



Operational Programme Competitiveness and Economic Growth (Slovakia)



Annual Conference of Competitiveness Operational Programmes
22nd – 24th April 2015, Budapest, Hungary



Outline of the topics

Programming period 2007 – 2013

- Operational Programme Competitiveness and Economic Growth – current situation

Programming period 2014 – 2020

- Operational Programme Research and Innovation – switching to the new programming period

JEREMIE initiative

- Current situation and future

Financial instruments

- Implementation in 2014 - 2020





Projects funded under the OP C&EG

Financial sources of the OP C&EG has been particularly allocated to the support of:

Technology transfer and introduction of innovation in the business sector

- the projects aimed to improve the innovation activities in businesses, includes also research and development activities in SMEs

Energy efficiency and renewable energy

- the projects aimed to energy efficiency in the generation, transmission and consumption of energy, to reduce the energy intensity of industrial production, to reduce the consumption of primary energy resources and to increase the use of renewable energy resources to support business activities. It is also to support the public sector in building and upgrading public lighting in villages and towns, with the aim of reducing energy consumption

Tourism

- the projects aimed to promotion of tourism which are focused on the utilisation of the cultural, natural and existing potential for developing sustainable tourism





Significant points during the managing and implementation of OP C&EG

Joining implementation subjects:

- joining 4 implementation agencies into one subject in 2011 - 2013 to achieve better efficiency in implementation of the programme

Programme revisions

- 6 programme revisions were approved by EC during the implementation for the purpose of reallocation, management and implementation structure adjustment, eligibility of expenditures and beneficiaries, definition of financial instruments, implementation of national projects

Additional allocation increase

- additional allocation in the amount of 225 mil. EUR approved by EC in 2012 to support initiatives of employment of long term unemployed young people and support for SMEs
- 4 calls launched to support innovation, technology transfer and tourism in the amount of 270 million EUR with projected 2,100 jobs for young people

Impact Assessment:

- OP C & EG has been selected by CCA as the only OP financed by the ERDF for the pilot counterfactual impact assessment aimed to estimate the effects of innovation support, as well influence on low-carbon targets of the Strategy Europe 2020





Expenditure of the OP C&EG

Current expenditure of OP C&EG is **55%** - main concern.

Reasons behind:

- High number of small projects;
- Obstacles in public procurement;
- Additional allocation in 2012 - + 25% of overall OP allocation;
- Slow JEREMIE implementation;
- Audit findings - EC has suspended payments of 9 OP including OP C&EG in 2014 due to the findings of the audit;
- Insufficient discipline on the side of beneficiaries.

Total projected drawdown **91%**.



Expenditure of the OP C&EG

MA for the OP C&EG assumes measures to accelerate expenditure:

- ECs „Task Force“ initiative – closure guidelines update – expected prolongation for JEREMIE expenditures;
- Ex ante correction during public procurement administrative check;
- Advance payments;
- 3 calls launched in 2014 in the area of supporting energy efficiency and efficient use of energy and tourism in the allocation amount of 16 million EUR;
- preparing calls for support public lighting in the amount of 5 million allocation EUR + potential another calls for proposals under consideration;
- 3 national projects between 2013 - 2014 in the amount of 2.6 million EUR; April / May should be issued a decision on the approval of the other two national projects in the amount of 6.2 million EUR;
- modification of the approval of grant applications system to accelerate existing processes





Financial and physical progress within the OP C&EG implementation

Priority axis / measure	Allocation	Number of projects	Share of contracted allocation		Expenditure	
	(M EUR)		%	%		
1. INNOVATIONS AND GROWTH OF COMPETITIVENESS	664	1 047	→	101%	↓	50%
1.1 Innovations and Technology Transfers	488	1 047	→	103%	↓	48%
1.2 Support of Common Services for Entrepreneurs	70	11	↓	96%	↑	81%
1.3 Support of innovation activities in enterprises	106	90	↓	96%	↓	42%
2. ENERGY	209	487	↓	91%	→	57%
2.1 Increasing energy efficiency both on the side of generation and consumption and introducing advanced technologies in the energy sector	145	176	↓	90%	→	59%
2.2 Building and upgrading public lighting for towns and municipalities and provision of energy consultancy services	64	311	↓	94%	↓	53%
3. TOURISM	223	194	↓	92%	→	60%
3.1 Support of business activities in tourism	196	193	↓	91%	↓	56%
3.2 Development of tourism information services, presentation of regions and of Slovakia	27	1	↓	100%	↑	87%
4. TECHNICAL ASSISTANCE	36	92	↑	123%	→	72%
OP C&EG in total	1 132	1 921	↓	98%	↓	54%



Physical progress within the OP C&EG implementation

Indikátor	Current amount	Number of finished projects	Main areas of contribution
Number of new jobs	3 270	490	Inovation, new technologies and tourism
Number of implemented innovative production processes	520	180	Inovation, new technologies
Energy savings in 2014 (TJ/year)	226	174	Energy, tourism
Increase in energy production capacity of facilities using renewable energy resources (MW)	187	52	Energy
Number of phase/exchanged lightning units	15 500	135	Energy



JEREMIE

- SPV – EIF (SZRF)
- Allocation in total – 100 mil. EUR (67 mil. EUR OP C&EG on 2 instruments FLPG and PRSL)
- JEREMIE in progress – agreements with commercial banks were signed, both FLPG and PRSL are fully operational
 - approx. 25% (FLPG – 30%, PRSL – 15%)
- Eligibility period expected to be extended till 31.3.2017





Net effects on labour market of the OP C&EG



- Total number of Employees in supported applicants decreased in total by more than 8 %, while in rejected applicants increased by almost 10 %.
- Due to results carried out by **DIFFinDIFFS** (difference in differences) **counterfactual impact evaluation method** when comparing supported and rejected applicants net effect of the OP C&EG was estimated on the average level at 18 % accros all applicants.

	Average number of employees 12 months before subj. applied	Number of employees by end of february 2015	Increase/decrease	NO. of organisations in samples
Rejected applicants	62 907	57 556	-8,5%	1 543
Supported applicants	49 458	54 189	9,6%	1 640
Estimated net effect of the interventions			18,1%	3 183
Total	112 364	111 745		



The main positive effects of projects funded under OP C&EG

- Transformation processes of businesses have been reflected in the improved quality of provided services and manufactured products
- Enhancing competitiveness of the supported enterprises
- The growth of competitiveness is confirmed by increased sales of supported enterprises by 27% in average
- Reduction of unemployment rate in Slovakia
- The innovation activities have also led to increased efforts of entrepreneurs to register their intellectual property rights
- With regard to the promotion of the participation of Slovak producers in fairs, exhibitions and trade missions, entrepreneurs have raised awareness about the quality of their products abroad, and have established new business contacts
- Energy savings
- Reducing energy intensiveness
- Cutting energy consumption in industries and related services
- Modernization of existing energy sources
- Increasing the share of renewable energy sources in total energy consumption through use of biomass, building small hydro-power plants, etc.
- Reconstruction of existing, or the construction of new, tourism facilities and the restoration of cultural heritage monuments



Lessons Learned

- **More effective setting of monitoring processes and measurable indicators**
 - more suitable definition of measurable indicators for the programming period 2014 – 2020 and the links between the project level and the programme level
- **More effective processes for public procurement verification**
 - the most serious problem related to the use and implementation of project activities
 - high error rate, as a result of which it is necessary to repeat tenders
 - the MA of the OP C&EG has already adopted measures in the form of guidelines for beneficiaries