the Slovak energy policy will increase the attractiveness of Slovakia for foreign investors.

#### Infrastructure and accessibility of regions as a task, which is solved in an intersection of obtaining resources and its efficient use

Accessibility of regions to EU transport networks is a precondition for full exploitation of comparative advantage of Slovakia determined by its geographic position. Completion of the network of highways and high speed roads into complex system together with improvement of quality of railways has unreplaceable role mainly in relation to business and acquisition of foreign investments for less developed regions. Enhanced accessibility of regions, programmed in the NSRF, can be solved under the expected concentration of resources from EU funds, EIB loans and national

resources, already by 2013. Parallel with the creation of financial preconditions, the government takes measures for reducing costs for building the transport infrastructure.

Environmental debt of Slovakia is in all parts of environment burdens very high. Significant assistance for Slovakia available in 2007-2013 for reducing the environmental loads will stimulate participation of domestic – government and regional resources.

#### European territorial cooperation offers to regions additional opportunities for development

However, Slovakia has as a whole advantageous geographic location; its border areas were isolated from the main economic and social development. Membership in EU offers new opportunities for territorial cooperation. Respective national (operational) programmes can strengthen cross-border, transnational as well as interregional cooperation, while the core of interventions should be oriented on cross-border cooperation in line with the objectives of EU cohesion policy and the Slovak strategy.

#### Rural development is not a marginal issues for Slovakia

Slovakia is in considerable extend rural country, around 30% of its inhabitants lives in rural areas. Problems, challenges and its complex solutions are addressed in a separate document - National strategy for rural development. The NSRF can support development of rural areas and make rural areas attractive place for living and work for inhabitants of rural areas, as well as for visitors coming to rural areas for leisure and culture.

It will be important to coordinate support for rural areas based the agreed demarcation lines between the Structural Funds and the European Agricultural Fund for Rural Development (EAFRD) in a way that allocated financial resources will be efficiently used and rural population will markedly feel it. Effective common support can significantly increase an awareness of inhabitants living in rural areas that it can benefit from the membership of Slovakia in the European Union also in every day life and to sufficiently identify with it.

#### Problems and tasks of social development are closely linked with economic development

Demographic situation, health condition of population and system of health care, social exclusion, position of Roma minority and education are also important aspects of social development in Slovakia. Each of these issues has its own specific scope. They also have various impacts on situation, problems and needs for development of individual regions. It is important to allocate resources within the NSRF priorities from the Structural Funds and national co-financing. It can not be forgotten the positive feedback of addressing the social problems for intensification factors of economic growth (improved quality and supply of labour force) and sustainable development.

## **2.2. Evaluation of economic reasoning of strategy a its consistency: findings, conclusions, recommendations**

### **2.2.1. Macroeconomic analysis**

Macroeconomic analysis is focused on identification of the current status and on an estimate of a possible development of the nominal and real convergence. The nominal convergence criteria (Maastricht criteria) are currently fulfilled by Slovakia merely in the amount of the long-term

interest rate in the ratio of national debt to GDP. The inflation rate and the public finance deficit ratio are nearing to the criterion level. While maintaining the current modest fiscal policy, monetary policy eliminating inflation risks and after joining the Exchange Rates Mechanism ERM II Slovakia has good chances to enter the Eurozone on 1 January 2009. Risks endangering the Maastricht criteria fulfilment are connected with a possible liberation of the fiscal policy after the June 2006 elections as well as with the lack of resources for financing the 1st pillar of the pension scheme that could occur after spending specific reserves and in case of a significant deceleration of the economic growth rate.

Description of the real convergence status as provided by the NSRF analysis is comprehensive. Its outline of future development trends of performance, employment and labour productivity can be considered realistic. Moreover, one can agree with its characterization of the situation in the area of real convergence in regions. With regard to its view of the potential product and production gap development it should be noted that the mentioned parameters have a very dynamic nature in Slovakia thanks to the Foreign Direct Investment (FDI) flow and associated extension of capacities.

Social and economic analysis observes the current situation and development possibilities in the following areas: population and social development of human resources and education, infrastructure (transport, local, environmental), driving forces of the knowledge-based economy, environment and business potential. Parts of the social and economic analysis have in most cases also a regional dimension and are tending to justified conclusions.

The social and economic analysis completed by an opinion on the municipal structure of the Slovak Republic is followed by the SWOT analysis of the current status in Slovakia. It includes a lot of findings that could be accepted (except for a few exemptions). A disadvantage of the SWOT analysis is that it is too detailed to provide a good overview. Therefore, the ex-ante evaluator has identified areas with problems and opportunities of effective use of the EU funds to solve the convergence tasks of Slovakia and strategic objective of the entire EU as well.

### **2.2.2. Strategy and its consistency**

The NSRF pays sufficient attention to the analysis of the social and economic systems of Slovakia. It is resulting from its importance for determination of development tasks and objectives to be achieved within the hierarchical groups of tasks in 2007 to 2013 as well as for the subsequent allocation of resources.

External environment and financial means from the EU funds available for the NSRF are acting towards it as exogenous factors. However, in terms of their effect for the NSRF implementation the both mentioned exogenous factors differ from each other. The external economic environment includes in particular globalization processes strengthening competition pressures on national economies, upswing development linked to the changed conditions in the world goods, services and capital market as well as processes taking place in the European Union. Potential adverse globalization and world upswing development consequences can be forecasted within the NSRF merely with difficulties and high degree of uncertainty. In order to eliminate risks the development strategy may rely on the Government's economic policy supporting the macroeconomic stability and on big multinational corporations („global players“) participating in

creating the world competitive environment, entering the Slovak economy. Application of partnership and cohesion policy of the EU (funds) shall be also understood as a factor eliminating risks that endanger the economy development from the external environment.

In all stages of the NSRF preparation the ex-ante evaluator has emphasized the fact that a good elaboration of the development strategy is merely possible if the development VISION differences from the development strategy are taken into account. Such an approach to the vision and strategy can be also found in the Slovak Government's documents and the vision and strategy is understood in this way also in the NSRF text.

### **2.2.3. Basic approach to definition of the Slovakia's priorities**

**At the strategy and objective level** the strategic part of the NSRF is based on the vision of the economic and social development of Slovakia. The vision expects that the development of the knowledge-based economy and enhancement of its benefit for the society will ensure a higher quality and standard of life for the inhabitants of Slovakia at the level comparable to the most developed European countries. Slovakia will become a country attractive for its inhabitants and visitors. The presence of Slovakia in the EU Single Market, use of opportunities of the world economy globalization and the continuous restructuring of economy are the critical processes for creation of competitive and dynamic economy.

From the mentioned long-term development objectives outlined in the Slovak Republic vision the NSRF selects strategic objectives that Slovakia wishes to achieve in the period of 2007 to 2013. In general, they can be defined as entry and presence of Slovakia on the path of dynamic and sustainable development that is supposed to bring its economy closer to the level of the most developed countries and to correct the present risk trends in many areas of social development into processes strengthening the entire social system stability. This relates also to the regional development where the NSRF intends to stop the growth of social and economic disparities among regions and to create prerequisites for their elimination, respectively equalization of their level also with regard to more developed EU regions.

The National Strategic Reference Framework is based on the assumption that the objectives set can be achieved in two ways: (a) better use of the production and development potential not yet exhausted; (b) extension of the existing production and development potential. Here, it takes into account the fact that the first of the mentioned alternatives is particularly connected to the labour potential reserves activation assuming capital investment in new capacities and partly in the labour supply quality improvement. Therefore, the investment from the EU funds, national co-financing as well as private investment shall have a key importance in the strategic and implementation aspect of the NSRF.

While specifying an effective method of the EU funds use the effort is based on the assumption that the strategic objectives set can be best achieved through thematic and geographic (regional) concentration of interventions. Geographic concentration of interventions shall ensure the concentration of their use in the centres of economic, regional and local importance. Thematic concentration of interventions shall be ensured by their concentration for financing of selected development priorities.

At the highest level the following three priorities have been selected in accordance with the EU Cohesion Policy goals and the Slovak Government documents: 1. Infrastructure and availability of regions; 2. Innovation, information society and knowledge-based economy; 3. Human resources and education.

The ex-ante evaluator pays special attention to each strategic priority. With regard to a summary overview of the strategic priorities and their breakdown into specific priorities the evaluator states that within the NSRF the selection of priorities is confronted not only with the Community Strategic regulations but with the National Reform Programme and the National Sustainable Development Strategy as well. The results of this confrontation are positive – they confirm the accuracy of the selection of strategic and specific priorities.

The relations between the development priorities defined in the NSRF and the analyses outputs of the social and economic development in Slovakia are presented in the table below.

The table shows that some of the NSRF priorities are specified directly in the analysis outputs (in the problems, tasks and opportunities identified). In addition, it is obvious that there are many other direct or indirect connections between all NSRF priorities and outputs, respectively conclusions of its analytical part. The NSRF priorities have not been thus selected by some preferential scheme but according to identified needs of the social and economic development of Slovakia.

In the initial phase of the NSRF elaboration the Slovak Republic Government specified as the horizontal priority of this Framework a general improvement of situation of the marginalized Roma communities. The NSRF adds to the mentioned horizontal priority also other horizontal objectives that should be respected in the thematic priorities. It is possible to accept the mentioned facts as significant warning on the condition that the obligation to bear in mind the benefit of thematic priorities for the regional cohesion strengthening will be also added to these priorities.

When looking at the NSRF structure, the sequencing of its parts and components, and the emphasizing put on identification and use of their mutual connections it can be stated that the NSRF is internally a consistent material. This refers also to its operational part dealt with by a special section of the ex-ante evaluation.

Table 1: Connections between NSRF development priorities and outputs of its analytic part are depicted as follows: ■ priority is identical with output ▣ direct connection between priority and output □ indirect connection between priority and output <b>ANALYSES OUTPUTS</b>	NSRF PRIORITIES								
	Infrastructure and availability of regions			Innovation, information society and knowledge-based economy				Human resources and education	
	Transport infrastructure and a development of public passenger transport	Environmental infrastructure and protection	Local infrastructure	Support of competitiveness of enterprises through innovation	Information society	Research and development	Public health service modernization	Modern education for knowledge-based society	Support of employment growth and social inclusion
Change of economic growth quality	□	□	□	▣	▣	▣		▣	□
Improvement of education quality as prerequisite of employment growth			□		▣	▣		■	□
Support of information society			□	▣	■	▣		▣	□
Energy saving and environment-friendly economy	▣	■	▣	▣	□	□			
Realization of comparative advantage of geographic neighbourhood to EU central areas	■			□		□			
Use of effects of European regional cooperation	▣	▣	▣	□					
Rural development is not a marginal matter for Slovakia		▣	▣		□		▣	□	▣
Social development includes limits and factors of economic development		□	▣		□		▣	▣	▣

#### **2.2.4. Regional dimension of the strategy and its consistency**

The ex-ante evaluation is based on the following two basic aspects when reviewing the regional dimension of the strategy and its consistency:

1. Since the interconnection of thematic priorities and thus examination of synergic effect and effectiveness of interventions occur in their interconnection in the specific regions of the Slovak Republic, the ex-ante evaluation tried to rest this aspect on theoretical concepts of endogenous (and of innovative within its framework) development in the form of support in creating clusters, networks, regional linkages etc. This does not exclude but, on the contrary, presumes also a mutual combination with exogenous concepts of regional development, e.g. in the form of Foreign Direct Investment (FDI) and their impact on formation of these linkages and relations. In the current phase of the FDI flow into regions of the Slovak Republic the mixture of these concepts is irreplaceable and can positively contribute to the achievement of cohesion objectives. At the same time, within the cooperation with the NSRF compilers it proved how important it is to review many substantial themes, e.g. thematic priorities of innovation, knowledge-based economy and their development possibilities in the Slovak reality. It is just the exceptional complexity of regional development (even more significant within the objective „Convergence“) that requires a need to rely on verified conceptual approaches and solutions and to respect their real development potential.
2. When formulating the strategy, the ex-ante evaluator made substantial effort to reduce the real risk of dispersion of interventions into a large number and thus a risk of isolation and inefficiency of individual interventions – in the final phase in the form of specific projects. Without prejudice, this risk is a result of the disintegrated network of the Slovak Republic settlements and thus of large number of municipalities (more than 1 800). These self-government units make a natural pressure on the dispersion of resources in which the Slovak Republic had a long tradition in the past planning system and actual experience from the programming period 2004 to 2006 as well.

In order to prevent such pressures – often politically motivated and supported – through a certain rational barrier, the ex-ante evaluator stressed the need to use the developed polycentric system of the Slovak towns as a development skeleton of interventions. In combination with the „Rural Development strategy“, the regional development can thus have a functional shape of space-wide development with a differentiated task of individual centres and municipalities. This concept is in no way connected with theoretical concepts of the so-called polarized development, where the ex-ante evaluator does not recommend that terms connected with this concept be used in the Slovak NSRF<sup>2</sup>. On the contrary, the evaluator emphasizes the fact that in the relatively extensive areas of NUTS II the creation of jobs, innovative processes and human resources development take place under much differentiated conditions for which the modern regional development theory provides sufficient knowledge. Methods and instruments (clusters theory, regional models of creation, dissemination and implementation of innovations, learning regions, best practice use,

---

<sup>2</sup> E.g. development poles etc. Ultimately, the theory of polarized development tends to regional differentiation which is in conflict with the sense of the EU cohesion policy.

development of standards, use of a regional management and marketing knowledge as well as operation of transmission mechanisms such as incubation apparatus, business innovation centres – BIC, development agencies etc.).

The ex-ante evaluator applied these aspects in detail not only in the proposed modifications of the NSRF strategic part itself but in evaluation of the NSRF strategic and specific priorities as well.

The regional dimension of the strategy had been under complicated development in the process of the NSRF formulation. The mutual interaction among the writers and ex-ante evaluator significantly changed the process of integration of the strategy regional dimension – from the predominantly topically oriented approach of the strategic part in the first draft NSRF through gradual integration of the regional dimension, regional (territorial) aspects and Urban centres to the formulation of innovative and cohesion growth poles. This shift can be assessed positively. For reasons mentioned above the ex-ante evaluator recommended some factual, formulation and pragmatic changes so that this strategy part could act comprehensively for convergence areas of the Slovak Republic and maintain the regional consistency of interventions. However, this recommendation was not fully accepted.

### **2.2.5. The Strategy consistency with the European Union and the Slovak Republic policies**

While preparing the NSRF, the ex-ante evaluation had been focused in particular on examination of the strategy consistency with the EU and Slovak Republic strategic documents. At the same time, the evaluation took into account the emphasized strategic development objective of the EU, Member States and regions within the meaning defined by the Lisbon and Göteborg strategies. The evaluation tried to find out whether the proposed NSRF could sufficiently contribute to the newly formulated cohesion policy aimed to ensure development and structural changes of the Slovak regions.

#### Consistency with the EU strategic documents

##### *Consistency with the Community Strategic Guidelines*

The Community strategic guidelines (hereinafter referred to as “Guidelines”) constitute an integrated policy overview summarizing a wide range of challenges in the policy area available to an EU Member State. The Guidelines try to ensure that the new (reformed) cohesion policy is strategically more oriented on the Lisbon agenda and on support of faster achievement of the ambitious Lisbon objectives. At the same time, the Guidelines serve to the Member States as a starting point for development of their own national strategic reference frameworks and associated level of programming documents, i.e. operational programs as key documents for investment co-financed from the Structural Funds and Cohesion Funds. Efficient and effective implementation of the cohesion policy, in other words effective use of the EU funds in the Member States can significantly contribute to the achievement of these objectives. This will require that the conformity between the strategy and Guidelines be ensured. At the same time, a wide spectrum of priorities and priority spheres enables the Member States to define the main areas of interventions taking into account their specific needs.

The starting points for the selection of strategy emphasize two major problems connected with the level of the entire Slovak Republic convergence in comparison to the EU 15 while respecting the principles of sustainable development:

- Insufficient use and productivity of the existing economic development factors,
- Insufficient level of potential for economic development based on knowledge.

In its reaction to the defined development disparities and factors (major problems) the strategy is focused on improvement of use of traditional development factors and, at the same time, on creation of conditions for support of factors necessary for the knowledge-based economy development. The strategy seeks to achieve a balanced combination of activities (interventions) that could ensure a high economic growth in the mid-term perspective that could, at the same time, mobilize innovative potential necessary for competitiveness of the country/regions in the international context that could become apparent in the long-term horizon.

According to the ex-ante evaluator, the NSRF seeks to harmonize the cohesion among the interventions of the Structural Funds and Cohesion Fund on one side with the respective strategic Guidelines and the national reform programme on the other side. At the same time, the following two approaches are relevant for examination of the strategy consistency itself:

- a) Explicit expression of compliance as defined in the NSRF, Section 4.5 “Strategy compliance with policies, documents and objectives”;
- b) Incorporation of the EU and Slovak Republic strategic documents in the NSRF as a whole and in its individual parts.

The NSRF in its Section 4.5 explicitly specifies three connections to the EU and Slovak Republic documents:

1. to the Community strategic guidelines;
2. to the priorities of the National Reform Programme;
3. to the National Sustainable Development Strategy of the Slovak Republic.

Section 4.5.1 „Compliance of the NSRF strategic and specific priorities with the Community strategic guidelines” underlies the following three priorities:

1. improvement of attractiveness of the Member States, regions and towns through enhanced availability, provision of adequate quality and level of services and preservation of their environmental potential,
2. support of innovations, business and economy growth based on knowledge through research and innovation capacities, including new information and communication technology; and
3. creation of more quality jobs by acquiring more people for employment or business activities, by improving the adaptability of employees and enterprises, and by increasing investment in the human capital.

In terms of the composers’ intention the strategic priority “Infrastructure and regional availability” predominantly reflects the first priority of the Guidelines, the strategic priority “Innovations,

information society and knowledge-based economy” is mainly focused on the topics within the second priority of the Guidelines. The third priority of the Guidelines is particularly reflected in the strategic priority “Human resources and education”.

In general, it can be stated that the strategy pillars presented in the NSRF substantially correspond to the priorities specified in the Guidelines. The high level of coherence among the documents constitutes an important presumption that the NSRF objectives can effectively contribute to the achievement of objectives at the EU level. A more detailed examination is presented in the following table.

**Table 2:** Overview of compliance of the NSRF with the Community strategic guidelines for the cohesion policy 2007 to 2013

Community strategic Guidelines	NSRF specific priorities	Compliance	Reasoning
<b>Priority 1 – To make Europe and its regions a more attractive place for investment and employment</b>			
I. To extend and improve the transport infrastructure quality	1.1 Transport infrastructure and public transport development	+++	Quality improvement and modernization of infrastructure shall be the NSRF key area in terms of financial allocations
	1.3 Local infrastructure	+	
II. Enhancement of environment contribution to the growth and jobs	1.2 Environmental infrastructure and protection	+++	As mentioned above
III. To solve intensive use of traditional energy resources in Europe	1.2 Environmental infrastructure and protection	++	NSRF solves this area, however, as one measure within the entire spectrum
IV. To contribute to provision of healthy labour force	2.4 Public health modernization	+++	Both specific priorities are focused on meeting significant needs of financing health care facilities from various aspects.
	1.3 Local infrastructure	+++	
<b>Priority 2 – Improvement of knowledge and innovations for growth</b>			
V. To increase and improve investment in research, technology and development	2.3 Research and development	+++	With regard to very limited financial resources in the entire sector this is a very important prerequisite for strengthening of innovation capacities in the mid-term and long-term perspective
VI. To support innovations and business	2.1 Support of competitiveness of enterprises and services through innovations	+++	It is also an important area since merely the creation of MSP consolidate clusters integrated in the production networks of bigger enterprises can ensure sustainable economic growth
VII. To pursue information society for all	2.2 Information society	+++	This aspect is also significantly considered in the strategy – it is clear that expected productivity increase will be substantially depend on subsequent investment in this area
VIII. To improve access to finances		?	Currently, the NSRF does not specify a similar instrument
<b>Priority 3 – More and better jobs</b>			

Community strategic Guidelines	NSRF specific priorities	Compliance	Reasoning
IX. To attract and keep more people in employment and modernize social protection systems	3.2 Support to employment growth and social inclusion	+++	The specific priority clearly corresponds to the Guidelines – administrative aspect needs to be taken into account, too – administrative capacity of employment, social affairs and family offices shall be strengthened
X. To improve adaptability of employees and firms and flexibility of labour markets	3.2 Support to employment growth and social inclusion 3.1 Modern education for knowledge-based society	+++ +++	Skills and vocational preparation shall be key Condition for sustainable economic growth based on modernization and innovations – this aspect is included in NSRF
XI. Investment in human capital through better education and skills	3.1 Modern education for knowledge-based society 1.3 Local infrastructure	+++ +	Still existing need to invest in all levels of education system – properly included in the NSRF
<b>Priority 4 – Regional cohesion and cooperation</b>			
Participation of municipalities in growth and jobs		++	To a certain extent this is solved in sections dealing with regional concentration based on the settlement structure analysis
Support to economic diversification in rural areas		?	In this area the NSRF contains no explicit reference. Te Section “Demarcation lines between NSRF and NSRD” partly deals with it, however, it presents merely the technical aspect
Cooperation – cross-boarder		?	This area is not dealt with by NSRF
Cooperation – multinational		?	This area is not dealt with by NSRF
Cooperation – supraregional		?	This area is not dealt with by NSRF
<b>Administrative capacity</b>	Technical assistance	+	Importance of this aspect is insufficiently emphasized in NSRF

Explanatory notes	Explanatory notes
+++ Strong compliance	+ Weak compliance
++ Average compliance	? Not visible

### Consistency with the Slovak Republic strategic documents

Since the priorities of the Slovak Republic (SR) strategic documents are mutually overlapped, the ex-ante evaluation is focused mainly on the Slovakia's competitiveness strategy (National Lisbon Strategy – NLS) and on the National Reform Programme. The consistency with the National Sustainable Development Strategy was also examined.

#### *Slovakia's competitiveness strategy by 2010 – National Lisbon Strategy*

Slovakia's competitiveness strategy by 2010 - National Lisbon Strategy (hereinafter referred to as "National Lisbon Strategy – NLS")<sup>3</sup> brings the Slovak economy and society on a new track of its development based on knowledge. It is built on two pillars:

- successful completion of structural reforms and preservation of their results,
- systematic orientation on priority development areas that shall support the growth of the Slovak economy creative potential.

The structural reforms being implemented create first of all essential presumptions for rational and effective operation of the Slovak economy on the market economy principles. The competitiveness increase as a basis for relatively fast economic growth and creation of new jobs can be sustained in the long term in a small open economy like Slovakia only through economic structural reforms leading to activities based on knowledge. In this respect NLS specifies four priority areas:

- information society,
- science, research and innovations,
- business environment,
- education and employment.

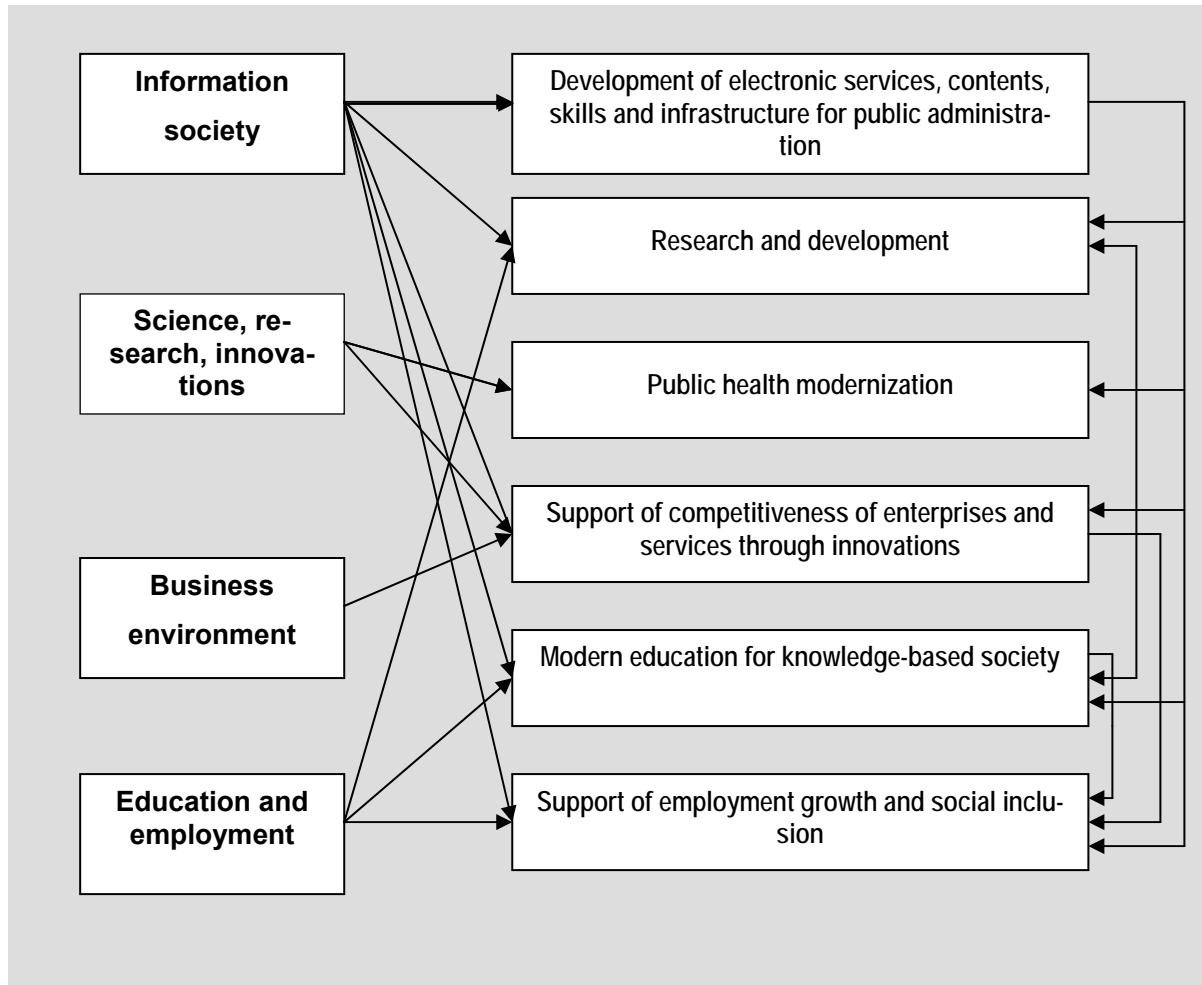
The NLS basic objectives within SR for the period of 2007 to 2013 are reflected in (a) the SR strategic objective that Slovakia wishes to achieve through the EU cohesion policy in the period of 2007 to 2013, and (b) implementation of NLS four priority areas within the outlined strategic and specific priorities specified in the NSRF.

Mutual linkages and relations between the priority areas specified in NLS and the specific priorities being proposed are depicted in the following scheme.

---

3 Approved by the SR Government Decree No.. 140/2005 of 16 February 2005

Scheme 1: Mutual interconnections between the National Lisbon Strategy development priorities and the NSRF specific priorities NSRR



It is clear that the proposed specific priorities fulfil the NLS goals merely within the mutual connection, where each priority has its specific place and function in the whole competitiveness support system. Development of electronic services for public administration e.g. constitutes the skeleton for information flows in all areas of public life that are inevitable for the knowledge-based economy and society. Stable mutual linkages and relations between research and development and the modern education development are necessary for knowledge-based economy. The results of the research and education system activities create a necessary background for competitiveness of enterprises based on new technology and innovation activities as well as for employment growth.

The NLS is followed by the **National Reform Programme of the Slovak Republic** for 2006 to 2008 (NRP) specifying visions, objectives and policies for individual development priorities for the next 3 years so that they can contribute, as much as possible, to the innovative potential development, knowledge-based economy development and employment of the SR population. In relation to the NSRF the document states that the existing approved strategic documents

determining the main areas and priorities of the SR that are supposed to be financed from the EU funds for the period of 2007 to 2013 are fully compatible with the NRP philosophy and objectives.

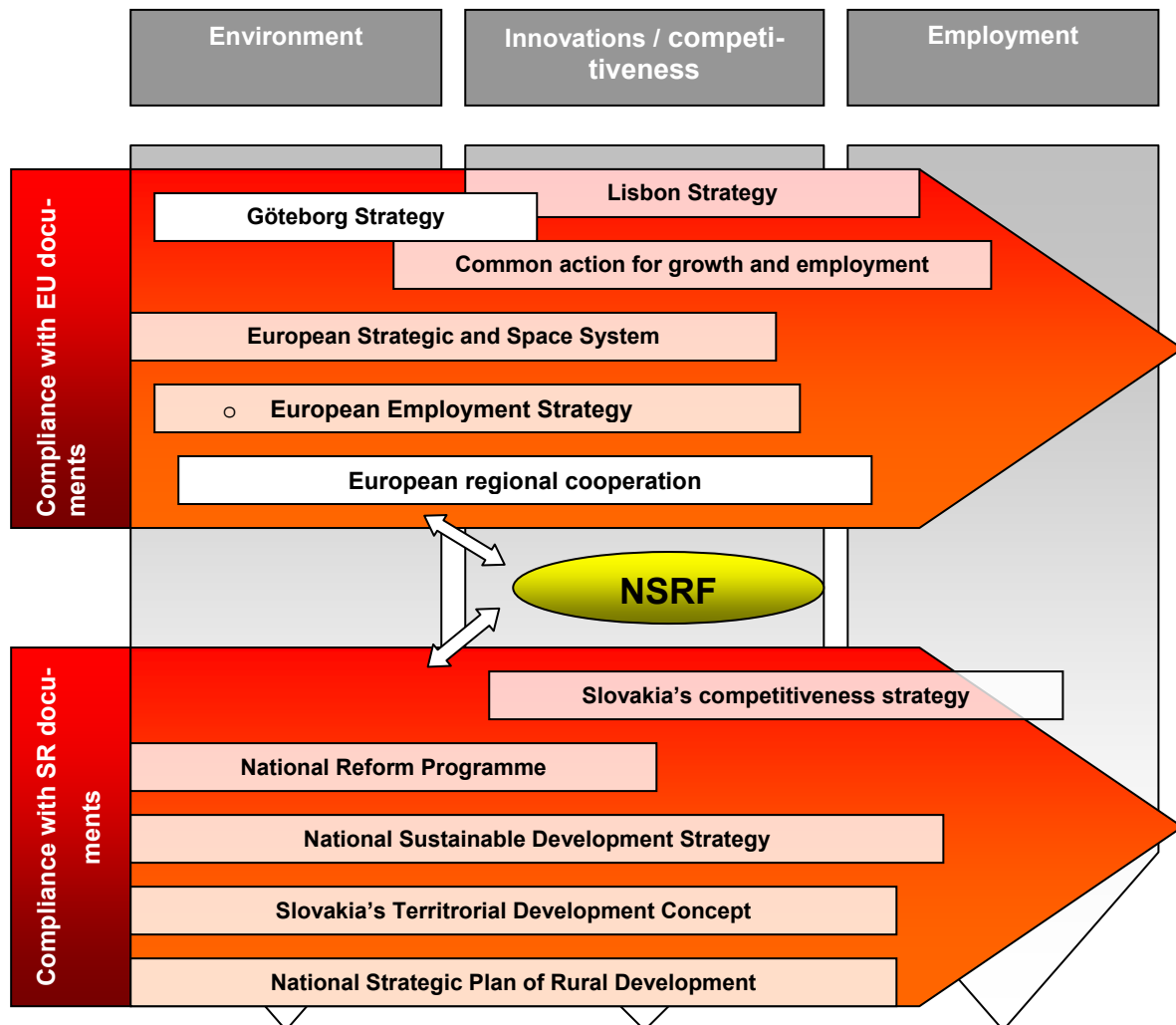
By detailed elaboration of the NLS objectives, the NRP is the key document that is supposed to be a basis for elaboration of the NSRF operational priorities and operational programmes.

*National Sustainable Development Strategy*

Although the NSRF and National Sustainable Development Strategy (SDS) are documents with a different scope, their synergy may be logically expected. The SDS has a wider scope and includes also wider social objectives such as a developed democratic country or advanced civil society that obviously exceed the scope of problems included in the NSRF. However, these two documents have a very well identifiable intersection.

The mutual linkage of the EU and SR strategies and documents in relation to the NSRF is described in the following scheme:

**Scheme 2: mutual linkage of the EU and SR strategies and documents in relation to the NSRF**



Overall, it can be positively stated that the NSRF reflects a wide scope of policies, strategies and documents as explicitly mentioned in Section 4.5 of NSRF.

The reformed cohesion policy provides a solid basis for improvement of linkages to the Lisbon Strategy. Although the Slovak Republic as a new Member State has its proportion of expenses in individual categories not directly limited in relation to the Lisbon Strategy but the determination of an appropriate proportion of such expenses is one of the aspects when examining the NSRF and future operational programs.

Interaction of the NSRF of SR with the EU priorities is also strengthened by the fact that all relevant documents of the SR are based on the EU documents and implicitly include also European objectives and priorities.

### **2.2.6. Summary evaluation of the strategy economic reasoning and its consistency**

The Summary evaluation of the strategy and its consistency provides answers to the most important questions from the assignment for the ex-ante evaluator regarding this issue. The answers sound positively and are included in the Annex in the form of a summary.

In its rough outlines the strategy reflects the main trends indicated in the analysis of the current economy situation. However, some sections the analysis could be connected closer to the strategy, i.e. the analysis could be more functional. For instance, if the strategic part proposes certain types of centres (innovative, cohesion centres), the analytical part could prove their existence, justification and capacity for the future development, including their identification. The analysis has macroeconomic nature, e.g. the convergence is understood as an aspect of national economy (nominal, structural etc.); therefore, if the regional convergence appears in the strategic part, it has no background in the analytical part.

The strategy does not explicitly address the complex issue of the least developed regions of the Slovak Republic. It is assumed that this problem shall be addressed and solved within the operational programmes. The ex-ante evaluator believes that the basic skeleton of regional disparities is necessary so that the specific priorities and future priority axes and projects can be bound in a synergy way and that – while examining individual projects there is a concept enabling such an examination. In this respect, neither the analysis provides functional starting points.

The proposed context indicators that are supposed to evaluate the support implementation are often formulated in such a way that it will not be possible to register them at the level of NUTS II and lower, i.e. it will not be possible to prove the regional dimension of these interventions.

As far as the external effects concerns, it was necessary to highlight the impact of globalization process on the SR development and its areas in the programming period. Even in case of endogenously designed regional development through building own capacities and support of functioning regional firms, there is still the issue of creation of economic and regional conditions enabling the firms to be successful in international markets as well as impact of operation of multinational firms on the SR development. It was necessary to emphasize the negative or positive impact of this complex process.

## **2.3. Evaluation of thematic (strategic and specific) priorities**

### **2.3.1. Infrastructure and regional accessibility**

Building of transport infrastructure and provision of accessibility of regions are a key element in the effort of the less-developed regions to be integrated in the development processes and globalization processes. The infrastructure as a “composed” structure of various sectors of activities has – mainly in its integrated form – an influence on other economic activities in the region and on its competitiveness. Infrastructure improvements may reduce cost, save time and increase the productivity, and at the same time, modify competitive advantages of firms located in various regions. In general, the multiplication effect brought by infrastructure investment is recognized. Equally, it is emphasized that the regional development is too complex (and within it the solution of lagging behind development in particular) as to be solved by this one factor only.

In the Slovak Republic this problem is becoming even more apparent. Except for atypical location of its capital, the Slovak Republic has also a substantial deficit in building the so-called “hard” infrastructure, i.e. in building road network, passenger and freight railway transport, local harbours and airports, in development of commercial and industrial areas and premises (including industrial and scientific parks), and in development of the telecommunication system. Moreover, the “hard” infrastructure is connected with the energy system development, as well as the water management and environmental development.

Therefore, implementation of this priority in the global respects fully contributes to the fulfilment of needs and objectives of the EU cohesion policy and the SR development. It also has significant impact on improvement of the situation of the less-developed regions of the Eastern and Central Slovakia. Formulation of individual priorities is based on the executed SWOT analysis identifying key aspects of the infrastructure current situation. The proposed specific priorities and their objectives and priority axes are also in compliance with other SR strategic documents; in most cases even these documents constitute the basic starting point fully taken into account by the proposed NSRF.

#### **Transport infrastructure and public transport development**

This priority fully reflects the need of the transport infrastructure development and its importance for development of the less-developed regions. Completion of the road network building can be regarded as one of the key priorities. The priority importance was very decisive argument for defining a separate operational programme for this priority.

This specific priority is based on similar priorities as in the previous programming period. It requires the longest programming period and therefore most of the proposed activities are already in the phase of project planning. The individual institutions involved in the NSRF elaboration recognize the need to complete key supraregional connections enabling the connection of the less-developed regions to the central European corridors. At the same time, the size of projects and the long-term preparation increase the chances to absorb the increased volume of resources in the programming period 2007 to 2013.

The complex territorial-technical infrastructure solution and especially development of superior transport facilities of the SR territory is part of the 2001 Slovak Concept of Territorial

Development. In the long-term perspective, it meets the criteria of transport accessibility of all regions in the Slovak Republic, thus creating approximately identical development conditions.

At present, merely the agglomerations of Bratislava – Trnava and Trencin – Nitra are connected through the superior transport facilities. In order to implement the growth-equalising development scenario, those sections of the proposed complex network in KURS 2001 within the superior transport facilities should be completed that will – in relative short time – enable to improve accessibility of selected growth- equalising centres. From this point of view the following priorities can be stated:

- Completion of D1 highway enabling to improve the transport accessibility of the agglomerations of Zilina – Martin, Poprad – Spišska Nova Ves and Kosice – Presov,
- Completion of the Nitra – Zvolen express road ,
- Improvement of the transport facilities of the less-developed regions by completing the sections of the Nitra – Nove Zamky – Komarno express road and the Zvolen – Lucenec – Rimavska Sobota express road.

Like in case of the highways and express roads network based on their connection to the Transeuropean transport networks (TEN-T) the similar basic criterion applies also to the railway network. Accordingly, the problem of Slovakia in this case is not the density of the network but its insufficient quality. The proposed activities are thus in compliance with the actual needs of Slovakia in this area.

Inclusion of activities focused on building the basic public terminals of intermodal transport that have been so far missing in Slovakia and that could help achieve the NSRF objectives can be regarded as a positive gain. Inclusion and justification of the public transport development support in this specific priority is not the best solution. Support of energy consumption reduction and of environment-friendly resources use or transport of passengers with limited mobility are the activities situated on the interface of the operational programmes. In this case it will be important – within the practical implementation of activities – to provide support to the most effective development projects and to prevent overlapping with other priorities.

For the transport infrastructure the ex-ante evaluator proposed the following context indicators:

- Density of the highways and express roads networks
- Density of the modernized railway network
- Number of intermodal transport public terminals built.

### **Environmental infrastructure and protection**

This specific priority constitutes a complex approach to the improvement of standards (quantitative and qualitative) of environmental infrastructure and in the area of environmental protection. The proposed scope of interventions is focused on the most important areas/sectors requiring support with regard to the real needs existing in the regions and requirements resulting from international obligations of the Slovak Republic:

- Protection and rational use of water, including anti-flood protection,

- Protection of air and the Earth ozone layer, reduction of adverse impact of climatic conditions and renewable energy sources,
- Waste management,
- Country's natural environment protection and recovery.

**The area of water management** is one of the key priority areas for investment in Slovakia. At present, there are significant differences in supplying drinking water to the population where the Kosice and Presov regions are the least-developed regions. The differences are even more apparent at the level of NUTS II (LAU 1) where the connection rate in some districts reaches merely 50 %. On the other side, there are districts with almost full rate of connection. During the previous period the drinking water distribution and sewage systems had been built substantially faster than sewage plants. For these reasons some municipalities leak the waste water directly into surface waters. In 2002 the sewage plants cleared 67 % of the total waste water volume. The most significant investment needs in the area of sewage plants are in towns and municipalities with 2 000 to 10 000 inhabitants.

Investment in **anti-flood protection** is another priority area with regard to the increased number of floods in the recent years. In the recent period there were various kinds of floods especially in the Eastern parts of Slovakia: from floods caused by local rain storms through intensive rainfalls in basins with low water absorption capacity to long-term rainfalls influencing larger areas. The most serious damages to the farmland, residential areas and transport infrastructure were recorded in 1999 and 2004.

Anti-flood protection is a complex problem. First of all, within the preventive measures it requires maintenance of facilities partly not meeting today's requirements. At the same time, it is necessary to make significant investment in the recovery of functions of water retention in basins situated in flatland in combination with protection facilities in higher retention areas.

**Water level monitoring** is the basic task to ensure compliance with general requirements of the Community water policy. Modern technical facilities are necessary to monitor and evaluate water quality being supplied to the population as well as quality of water being drained. The Council Directive No. 2000/60/EC clearly specifies that monitoring and checks are an important element of policies in the area of water management of the EU Member States.

**Waste management.** The most waste from the point of view of the total volume of waste and hazardous waste in Slovakia is produced by industry. A large volume of waste is stored at landfills; however, several landfills do not have sufficient technical capacity. This fact justifies the basic objective of interventions in the respective area – closure and recultivation of landfills not meeting the specified standards and not meeting the respective legislation. This is an urgent task especially with regard to protection of ground waters. At the same time, the investment should be directed to the support of separate collection and handling of selected types of hazardous waste.

This complex approach based on the system established in the Slovak Republic – a three-level system of programs in the area of waste management at the national, regional and district level – should ensure the investment efficiency and effectiveness within the capacities strengthening at the regional and district level.

**Ozone layer protection, renewable energy source development.** This strategic part constitutes an important group of activities aimed at reduction and prevention of air pollution. It relates e.g. to improvement of technology of waste capture at incineration plants or heating plants, however, at the same time it ensures the support for renewable energy sources. It is necessary to use more renewable energy sources. Specific attention should be paid to energy production to reduce the dependency on its import and to the environment deterioration.

The planned support is in accordance with the EU objective to increase the proportion of renewable energy sources in the total consumption of primary and secondary sources by 12 % by 2010. The draft priority axes for the Operational Program (OP) “Environment” clearly specifies interventions in the area of renewable energy sources that are to be supported within the OP “Knowledge-based economy”.

Likewise in the case of water management, the interventions are supplemented by the support of introduction and use of more efficient instruments and systems monitoring the air quality. All interventions mentioned above are closely connected with the support to use of innovation technology. The Commission emphasized in its Action Plan of Environmental Technology the value added of targeted and effective incentives (reliefs) when introducing this kind of technology. Nevertheless, the document underlies the need to reduce the market development uncertainty in future as a prerequisite for a wider renewable energy sources exploitation.

**Natural environment and country protection and recovery.** In the respective area the interventions are aimed to protect and partly utilize the Slovak Republic’s natural heritage. The scope of activities is focused on the protected territories including NATURA 2000 areas within the creation of administration (conservation) programmes, improvements of minor infrastructure providing conservation of nature and country as well as centres for visitors and for information and advertising activities. Nature and environment protection and conservation are an important element for conscious development of sustainable forms of tourism. Therefore, this type of activities can support development strategies at the local level and at the level of microregions. Currently, the finances of the structures responsible for protection and administration of protected areas are significantly limited.

It is necessary to emphasize the fact that the strategy elaboration should be closely connected with the relevant parts of the National Strategy for Rural Development because only an effective system of compensation payments to owners will ensure the sustainability of measures aimed at administration and conservation in the long-term horizon. At the same time, it is inevitable to interconnect the centres for visitors of natural territories with extension of the basic environmental infrastructure at the local level with a view to minimize negative impact on environment.

In the area of environmental infrastructure the ex-ante evaluator proposed to extend the context indicators by the following ones:

- Proportion of inhabitants connected to the public water supply,
- Proportion of polluted water treated in a sewage plant in accordance with the EU standards.

In the area of waste management the following indicators should be added:

- Proportion of separated waste in the total waste production,
- Proportion of waste treated in plants and facilities in accordance with the EU standards.

In the area of anti-flood protection the following indicator should be added:

- The size of areas easily hit by floods

### **Local infrastructure**

Within this specific priority the NSRF seeks to solve in particular the quality and accessibility of public services. Public services may constitute important impulses not only for convergence support but for the competitiveness support as well. Therefore, the inclusion of their improvement can be considered necessary. However, this statement is not generally valid for all types of public services to be included in this specific priority.

The priority includes various priority axes that significantly distinguished from each other and there is no direct connection between them. It is due to effort to concentrate all interventions with future implementation responsibilities of higher regional units within this priority. A final decision on allocation of resources for this priority will be very important.

When selecting eligible interventions it will be necessary to prefer interventions having the strongest influence on the development potential. According to the ex-ante evaluator's opinion the investment in the second and partly in the third strategic priority have a higher development potential for the regional development than this priority since they ensure higher growth and employment dynamics.

In case of the local infrastructure it is necessary to take into account the fact that the expected investment will have no effect comparable with investment within the second priority and no effect on economic growth or employment. Therefore, the financial resources shall be also aimed at the school infrastructure recovery and development and at the support of investment in the environment protection.

The most important priority axis within this specific priority should be thus the support to education infrastructure. In the past this area lacked sufficient financial resources as well as sufficient interconnection to the strategic priority of the human resources development. This led to the situation at education facilities and schools that investments in human resources development were not coordinated with investments in technology facilities and equipment which would enable more efficient education and training. Reconstruction of schools and especially modernization of their internal equipment thus constitute the basic prerequisite for ensuring the future competitiveness of regions.

In case of the social services infrastructure it would be convenient to have a more clear definition of the investment goals. Although its effect on the competitiveness of regions is just marginal, it can constitute an important instrument for provision of social inclusion of marginalized groups in particular.

Support to regional health services infrastructure also helps achieve the objectives specified in the NSRF. Its inclusion is sufficiently backed by the current status analysis and by the needs of individual regions in this area.

The priority axis the support of competitiveness and innovation capacity of regions could be modified so that it does not overlap the entire second strategic priority. However, it represents an important instrument for strengthening the competitiveness of regions. While implementing this instrument it will be necessary to avoid investment not bringing synergy effects and not connected with other activities in the respective region (e.g. consistent interconnection of investment in the roads of category II and III with investment in the superior transport corridors, support of monuments restoration on the assumption that their restoration will be sustainable etc.). It will be essential to distinguish the investment in the current maintenance of roads and other public facilities establishing no development impulses from the investment with development potential for the respective region.

The ex-ante evaluator proposes the following context indicators from which the most convenient ones could be selected on the basis of financial allocations:

- Effectiveness of the public services provision
- Accessibility of public services provided
- Quality rate of public services provided
- Proportion of investment in public services
- Energy and economic effectiveness rate of public services provided
- Rate of use of public modern services and facilities

### **2.3.2. Innovations, information society and knowledge-based economy**

Transition to knowledge-based economy as a basis of the long-term increase of the Slovak economy competitiveness and its gradual convergence with the EU most developed countries justly constitutes one of the basic pillars of the NSRF strategy. The support efficiency of this process with interventions from the Structural Funds depends to a large extent on the fact whether all basic processes connected with the knowledge-based economy formation will be in fully supported – from creation and adoption of new knowledge to its effective economic application. The ex-ante evaluator approached to evaluation of this part of the NSRF from this point of view.

#### **Support of competitiveness of enterprises and services through innovations**

Today, most theoretical and application works addressing development issues deal with the transition to knowledge-based economy that is based on creation, distribution and economic use of new knowledge. Therefore, the current economic policy is intended to create such business-friendly national and regional environment that will support the competitiveness of enterprises. Such environment is characterized by institutions effectively supporting the operation of new and existing businessmen and entrepreneurs. This also includes support of strong relations among

firms and institutions (research centres, intermediary institutions, education institutions, business associations etc.) enabling a smooth transfer of new knowledge among the respective players.

The starting point for the business environment support should be in particular the support of the system within which firms operate and the support of groups of firms. Creation of conditions for competitive SMEs is a significant problem of the new EU Member States. Endogenous development of regions, i.e. development by activating their internal potential (in particular the areas of impact on innovations and use of science and technology in production) is possible mainly within a flexible SMEs sector.

Support of competitiveness of enterprises and services through innovations has recently become the central priority of the EU policy. Therefore, this issue – with regard to Slovakia's lag within the European comparisons – is becoming very urgent. The submitted NSRF addresses various areas identified by the Lisbon Strategy as key ones. The ex-ante evaluator states that the implementation support in the way as outlined in the NSRF can partly contribute to a stronger position of the Union as a globally competitive group of economies. At the same time, the evaluator can see some questionable spheres that will require – in particular at the level of operational programmes – a more detailed elaboration.

With regard to the internal consistency of the NSRF the ex-ante evaluator states that the strategy is in principle linked with results of current economic analysis also in relation to the competitiveness of enterprises. While preparing the future operational programme it will be necessary to emphasize in more detail the connection between the current state of the venture capital accessibility and importance of its accessibility for innovation activities.

In operational programs it will be necessary to respect thematic concentration of interventions to support a concept of clusters. The clusters concept can become a suitable platform for harmonization of activities of various players – big firms (aimed mainly at the major investors), SMEs sector (in similar and supporting branches of production and services) and other institutions (research, education, counselling etc.), i.e. those influencing the innovation dynamics of regions.

The EU relevant materials recommend that the effort be focused on creation of a stronger interconnection among foreign investors and local innovation systems comprising of research organizations or local subcontractors. Diffusion of technology and knowledge of foreign investors in Slovak economy may become one of the engines of innovation dynamics. Therefore, it will be right to elaborate in more detail also this part of support within the respective operational programme (programmes).

Insufficient experience with the firm's intellectual property protection could be also a barrier for activities among firms. This results from low people awareness of the intellectual property protection and from insufficient managerial knowledge and skills which doesnot enable effective management of intellectual property. Therefore, it will be necessary to ensure that interventions of the respective operational programme (programmes) are not oriented merely on public sector because this issue is very valid in private sector, too.

Within this priority the interventions establishing and developing so-called new technology based firms (NTBF) should be supported. The support of high technology in public research and private institutions can result in their using in business practice. These firms can become an instrument of restructuring of regional economies and a basis for new regional technology development trajectories. A suitable innovation support instrument to firms is also dissemination of examples of successful firms (benchmarking) that could provide firms with suitable examples for their activities. Such activities should be carried out by the State at various levels and it should also provide firms with respective knowledge.

Inclusion of the tourism support in the priority axis “Competitiveness of enterprises and services through innovation” could limit the sufficiency of financial resources in other areas of the priority axis that still have stronger impact on competitiveness. Experience with projects applying for SF support in the period of 2004 to 2006 shows that most applications has been submitted from this area. Therefore, the ex-ante evaluator recommends that when deciding on financial allocations for individual priority areas it would be good to support especially interventions which could have stronger impact on the competitiveness of enterprises.

As far as the issue of energy effectiveness and introduction of advanced technology in the energy industry concerns, the back-up in favour of its support (if it is the intention of the Slovak Republic) should be more accurately reasoned in the SWOT analysis, in main development disparities and factors.

### **Information society**

Accessibility of information and communication technologies (ICT) to all population groups and its application in all sectors and segments of economy is a prerequisite of strengthening the economy competitiveness and society development towards the knowledge-based economy. The ICT application and use constitutes an effective instrument of the labour productivity growth increase in existing economic activities as well as of creation of conditions for establishment of new enterprises and brand-new production possibilities and thus employment increase. ICT are integral part of the innovation process: they are innovations itself and also an instrument of other innovations in various branches, sectors and areas with regard to its universal nature. As far as the NSRF concerns the information society will help strengthen the social, economic and territorial cohesion among the individual regions of Slovakia and create more intensive linkages and relations with the EU and its Member States which can be regarded as one of its most important benefits. Improvement of access to the information and communication technology products and services in less-developed and remote regions should result – in terms of provision of information to self-government, enterprises and public – in establishing equal conditions for use of opportunities provided by the economic and social development not only within Slovakia but in the entire Union as well.

Unlike other specific priorities of which resources are necessary to concentrate thematically as well as regionally depending on conditions in individual regions, interventions in information society should be implemented in the entire territory of Slovakia. The NSRF emphasized this nature of this priority by including information society as a horizontal priority as well. Orientation on information society issues is also assumed within the OP “Bratislava region”.

Slovakia lags significantly behind in the area of information society development<sup>4</sup>. Topics that should be supported by the EU cohesion policy instruments in the programming period of 2007 to 2013 within the respective specific priority in Slovakia constitute thus a relatively wide range of activities. The NSRF decided to implement approach based on concentration of interventions with three areas of topics, namely:

- Effective electronic public administration and electronic services development,
- Increase of access to the broadband Internet
- Development of memory and funds institutions.

Especially the first two thematic areas have potential to build a basic skeleton of information society on the entire territory of Slovakia with significant possible external effects for the wide spectrum of related activities.

The third thematic area properly supplements the planned activities within the specific priority, although selection of this topic is not so clear. Business and competitiveness in regions could be e.g. more effectively supported by creating of a nation-wide system of scientific, technology and economic information enabling exchange of knowledge and its transfer to the business sphere.

The context indicators for the specific priority “Information society” are recommended to precise so that they are in compliance with its defined objectives:

- Access of Internet to households (proportion in population)
- On-line accessibility of public administration services to citizens,
- Percentage of enterprises using Internet for communication with public institutions,
- Penetration rate of the broadband Internet (number of connections in relation to population),
- Proportion of ICT expenditures to GDP.

### **Science and research**

In the area of science and research it is important to set long-term and mid-term objectives. Long-term objectives normally focus on creation of dynamic comparative advantages based on the ability of science and research to establish – by its own development – prerequisites for continual growth of the economy competitiveness in the changing and unstable conditions of the world economy. This concept of science and research is very simply and accurately defined by the following formulation in the Slovakia’s Competitiveness Strategy by 2010: “Slovakia needs a wide basis of scientists able to carry out quality research at the high international level”. In order to achieve long-term objectives in the area of science and research it will be inevitable to support also the basic research because without it the applied research and development lose their background which threatens the entire knowledge lag in comparison to the world. Achievement of

---

<sup>4</sup> This is documented by the following selected indicators: according to 2004 Network Readiness Index ((WEF, Global Information Technology Report 2004-2005) Slovakia is on the 23<sup>rd</sup> rank within the EU 25 (the index value 0.03 compared to 0.63 in the EU 25 and 0.18 for the new EU countries); broadband connection penetration index reaches value of 0.4 compared to 6.5 as the EU 25 average; e-government accessibility indicator (proportion of enterprises using Internet in communication with public authorities) reaches value of 15 compared to 42 in the EU 25; the exception is the indicator of annual expenditures on ICT from GDP within which Slovakia is close to EU 25 average, in particular with regard to building of basic infrastructure in this area.

long-term objectives in the area of science and research in Slovakia can be supported merely by increasing public expenditures on science and research from GDP<sup>5</sup> since at the current very low expenditures on science and research the background for transition to the knowledge-based economy is considerably narrowed. It should be noted that in the respective area no objective has been so far clearly specified and quantified that would be similar to the objective specified by the European Union and most of its Member States in relation to the Lisbon Strategy<sup>6</sup>. At least the NSRF strategy should address this issue.

The long-term objectives in the area of science and research are currently connected with better application of the science and research results already achieved and with transfer of existing knowledge to the business sector. The European documents also accept this approach to science and research. However, the difference consists in the fact that the research potential of the EU most developed economies is significantly stronger and more developed than that of the Slovak Republic, hence the pressure on more application of its results is fully justifiable.

The NSRF emphasizes mainly mid-term objectives and solution of some problems of science and research that have been ignored for a long time.

The Specific priority “Science and Research” is focused on the following areas of topics:

- Recovery and building of the science and research infrastructure,
- Support of excellent science and research institutions networks as pillars of the region development and interregional cooperation support,
- Transfer of knowledge and technology acquired through science and research to the practice.

All three thematic areas have clearly defined goals as well as respective justification. The potential of the basic and applied research from the point of view of human resources and material facilities has become significantly weaker for the last 15 years and the interventions from the Structural Funds may help recover it so that it can better fulfil its functions.

As stressed by the EU documents the building of excellent science and research institutions networks oriented on the development priorities of the respective region is being strengthened as well as the ability of these research and development institutions to participate in international projects. It is necessary to welcome the fact that the building of networks is supposed to relate to research and development institutions *regardless of the regional competence of the respective research staff*, i.e. it should be possible to use the science and research potential for support of research and development strategies of individual regions and their implementation in the whole Slovakia.

Transfer of knowledge between research and development on the one side and economic sphere on the other side is one of the weakest elements of the innovation chain. Financial support of this

---

<sup>5</sup> Public expenditures on science and research reach 0.24 % GDP (0.69 % in the EU 25), corporate expenditures on science and development 0.23 % GDP (1.26 % in the EU 25); therefore, Slovakia significantly lags behind the European countries in both indicators. Academic research being financed by enterprises in 2002 and 2003 virtually did not exist; in the EU 25 the proportion of enterprises on science and research expenditures reach 6.6 % on average. (Source: European Innovation Scoreboard 2005)

<sup>6</sup> In this respect there were also reservations of the European Commission expressed in its Standpoint to the National Reform Programme. (Communication from the Commission to the spring European Council; Part II to Com (2006) 30; Slovakia).

process can significantly increase the innovation potential at the level of regions as well as worldwide.

The overall focus of the specific priority has a significant regional context that could result in development of new activities in individual regions. However, this is under the condition that there will be clearly specified regional development strategies and methods of their implementation.

With regard to financing the specific priority from the ERDF the interventions will be aimed at creating material and technical prerequisites for research and development. The specific priority “Human resources” includes support of human resources for research and development at universities; however, the support for the sector of scientific and research institutions outside universities is not explicitly included.

The context indicators mentioned in the NSRF for the specific priority “Science and research” are well-defined and correspond to the objectives of this priority. They are the following indicators:

- Proportion of public expenditures on research and development in GDP
- Proportion of expenditures of the business sector on research and development in GDP
- Number of patents granted per 1,000,000 inhabitants
- Number of patents per one research and development worker.

### **Public health modernization**

The SWOT analysis results show that in the public health sector as one of the decisive factors of economic development and instrument for competitiveness increase, there are some negative phenomena in the SR that could weaken the competitiveness of the SR and its citizens in future. The current health state of the SR population is characterized by a large number of cardiovascular diseases, carcinoma diseases and diseases caused by external effects.

It has proved that the public health sector does not have developed some system of elements yet (the relation: patient – physician – health insurance companies; information system quality, services quality evaluation, health care prediction etc.); involvement of citizens in the health care, volume of financial resources being spent that is significantly lower than in the EU, and other problems. The current public health reform is an important attempt in this regard.

The SWOT analysis results proved that:

- There is absence of various health care forms, content of health care accessibility that is critical for adaptability enhancement of population in the rapidly changing technology and social environment;
- The limiting factor is the existing relation patient – doctor – health insurance companies; although the new legislation opened the requirement that the health care process be aimed at the citizen, it did not sufficiently taken into account the social cohesion.

The EU policy is aware of the importance to increase the public health efficiency through investment in information technology, education, innovations in management and public health facilities and equipment. This is emphasized by the Community Strategic Guidelines for 2007 to

2013. In order to achieve the maximum public health effectiveness it is necessary to direct the investment in the area of prevention enhancement, reduction of public health infrastructure deficiencies which could result in increasing the population productivity and reducing the negative social impact.

When comparing the SR public health sector with the situation in other EU Member States, it is currently – at significant lower costs – comparable from the professional point of view. However, insufficient interest in the patient is the problem. Deterioration of ethics and moral is reflected in the lower quality of the provided health care. In connection with the population ageing the occupancy of hospitals is increasing and the system is becoming more and more expensive. Therefore, the health care system will have to be restructured for the needs of the ageing population.

The main problem of the public health sector in the coming years is to solve financial relations between health insurance companies, doctors, pharmacies, patients, and payments by the state to health insurance companies.

The vital investment in the public health sector through health promotion campaigns and prevention will help extend the labour activity of population thus supporting the economic growth.

The focus of this specific priority should reflect new conditions in the health market and needs of population. With regard to the mentioned facts the priority should be aimed at interventions in modernization with a view to:

- Improve the health care quality level,
- Increase effectiveness and transparency,
- Enhance the necessary accessibility of health care as a public service since a sign of a well-operating public health sector is a strengthening relation citizen – doctor – health insurance companies,
- Use of available ICT for rationalization of its activity and communication with patients (to introduce the so-called smart administration),
- Increase the skills of public health staff and to ensure personal stability.

With regard to division of interventions for public health modernization into two (investment) priorities in the NSRF it will be inevitable to clearly define the lines of eligibility between the aid recipients through the so-called national projects and recipients from the Regional operational programme.

In addition to the context indicator *Mid-term life expectancy* it is recommended that the *Most frequent causes of mortality due to cardiovascular and carcinoma diseases* be included. The indicator of (work) disablement would be suitable to formulate as a performance indicator in operational programme.

### **2.3.3. Human resources and education**

In general, it can be stated that the NSRF addresses the issues of human resources and education which should help support the knowledge-based economy or information society

development. In the process of elaborating the document there was a favourable shift in favour of human resources, education and social inclusion. By doing so the writers of the NSRF recognized that this area could have even higher long-term pro-growth impact than e.g. physical infrastructure.

The analytical part of the NSRF defines the current comparative position towards the EU 15 in parameters of human resources and education. It states the lag in employment rate (in total for all age categories) and especially in employment rate of older persons (over 55). Accordingly, the lag of Slovakia in the area of lifelong education of workforce is apparent. The analysis mentions the relative advantage of Slovakia in a high proportion of young people with upper secondary education (91.5 %). However, at the same time it adds that the education system is not able to produce in sufficient extent a qualified workforce that could be able to participate without problems on the labour market. In addition to a lower volume of expenditures on education in relation to GDP in comparison to the EU 15 the main problem is low effectiveness of education system that so far has not been able to react in a flexible way to the needs of the labour market. The ex-ante evaluator hence considers the priority “Modern education for knowledge-based society” as one of the key thematic priorities of the NSRF.

The document correctly puts in contrast the fact that Slovakia has a high proportion of population at the age of 20 to 24 years with at least upper secondary education with another fact, namely that the education growth has not been a development priority in Slovakia for the last 15 years. Therefore, the document logically states the incompatibility between quantity and quality characteristics of education process. The problem resides in quality of education which does not reflect the current or future needs of the labour market. According to the NSRF the success could be achieved by combining regional and local approaches that will respect regional and local particularities in the area of demographic development, unemployment development and new jobs creation. This NSRF thesis indicates the strengthening of regional and local approaches also in development of the education content (because today the central specification of contents significantly dominates) which is a significantly progressive element. Regional and local authorities entering the process of education content development (of course, while respecting the minimum content framework defined centrally) can ensure significantly more flexible adaptation of the education content to local conditions and requirements of employers. It also means the increase of competition among schools that could considerably differ from each other also by the offered education content.

The NSRF provides quantification of persisting lack of finances in education sector. Expenditures on education in 2002 reached merely 3.0 % of GDP where the EU average in 1999 was 6.3 % of GDP. At the same time, there is an urgent need for workforce able to produce a high added value and able to adapt in a short time. The NSRF identifies the basic elements of required education needs in increasing the digital literacy, increasing command of foreign languages, developing social and business skills, developing the capacity of learning by doing and to work with talented young people. These theses are in compliance with the basic education development documents approved by the Government in 2000; however, they have not been sufficiently implemented in the education sector.

The NSRF identifies the most critical groups in the labour market in terms of employment (especially identified are young people, handicapped people, persons with low skills and older workers). It is necessary to add that a significant proportion of the current unemployed persons has never worked before. This group is becoming dominant and requires a specific approach.

The NSRF also requires that emphasis be put on pursuing more flexible forms of labour (employment) relations and regulation of working hours that have been so far used to a limited extent. This requirement should be specified by the respective operational programme.

The specific priority “Modern education for knowledge-based society” was provided with context indicators where not all of them have sufficient relevance. Therefore, the ex-ante evaluator recommends to select as context indicators from those regarded in the EU as moving factors of innovations, e.g. (1) number of university graduates in the natural sciences and technical field per 1,000 inhabitants at the age of 20-29; (2) number of upper secondary schools graduates per 100 inhabitants at the age of 25-64; and (3) participation in lifelong education per 100 inhabitants at the age of 25-64 years.

Suitable context indicators are selected for the specific priority “Support of employment growth and social inclusion”.

#### **2.3.4. Evaluation summary of the thematic (strategic and specific) priorities**

The Strategic priority “Infrastructure and regional accessibility” constitutes an important area in development of the less-developed regions and thus provides prerequisites for a significant contribution to the achievement of the NSRF strategic objective and *increase attractiveness of regions*. It is in compliance with other national documents. In case of transport infrastructure it is mainly the Concept of the territorial development of Slovakia (2001). In case of environmental infrastructure it is mainly the compliance with the Sustainable development concept specifically focused on fulfilment of several EU directives from which emerge obligations for Slovakia in this area. In case of local infrastructure they are mainly the regional development plans of the less-developed regions. Although with various intensity and rate in individual specific priorities this specific priority contributes also to fulfilment of the Lisbon and Goteborg strategies.

The specific priority Transport infrastructure is based on the long-term aims of the Slovak Republic in the area of transport infrastructure. Long-term planning and size of projects enable to ensure the spending of allocated resources in full extent. As far as the content concerns, the need for these actions was supported by most institutions engaged in the NSRF elaboration.

The specific priority Environmental infrastructure and protection includes a complete set of areas in which the interventions co-financed from the Structural Funds and Cohesion Fund should be implemented. It is aimed at improvement of the basic environmental infrastructure, support of innovation environmental technology, monitoring and control systems, and administration of protected territories including NATURA 2000 territories.

The Strategic priority „Innovations, information society and knowledge-based economy“ has an ambition to follow the Slovakia’s Competitiveness Strategy by 2010 (National Lisbon Strategy) and the National Reform Programme with a view to build and modernize the entire innovation infrastructure.

Support of competitiveness of enterprises and services through innovations belongs to the EU important priorities. Therefore, this issue has become very urgent also with regard to Slovakia's lag in comparison to the European countries. The submitted NSRF can partly help strengthen the position of the Union as a global competitive group of economies. However, some aspects will need to be elaborated in more detail, in particular at the level of operational programme(s). These will have to take into account also the Commission methodical guidelines in connection with the 7<sup>th</sup> Framework Programme for Research and Development, the Framework Programme for Competitiveness and Innovations and others.

With regard to support of enterprises' innovations, mainly of SMEs, it would be useful to outline – within operational programmes – principles of regional innovation systems on the basis of a targeted SWOT analysis defining the main problems and development possibilities in terms of competitiveness. It will be necessary to define the possibilities of access to finances for new and expanding enterprises when investing in innovations, including environment improvement; to support objectives i2010 – e.g. development of the Single European Information System and others.

In connection with innovations it is necessary to mention the Services in general economic interest (SGEI) in development of rural areas. Their importance is also specified in the Community Strategic Guidelines. The support shall help ensure at least the minimum level of Services of General Economic Interest to improve life quality in rural areas. They are services that shall be provided for an acceptable price for everybody also in areas where the market is not sufficiently profitable. In addition to this, it can be services facilitating development of activities for support of culture and cultural heritage preservation.

With regard to the strategic priority “Human resources and education” one can see a certain shift in justification and reasoning of individual drafts NSRF. The previous versions rather provided a narrow justification of changing the education system in terms of a need to bring the workforce quality in compliance with the labour market requirements. The final version NSRF is based on wider justification or reasoning: it mentions not only the labour market requirements but the wider needs of society. It is not only the citizen who is successful in the labour market but it is the citizen who will be able to think critically in everyday life, to analyse and influence social events and effects and to flexible react to the changed labour market needs and changes in society. This approach humanizes the need to change education being not only a technical need in the interest of a balanced labour market and production potential use but also a need in the interest of society quality and life quality of each individual.

#### **2.4. Evaluation of horizontal priorities**

The final version NSRF defines the following four horizontal priorities: (1) marginalized Roma communities; (2) equal opportunities; (3) sustainable development; (4) information society.

The number of horizontal priorities has been extended to the current four as a result of a natural reaction to the negotiations regarding the NSRF. An important task will be to deepen interconnections with supported activities and eligible recipients of aid within operational programmes. Such interconnection is relatively evident for the priority “Marginalized Roma

communities”. In case of other priorities the question remains open also due to the fact that one of the horizontal priorities (Information society) is in principle also a thematic priority.

The horizontal nature of the priority **Marginalized Roma community** is reflected in the entire scale of strategic and specific priorities (this is how its horizontal aspect is actually articulated). The NSRF states the incompliance of official statistics of the SR Statistical Office with the sociographic results. The number of inhabitants living in marginalized Roma settlements is even 3.5 times higher than as it is reported by official statistics of the Statistical Office in the last census (2001).

In accordance with expectations the issue of marginalized Roma communities is in more detail elaborated in the parts of the NSRF dealing with education. Through this it reacts to the fact that the specific problem in the area of education in the Slovak Republic is the education level of the Roma population, in particular the group that lives in poverty. The NSRF criticizes the fact that the respective curricula – in terms of content and form – ignore the particularities of the Roma community, its history and language.

Another problem is insufficient distribution and active application of teaching and learning materials relating to education of Roma children and for Roma teachers. Moreover, the work with families is neglected, and the missing support of children’s education by individual local Roma communities is not being built. It is also necessary to pay more attention to the work with teachers and their motivation (including the financial one) at schools with an increased number of children from marginalized Roma communities.

The list of the mentioned deficiencies is an important argument for allocation of future resources and activities. The members of marginalized Roma communities will need an effective, complex and long-term help when being integrated in the labour market. At the same time, the current state of structures ensuring implementation of an active labour market policy (including provision of employment services) and protection of right to equal treatment does not sufficiently solve the problem and does not bring specific changes.

The NSRF puts special emphasize on marginalized Roma communities also in the section addressing **social inclusion**. It is mainly the population in Roma settlements who live in extreme poverty and where the poverty is being transferred to the next generations. In this context the NSRF also states insufficient diversification of social services while the situation is becoming better by introducing effective and methodically progressive – yet not sufficiently standardized and accessible – community social work, respectively field social work.

The specific problems of social exclusion according to the NSRF include the isolation of Roma settlements with insufficient or deeply non-standard infrastructure and associated low quality facilities and very low environment quality. Another problem issues are unsettled property rights and ownership of land under these settlements, low accessibility of social housing to this group of population, missing legislative definition of social housing and its types (together with the defined system of transferability among them). Interventions from the Structural Funds should solve these and other problems.

The next horizontal priority **Equal opportunities** is one of the pillars of the European Employment Strategy. Its principles should be natural part of each government document. This case also proves that in the process of operational programmes elaboration it will be necessary to create a good framework to implement the equal opportunities principle.

The objective of the horizontal priority **Sustainable development (SD)** is to ensure that each activity supported from public resources, including resources from the EU funds and Cohesion Fund is in compliance with principles of environmental, economic and social sustainability. The sustainability criterion should thus become the main criterion in the selection of projects. Ultimately, observance of the SD rules is natural part of each investment project.

## 2.5. Evaluation of operational part and financing of NSRF

### 2.5.1. List ad characteristics of operational programs

The list of operational programs (OPs) and the basic overview of their institutional provision was agreed upon after many discussions at the political level and approved by the SR Government as follows:

- Eight OPs within the objective Convergence, of which two operational programmes co-financed from ESF covering the whole SR including the Bratislava region, i.e. both objectives – Convergence and Regional competitiveness and employment;
- One OP Technical assistance within the objective Convergence for horizontal activities (preparation, management, monitoring, evaluation, information, administrative capacities strengthening) and activities of financial management, financial control and audit being provided and methodically regulated by the certification body and audit body;

Moreover, within each OP financial resources shall be allocated for technical assistance for specific priorities of the respective Managing Authority and Intermediary Bodies under Managing Authority;

- one OP co-financed from the ERDF within the objective Regional competitiveness and employment for the Bratislava region.

Table 3: Agreed list of OPs and their Managing authorities

	Operational program	Managing authority	Fund
1.	Transport	Ministry of Transport SR	ERDF, KF
2.	Environment	Ministry of Environment SR	ERDF, KF
3.	Regional operational programme	Ministry of Construction and Regional Development SR	ERDF
4.	Knowledge-based economy	Ministry of Finance SR	ERDF
5.	Public health sector	Ministry of Health SR	ERDF
6.	Employment and social inclusion <sup>7</sup>	Ministry of Labour, Social Affairs and Family SR	ESF

<sup>7</sup> Also includes the objective Regional competitiveness and employment

	<b>Operational program</b>	<b>Managing authority</b>	<b>Fund</b>
7.	Education <sup>8</sup>	Ministry of Education SR	ESF
8.	Education infrastructure	Ministry of Education SR	ERDF
9.	Technical assistance	Ministry of Construction and Regional Development SR	ERDF
10.	Bratislava region (ERDF)	Ministry of Construction and Regional Development SR	ERDF

Here it is necessary to note that the ex-ante evaluator supported the initial proposal requiring a lower number of OPs.

### **2.5.2. Coordination of operational programmes**

The importance of mutual coordination of elaboration and implementation of operational programmes as well as close cooperation of managing authorities and intermediary bodies at all levels in the whole process is recognized by those (upon their own experience) who were or are involved in the whole process in this programming period. They already know the considerable extent of tasks connected with coordination of various activities that are demanding to be managed by inflexible administrative procedures.

Deficiencies in coordination, respectively insufficient readiness for cooperation and mutual consulting often result in issuing non-coordinated instructions. It is sensibly reflected in non-coordinated setting of conditions for submission of projects, in unreasonable differences in evaluation criteria, in eligible costs, in consecutive need to modify rules during the process etc.

Successful coordination of elaboration and implementation of operational programmes will be significantly demanding also with regard to number of operational programmes. Therefore, it will be necessary to ensure mutual confidence of the respective departments at individual ministries and other public administration central authorities as well as willingness to mutual flexible informal cooperation.

Coordinated support will be demanding in case of activities financed from the ERDF the efficiency of which will depend on the parallel support of activities financed from the ESF. Investment in industrial parks, schools modernization, research and development institutions will be in general effective merely under the condition that there will also be investment in preparation of skilled professionals. It will be necessary to coordinate similar cases also with regard to interventions supported from the Cohesion Fund.

Special attention will have to be paid to coordination of support from the Structural Funds (SF) and from the rural support fund (EAFRD). The so-called demarcation lines will have to be completed together with the Ministry of Agriculture and, of course, with participation of relevant partners.

---

<sup>8</sup> Also includes the objective Regional competitiveness and employment

So far the solution of coordination support of activities of proposed operational programmes and (national) programmes within the objective European territorial cooperation has not been in the foreground. Most potential beneficiaries along the Slovak borders will be allowed to use the resources from both Objectives, so it will be necessary to prevent the support overlapping.

## 2.6. Evaluation of expected effects and impacts of investment in strategic and specific priorities of NSRF

### 2.6.1. Purpose and subject of the evaluation – the proposed scenario of financial allocations

The purpose of this part of the ex-ante evaluation was to identify what effects and impact can be expected by proposed allocation of financial resources to the priorities included in individual operational programmes. The EU/EC financial allocations as approved by the SR Government decree No 457 of 17 May 2006 were the subject of this evaluation. The amount of allocations from the SR budgets was based on the presumption that their proportion to the EU/EC will be 85 % : 15 %.

Table 4: Allocation of finances in the NSRF for the objective Convergence

Operational program	Allocations (EUR million)		
	EU	SR	Total
OP Transport – total	3437	607	4044
OP Environment - total	1450	256	1706
Regional OP – total	1475	260	1735
OP Knowledge-based economy – total	2600	459	3059
OP Public Health – total	200	35	235
OP Education infrastructure	575	101	676
OP Education	800	141	941
OP Employment and social inclusion	600	106	706
OP Technical assistance – total	100	18	118
<b>Objective Convergence – total</b>	<b>11237</b>	<b>1983</b>	<b>13220</b>

Table 5: Allocation of finances in the NSRF for the objective Competitiveness and employment

Operational program	Priority	Allocations (EUR million)		
		EU	SR	Total
OP Bratislava region	Infrastructure from ERDF	50	9	59
	Knowledge-based economy from ERDF	51	9	60
<b>OP Bratislava region ERDF</b>		<b>101</b>	<b>18</b>	<b>119</b>
OP Education <sup>9</sup>	Modern education for knowledge-based society from ESF	30,5	2	13
OP Employment and social inclusion <sup>10</sup>	Support of employment growth and social inclusion from ESF	30,5	2	13
<b>Ojective Competitiveness and employment – total</b>		<b>123</b>	<b>22</b>	<b>145</b>
<b>of which: ERDF</b>		<b>62</b>	<b>11</b>	<b>73</b>
<b>ESF</b>		<b>61</b>	<b>11</b>	<b>72</b>

### 2.6.2. Evaluation methodology for financial allocations scenario

Two models were used to evaluate macroeconomic effects and impact of investment financed from the EU funds: HERMIN\_ISWE05 and CGE that enabled to assess the quality and suitability of financial allocations specified in the NSRF.

The mentioned models are characterized by their ability to react properly to the basic policies of investment in public infrastructure, competitiveness of enterprises and human capital. They presume that investment allocated in various sectors and regions will be used in a coordinated way ensuring the fulfilment of the quantified synergy and multiplication (multiplied) effects of interventions.

The evaluation of effects and impact was based on the presumption that the proportion of public finance resources from EU and from SR for all priorities will be equal, namely 85 % from the EU resources and 15 % from the SR public resources. Expectation that resources from the EU funds will prove improvement of the basic economic indicators has proved to be correct.

### 2.6.3. Findings and evaluation of expected investment effects and impact

According to the HERMIN model (in percentage points)

1. cumulative increase of GDP in comparison to the basic scenario by 14.2 %,
2. cumulative multiplier will reach the increase of the gross domestic product at the amount of 1 of GDP, where by the end of 2013 it will reach 1.94. In 1994 to 1998 the values of this indicator were computed also for the economies of Greece, Ireland, Portugal, and Spain. In case of these countries the indicator varied from 0.67 to 1.44,

<sup>9</sup> One OP common for both objectives: Convergence and Regional competitiveness and employment; the mentioned amount is designed for the second priority axis only.

<sup>10</sup> One OP common for both objectives: Convergence and Regional competitiveness and employment; the mentioned amount is designed for the second priority axis only.

3. creation of approximately 181 thousand jobs compared to the basic scenario (excluding EU funds), i.e. almost 87,000 additional jobs,
4. the total unemployment rate of persons at the age of 15 to 64 years at the level of 63 %,
5. decline of the unemployment rate by the end of the respective period to the level of 8.3 %, i.e. a decline by 3 percentage points compared to the basic scenario,
6. Significant shift also in the labour productivity growth that will reach a 10 percentage-point increase at the end of the forecast in comparison to the basic scenario.

Graph 1: Comparison of the NSRF financing on GDP

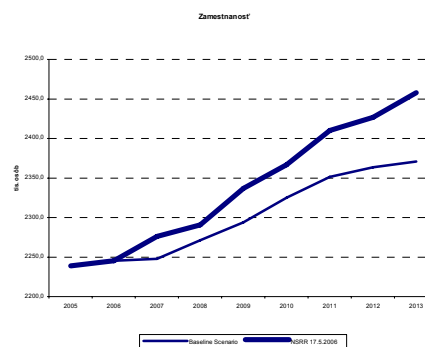


Table 6: Additional effects between the basic scenario and the NSRF financing scenario calculated by the HERMIN model

	Growth rate increase Cumulative compared to 2006, in percentage points			Impact on unemployment rate, In %
	GDP	Labour productivity	Labour demand	
2007	3.10	1.81	1.26	15.00
2008	5.68	4.78	0.86	14.67
2009	6.93	4.97	1.86	13.33
2010	9.51	7.57	1.81	12.33
2011	11.07	8.36	2.50	10.67
2012	13.48	10.53	2.67	9.67
2013	14.19	10.16	3.66	8.33

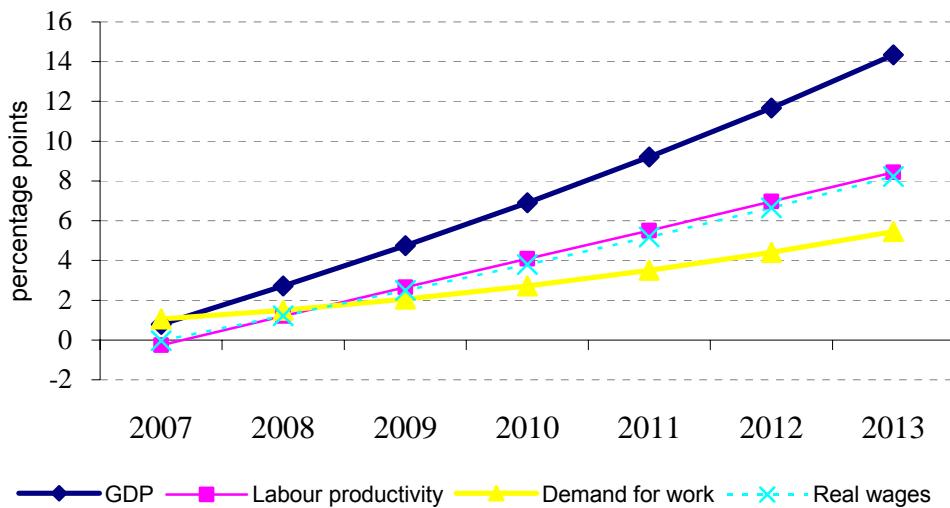
#### According to the CGE model (in percentage points)

1. GDP will increase by 14.34 % compared to the basic scenario, the labour productivity by 8.44 %, real wages by 8.23 %
2. cumulative multiplier will reach the value of 1.93

Table 7: Additional effects between the basic scenario and the NSRF financing scenario calculated by the CGE model

	Growth rate increase Cumulative compared to 2006, in percentage points			
	GDP	Labour productivity	Labour demand	Real wages
2007	0.79	-0.26	1.06	-0.04
2008	2.72	1.20	1.50	1.22
2009	4.75	2.65	2.05	2.49
2010	6.90	4.08	2.71	3.80
2011	9.20	5.51	3.50	5.18
2012	11.67	6.96	4.41	6.65
2013	14.34	8.44	5.45	8.23

Graph 2: Additional cumulative effects of NSRF financing according to model CGE



### Evaluation of impact on the economy structure<sup>11</sup>

In individual economy sectors the production will be altering differently due to variable development of demand for individual commodities. The specific changes quantified by the CGE model are presented in Table 8.

Table 8: Production difference in the scenario 1 compared to the basic scenario, in %, in constant prices

	2007	2008	2009	2010	2011	2012	2013
Agriculture	-1.7	-0.9	-0.7	-0.2	0.5	1.4	2.7
Industry	-2.5	-1.8	-0.8	0.4	1.9	3.6	5.7
Construction	15.6	15.2	18.4	21.8	25.6	29.8	34.4
Market services	0.4	1.6	2.7	3.9	5.3	7.0	9.0

<sup>11</sup> This document evaluates only economic impact of finances within the NSRF. Impact of finances that will flow into the economy within the Common Agricultural Policy are not evaluated.

	2007	2008	2009	2010	2011	2012	2013
Non-market services	2.2	2.5	2.6	2.8	2.9	3.2	3.4

The gross fixed capital formation growth results in an immediate construction production growth; industrial production grows gradually with the export increase, and a higher final consumption of households and public administration leads to the growth of market and non-market services. High investment growth will then cause that production factors will be shifted to this branch (sector) and will lead to a temporary decline of other production since new production capacities are being created gradually.

#### **2.6.4. Comments to findings of expected investment effects and impact**

The described results acquired on the basis of calculations through mathematical and economic models are based on the prerequisite of quality coordination of interventions. It means that effectiveness of investment in one sector or region is normally conditioned by investment in another sector. This applies especially under conditions the NSRF priorities financing rules where the synergy effect of investment will significantly depend on good coordination among the activities supported by the ERDF and ESF.

Without special justification it is possible to mention the necessity of coordination of interventions in local infrastructure and human resources (e.g. within future possible interventions in Modernization and building of social care facilities with focus on social inclusion of marginalized groups on the one side and interventions in Improvement of education level of young people from marginalized Roma communities on the other side). Similarly, it is possible to find compliance in opinions on the necessity of coordination between the support of monuments restoration, support of more complex public tourism products and investment in human capital for tourism development.

A more demanding task for managing authorities and intermediary bodies of individual operational programmes will be to define effective measures enabling to achieve synergy effects between investment in support of enterprises' competitiveness, research and development, and also in connection to investment in human capital and infrastructure.

### **3. Overall evaluation of NSRF**

Finally, the ex-ante evaluator states that the NSRF constitutes an attempt of balanced application of structural interventions from various aspects:

1. it is aimed to connect the thematic and regional approaches where it proves to be necessary to complete the inclusion of this approach in operational programs,
2. it enables balanced approach between short-term, mid-term and long-term interventions, in particular in terms of employment. It is mainly the linkage of short-term growth caused by infrastructure building, SMEs development, as well as longer-term development in the area of education, research and innovations,

3. it supports the balance between large investment and suitable structured programs for minor activities with dispersion to several centres, e.g. innovation solutions for the basic environmental problems in peripheral areas,
4. it enables to balance standard investment in basic infrastructure with support of innovations and risk capital,
5. it is aimed to harmonize the policy objectives towards balanced and sustainable spatial development in the EU, and presumes the harmonization of interventions within the cross-boarder, multinational and interregional cooperation,
6. it assume the observance the policy of spatial planning on own territory through the Slovakia's Regional (Territorial) Development Concept in the area of regional development, development of economy decentralized structure. By developing the polycentric network of Slovakia's settlement structure it follows the Europe-wide polycentric settlement system and communication skeleton through international transport corridors.

Upon findings mentioned in this Final Report, after considering the offered main recommendations, the ex-ante evaluator recommends that the National Strategic Reference Framework be approved as a basis for the SR Government negotiations with the European Commission.

During processing as well as interactive participation in processing the NSRF the ex-ante evaluator has concluded to some general knowledge:

1. increasing importance of the cohesion policy and change of its policy direction ask for the urgent need to establish professional research background in Slovakia so that this policy can be implemented. This would allow – at professional level – to elaborate the regional development strategy and its continuous updating, evaluation processes, functional analyses, professional cooperation within operational programmes and transfer of knowledge to public administration sphere. Such an institution (or workplace) could closely cooperate with the Ministry of Construction and Regional Development SR. This issue can be solved by financial resources from the Operational programme Technical Assistance.
2. Elaboration of the NSRF allowed developing positive cooperation of the regional development institutions and players within a partnership. It is recommended that the discussion nature of the partnership be deepened in particular by organizing meetings on selected topics (e.g. innovations, education) in the form of specialized seminars with which the neighbouring countries have good experience.

## 4. Annexes

### 4.1. Overview of answers to main evaluation questions

This part provides answers of the ex-ante evaluator to the main contractors' questions.

**Annex 1** Assessment of the NSRF according the main evaluation questions of the contractor

No.	Evaluation questions and answers (according the ToR)
<b>Economic justification of the strategy and consistency of the strategy</b>	
a)	<p><i>How is the proposal of the NSRF linked to and consistent with the analysis of the current state of the economy?</i></p> <p>In general, the strategy reflects the main trends outlined in the analysis of the current state of the economy. In some parts, there should be a closer connection of the analysis with the strategy, i.e. the analysis could have been more functional. If there are in the strategic part of the document proposed certain types of centers (e.g. innovation, cohesion centers), the analytical part should have contained the evidence of their existence, relevance and importance for the future development, not mentioning their identification. The analysis has significant macroeconomic orientation; therefore e.g. the convergence is understood exclusively in the national economic context (nominal, structural, etc.). Therefore, if the regional convergence appears in the strategic part, it does not have background in the analytical part.</p>
b)	<p><i>Is the proposed strategy a suitable instrument for addressing problems and needs of the EU cohesion policy and development of the Slovak Republic?</i></p> <p>There is a thematic compliance of priorities of the strategy with the key strategic document of EU. As it is also stated in the evaluation of the strategy and its consistency, whether it will become a relevant instrument of the cohesion policy does not depend only on the proposed strategy, but also on the activities of all relevant actors in regional development, on specific links of the priorities and projects, on functioning and quality of Managing authorities and Intermediary bodies.</p>
c)	<p><i>How does the proposed strategy reflect long-term and sustainable objectives and contributes to accomplishment of Lisbon and Goteborg strategy?</i></p> <p>On the highest level of the objectives, the proposed strategy is in line with the objectives of Lisbon and Goteborg strategy. Thematic priorities are fully compliant with these strategic priorities and with Community Strategic Guidelines. Ambitions of the objectives and possibility of their achievement can be a problem for the Slovak Republic (eventually also for other new MS).</p>
d)	<p><i>Does the strategy contribute to accomplishment of the objectives of other EU and SR policies and priorities?</i></p> <p>Since thematic priorities are formulated broadly and have also horizontal dimension (innovations, knowledge-based economy, ICT, human resources), the strategy contributes to achievement of other objectives in agrar, industrial, energy, transport and scientific-technological, environmental policies, but also in information, education policy.</p>
e)	<p><i>Are themes of balanced development and addressing regional disparities suitable integrated into the NSRF interventions?</i></p> <p>The strategy explicitly does not tackle the issue of development of the least developed Slovak regions. It is expected that this problem will be addressed in the phase of elaboration of the operational programmes. We are convinced that basic outline of solving the regional disparities is needed in order to ensure that specific priorities, and later measures and projects can be linked in synergy. Moreover, this would allow apply a concept for projects selection. .</p> <p>The proposed context indicators, which are supposed to allow assessment of implementation of assistance, are frequently formulated in a way that will not enable to monitor them on NUTSII and lower levels, so it will not be possible to verify the regional dimension of interventions.</p>

No.	Evaluation questions and answers (according the ToR)
f)	<p><i>Are individual priority axes and objectives of the strategy consistent and do they reflect results of the SWOT analysis?</i></p> <p>Individual priority axes and objectives of the strategy are largely consistent with the results of the SWOT analysis. In some aspects, mentioned above, the consistency is not fully visible.</p>
g)	<p><i>How does the strategy reflect possible external factors/impacts?</i></p> <p>It would be useful, out of the external factors, to highlight the impact of the globalisation process on development of the Slovak Republic and its components in the next programming period. Creation of economic conditions on national and regional level for achievement of local companies in foreign markets as well as impact of activities of multinational companies in SR is relevant also for the regional development based on endogenous development factors. Therefore, it is important to emphasise positive or negative impacts of the complex process.</p>
h)	<p><i>Is the selected scenario of the strategy for economic and social development of SR optimal?</i></p> <p>In general, the strategy reflects basic trends of development of economy and focuses on types of interventions that are crucial for further development of the economy.</p>
<b>Evaluation of the strategic and specific priorities</b>	
a)	<p><i>How do defined priorities and objectives reflect real needs and strategy?</i></p> <p>The defined priorities are result of very intensive consultations with all relevant partners, mainly with future Managing Authorities and Self-governing regions, so there is generally accepted opinion that they reflect real needs and are consistent with the strategy.</p>
b)	<p><i>Is the proposed set of indicators adequate and are target values realistic?</i></p> <p>The NSRF defines the context indicators. The general comments of the ex-ante evaluator called attention to the necessity of coordination of defining indicators with the Statistical Office of the Slovak Republic.</p>
c)	<p><i>What are possibilities to cover needs for rural development from SF that would otherwise be uncovered?</i></p> <p>There are possibilities within ROP and OP Knowledge-based economy, mainly priority axis 1 (Support to competitiveness of businesses and services through innovations). Demarcation lines between SF and EAFRD will be specified during the preparation of OP(s) and the National strategic programme for rural development.</p>
<b>Evaluation of the operational part of the NSRF</b>	
a)	<p><i>Is number and orientation of operational programmes optimal for implementation of planned interventions?</i></p> <p>The number and orientation of operational programmes is in principle acceptable; possible risk is its relatively high number. However, it is important that decision in this sensitive question is considered as acceptable for all partners involved.</p> <p>V základných črtách vyhovuje návrh počtu a zamerania operačných programov; možným rizikom však ostáva ich pomerne vysoký počet. Avšak dôležité je, že rozhodnutie v tejto citlivej otázke sa považuje za prijateľné pre všetkých aktérov</p>
b)	<p><i>Is the proposed structure of operational programme suitable for achieving defined objectives under given conditions?</i></p> <p>Yes. A positive factor is setting up OP Knowledge economy as well as Regional Operational Programme that can in perspective enable decentralisation of its implementation.</p>
c)	<p><i>Are proposed implementation and monitoring structures sufficient and suitable for implementation and monitoring of the interventions?</i></p> <p>Implementation and monitoring structures will be defined later.</p>
<b>Evaluation of allocation of financial resources to specific priorities</b>	
a)	<p><i>Has macroeconomic modelling of the proposed financial allocations proved positive impact on</i></p>

No.	Evaluation questions and answers (according the ToR)
	<p><i>main macroeconomic indicators?</i>                      Yes. Detailed findings are mentioned in main text.</p>
b)	<p><i>Will the proposed allocation of financial resources have a positive impact on equal opportunities, small and medium enterprises, competitiveness, innovation, employment and environment?</i>                      The answer will be included in a separate report on financial allocations.                      Financial allocations create conditions for respect for equal opportunities and are a good framework for operational programmes.</p>
<b>Final evaluation of the document</b>	
a)	<p><i>Into what extent and in which way have recommendations coming from the ex-ante evaluation been accepted during the preparation of the NSRF?</i>                      The considerable part of ex-ante evaluator's recommendation was taken into account. Annex 4.2 provides more detailed overview.</p>
b)	<p><i>How the NSRF is drafted in terms of structure, comprehensibility and clarity and what changes is necessary to do?</i>                      The NSRF was drafted according the structure, which was in advance consulted with the ex-ante evaluator. The NSRF is comprehensible for professionals, and before its submission the the Commission it should undergo editorial review.</p>
c)	<p><i>Is the text appropriate basic material for negotiations with EC from point of view of acceptable changes and uncertainty of alternatives?</i>                      Yes, the NSRF presents a good basis for negotiations with the Commission. Detailed reasoning is presented in the chapter 3.</p>

## 4.2. Overview of use main ex-ante evaluator recommendations in the preparation of the NSRF

Out of the considerable number of findings and recommendations submitted to the contractor during the preparation of the NSRF, only the most important ones are presented here. Many other recommendations were accepted and improved the quality of the NSRF.

**Annex 2** Overview of use of main ex-ante evaluator's recommendations in the process of preparation of the NSRF

No.	Main recommendations for content according fields and their use	Level of acceptance*)
<b>Economic justification of the strategy and its consistency</b>		
1.	Elaborate fully consistent and balanced version of the document using concrete recommendations and proposals.	+++
2.	Better explain what causes low level of innovation in the Slovak economy presented already in the analytical part. It lays in insufficient support of innovative activities from the side of economic policy and related motivation of enterprises to implement innovations.	++
3.	In comparisons SR and EU, to use in priority comparisons with EU 25 in order to avoid that the NSRF proposal without the reason highlights borders between "old and new" member states in minds of politicians and citizens. At least, the strategic objective should be defined in relation to EU 25 average, while analytical data for previous years could be compared with EU 15. The fact that EU 25 is an integration of equal members and the cohesion policy is oriented on their cohesion should be taken into account.	+
4.	Provide the overall strategy of Slovakia with regional dimension, respecting basic principles of regional development theory including the terminology.	–
5.	Scenarios of macroeconomic development are to be followed by elaborated regional scenarios which could form important basis for taking decisions on use of EU resources	–
6.	In the regional scenarios, more attention should be paid to requirements of the Lisbon strategy for increase of employment in order to decrease unfavourable differences of SR in comparison with EU.	–
7.	Re-formulate the strategic objective: "Till 2013 significantly increase performance and competitiveness of Slovakia and its regions while respecting sustainability of its development"	+++
<b>Thematic (strategic and specific) priorities</b>		
8.	Strengthen the justification in defining the objectives of energy policy with indication of its achievement in a way that arguments would be compatible (issue of energy self-sufficiency in production of electricity given optimal costs and sustainable economic growth, environment).	+++
9.	Reconsider set of questions related to tourism, complete part dealing with support to development and provision of services for business (business services)	+++
10.	Reconsider an overall narrow view on role of research, mainly basic theoretical research and respect the fact that without maintaining the contact of science with development in field of knowledge, Slovakia would loose a ability to absorb and further develop new knowledge.	+++

No.	Main recommendations for content according fields and their use	Level of acceptance*)
11.	In the strategic priority Human resources and education, strengthen in line with EU priority “More and better jobs” justification in favour of interventions for improvement of adaptability of workers and enterprises, flexibility of labour market.	++
12.	The achievement of synergy effects will require coordination of interventions the field of local infrastructure and human resources. Similarly, it will be important coordination between e.g. science and research and investment in human capital.	+++
<b>Operational part of the NSRF</b>		
13.	Involve as soon and intensively as possible all relevant partners from the regions in the process of preparation of all programming documents, which will have an impact on further development of regions.	++
14.	Divide the Operational programme Human resources into two programmes (OP Education and OP Employment and social inclusion)	+++
15.	Appoint the Ministry of Finance to be a Managing Authority for OP Knowledge-based economy so that proposed Intermediary bodies will have sufficient level of competences for implementation of individual priority axis.	+++
<b>Allocation of the financial resources to individual specific priorities</b>		
16.	Scenarios (alternatives) of financial allocations were subject of detailed justification during the elaboration of parts of the NSRF; finally the political consensus has been reached.	+++
17.	Ex-ante evaluation of financial allocations was connected with the macroeconomic modelling. Its findings and conclusions on main macroeconomic indicators are positive.	+++

\*) Acceptance level of recommendation: +++ full acceptance; ++ limited acceptance; - not accepted

### 4.3. References

#### Sources/Documents

1. Cohesion Policy in Support of Growth and Jobs: Community Strategic Guidelines, 2007-2013. Communication from the Commission, COM (2005) 0299, 05.07.2005. Detto v slovenčine
2. Návrh: Nariadenie Rady, ktorým sa zakladajú všeobecné ustanovenia o Európskom fonde regionálneho rozvoja, Európskom sociálnom fonde a Kohéznom fonde. KOM (2004) 492, konečná verzia, 14.7.2004, detto v angličtine
3. Proposal for a Regulation of the European Parliament and the Council on the European Regional Development Fund. COM (2004) 495 final, 14.7.2004
4. Proposal for a Regulation of the European Parliament and of the Council on the European Social Fund. EC 22 July 2004
5. Proposal for a Council Regulation establishing a Cohesion Fund. COM (2004) 494, 14.7.2004
6. Third Report on Economic and Social Cohesion. EC, 18 Feb. 2004
7. Návrh na Rozhodnutie Európskeho parlamentu a Rady, ktorým sa zavádza program pre konkurencieschopnosť a inováciu (2007-2013). KOM (2005) 121 v konečnom znení, 6.4.2005
8. European Innovation Scoreboard 2005. Comparative Analysis of Innovation Performance. European Trend Chart for Innovation, 2006
9. EC Draft Working Paper on Ex Ante Evaluation. The New Programming Period, 2007-2013: Methodological Working Papers. October 2005
10. Indicators for Monitoring and Evaluation: a Practical Guide. The New Programming Period, 2007-2013: Methodological Working Papers. Draft Working Paper X, 7 July 2005
11. Eurostat News Release. GDP per capita varied by one to five across the EU25 Member States, 2006
12. Prijat' výzvy: lisabonská stratégia rastu a zamestnanosti. Správa Pracovnej skupiny na vysokej úrovni pod predsedníctvom Wima Koka, november 2004
13. Návrh: Rozhodnutie Rady o strategických usmerneniach Spoločenstva v oblasti rozvoja vidieka (Programové obdobie 2007-2013). KOM(2005) 304 v konečnom znení, 5.7.2005
14. Commission Working Document: Regulation Draft setting out detailed rules for the application of Council Regulation (EC) No .../.... laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No .../.... of the European Parliament and of the Council on the European Regional Development Fund. CDRR-05-0010-01-EN
15. National Strategic Reference Framework (NSRF) for Austria 207-2013. strat.at. Executive Summary, Section A – Strategy, 31 Oct 2005
16. Strengthening institutional capacity and efficiency of public administrations and public services in the next programming period (2007-2013), DG Employment and Social Affairs, Sept. 2005
17. Common actions for growth and employment: Community Lisbon programme (EC), COM (2005) 330, 20.7.2005
18. The Council of Competitiveness (2005): Regional Innovation Guide, [http://www.compete.org/nri/regional\\_innovation\\_guide.asp](http://www.compete.org/nri/regional_innovation_guide.asp)
19. OECD (2005a): Governance of Innovation Systems: Volume 1 Synthesis Report, [www.oecd.org](http://www.oecd.org)
20. OECD (2005b): Innovation Policy and Performance: A Cross Country Comparison, [www.oecd.org](http://www.oecd.org)
21. OECD (2005c): Governance of Innovation Systems: Volume 2 Case Studies in Innovation Policy, [www.oecd.org](http://www.oecd.org)
22. DTI (2003): „Competing in the global economy: the innovation challenge“, [www.dti.gov.uk](http://www.dti.gov.uk)
23. European Commission (1999) „Impact of Structural Funds 1994 - 1999 on research, technology development and innovation (RDTI) in Objective 1 and 6 regions“, [www.europa.eu.int/comm/regional\\_policy](http://www.europa.eu.int/comm/regional_policy)
24. Štatistický úrad SR, Cenzus 2001, Bratislava 2003:Predbežná projekcia obyvateľstva podľa regiónov NUTS 2 do roku 2010
25. Štatistický úrad SR, Vybrané údaje o regiónoch v SR za rok 2002, Bratislava ,marec 2003
26. Štatistický úrad SR, Hrubý domáci produkt podľa regiónov SR za roky 1995-2000, Bratislava, marec 2003

27. Štatistický úrad SR, Hrubý domáci produkt podľa regiónov SR za roky 1995-2000, Bratislava, marec 2003

#### Other publications

1. ALLEN, D., 2000: 'Cohesion and the Structural Funds', in Wallace, H. and Wallace, W. (eds.) '*Policy Making in the European Union*', Oxford, Oxford University Press.
2. ASHEIM B.T., 2004: SME innovation policy and the formation of regional networked innovation systems. In: OECD (2004): *Global Knowledge Flows and Economic Development*, www.oecd.org.
3. BAILEY, D. and De PROPRIIS L., 2002: 'The 1988 Reform of the European Structural Funds: Entitlement or Empowerment?' *Journal of European Public Policy*, 9(3).
4. BUČEK, M. a kol. 2003: Regionálne aspekty integrácie do EÚ. In: Šikula, M. A kol: *Ekonomické a sociálne súvislosti integrácie Slovenska do EÚ*, kapitola 10. USSE SAV, Bratislava.
5. CHARBRZYK, G., KRIŠTÍN, J., 2004: Príručka na implementáciu programov podporovaných zo štrukturálnych fondov a Kohézneho fondu v Slovenskej republike. MVRR SR, 183 s.
6. COOKE, P. and MORGAN, K., 1998: *The Associational Economy Firms, Regions, and Innovation*, Oxford University Press, New York.
7. DANISH TECHNOLOGICAL INSTITUTE, 2005: Thematic evaluation of Structural Funds' contribution to the Lisbon strategy, Synthesis report. European Commission, 227 pp.
8. GABRIELOVÁ, H., 2005: Analýza pozície slovenskej ekonomiky podľa technologickej a poznatkovej náročnosti. *Ekonomický časopis*, 53, č. 3, s. 243 – 260.
9. GABRIELOVÁ, H., 2005: Trendy v inovačnej výkonnosti a inovačnej politike: Európska únia a Slovensko. *Ekonomický časopis*, 53, č. 10, s. 991 – 1008.
10. KLAS, A. a kol., 2005: *Technologický a inovačný rozvoj v Slovenskej republike*. Bratislava : Ústav slovenskej a svetovej ekonomiky SAV, 390 s. ISBN 80-7144-147-3.
11. LAMMERS, K., 2002: Die Osterweiterung aus raumwirtschaftlicher Perspektive – Prognosen regionaloekonomischer Theorien und Erfahrungen aus der bisherigen Integration in Europa, Discussion Papers, 195, WWA Hamburg.
12. Macro impact evaluation of National Development Plans: A tale of Irish, Estonian and Hungarian collaborations, Paper presented at the Fifth European Conference on Evaluation of the Structural Funds, Challenges for evaluation in an Enlarged Europe, Budapest, June 26-27, 2003
13. Macro-regional evaluation of Structural Funds using the HERMIN modelling framework, ESRI Dublin, GEFRA Muster, April 2004.
14. MARCHI, B., et al., 2000: "Combining Participative and Institutional Approaches with Multicriteria Evaluation. An empirical study for water issues in Troina, Sicily." *Ecological Economics*, Vol: 34, No: 2, 267-282.
15. MORVAY, K. a kol., 2005: *Transformácia ekonomiky: skúsenosti Slovenska*. Bratislava: Ústav slovenskej a svetovej ekonomiky, 328 s. ISBN 80-7144-143-0.
16. MORVAY, K., 2003: Trh práce, zamestnateľnosť a zamestnanosť. In: KOLLÁR, M. – MESEŽNIKOV, G. (eds.): *Slovensko 2003. Súhrnná správa o stave spoločnosti*. Bratislava: Inštitút pre verejné otázky, s. 83 – 92. ISBN 80-88935-57-1.
17. OKÁLI, I. a kol., 2004: *Hospodárska politika Európskej únie a Slovenska v EÚ*. Bratislava: Ústav slovenskej a svetovej ekonomiky SAV, 352 s. ISBN 80-7144-140-6.
18. OKÁLI, I., 2004.: *Rozvojová stratégia a ciele hospodárskej politiky*. *Ekonomický časopis*, 52, č. 3, s. 239 – 254.
19. OKÁLI, I., 2004: *Reálna konvergencia vo vzťahu k vývinovým trendom EÚ a jej hospodárskej politiky*. In: *Konvergence nových členských štátů EU k ekonomické úrovni vyspělých západoevropských zemí. [Sborník příspěvků z česko-slovenské vědecké konference.]* Praha, Vysoká škola ekonomická, s. 29 – 33. ISBN 80-245-0817-6.
20. OKÁLI, I., FRANK, K., GABRIELOVÁ, H., KORMANOVÁ, L. MORVAY, K., OUTRATA, R., 2005, *Hospodársky vývoj Slovenska v roku 2004*. *Ekonomický časopis*, 53, č. 5, s. 451-498.
21. PORTER M., 1990: *The Competitive Advantage of Nations*, New York, Free Press.

22. ROSENFELD S. A., 2002: Creating Smart Systems: A Guide to Cluster Strategies in Less Favoured Regions, Regional Technology Strategies, [www.rtsinc.org](http://www.rtsinc.org).
23. SCHALK, H. J., BRASSE, P., KUCSERA, H., 2003: Development of a Macroeconomic Model to analyse the Effects of EU Structural Interventions. Final Research Report. University of Münster, 104 pp.
24. ŠIKULA, M. a kol., 2003: Determinanty formovania priemyselnej politiky v podmienkach globalizácie a integrácie. Bratislava: ÚSSE SAV, 166 s. ISBN 80-7144-154-1.
25. ŠIKULA, M. et al., 2003: Ekonomické a sociálne súvislosti integrácie do Európskej únie. Štúdia bola vypracovaná s finančnou podporou vlády Slovenskej republiky. Bratislava: ÚSSE SAV, 383 s. ISBN 80-7144-135-X.
26. ŠIKULA, M., 2003: Globálne súvislosti rozšírenia Európskej únie a konvergenčná pozícia slovenskej ekonomiky. *Ekonomický časopis*, 51, č. 6, s. 641 – 663.
27. ŠIKULA, M., 2004: Knowledge Economy and Great Post-industrial Transformation. In: Management, Knowledge and EU. [Proceedings of the 23rd International Scientific Conference on Organizational Science Development. Slovenia, Portorož, March 24th–26th 2004.] Maribor: Publishing House Moderna organizacija, s. 48-53. ISBN 961-232-166-3.
28. STAGL S., 2003: Multicriteria Evaluation and Public Participation: In Search for Theoretical Foundations. Paper presented at the Frontiers 2 European application in ecological economics conference, Tenerife 12-15 February. [www.euroecolecon.org](http://www.euroecolecon.org).
29. Strategie regionálního rozvoje České republiky. Pracovní verze. Praha, červenec 2005
30. TOEDLING F., TRIPL M., 2004: One size fits all? Towards a differentiated policy approach with respect to regional innovation systems, Department of Urban and Regional Development, Wirtschaftsuniversität Wien, SRE-Discussion 2004/01.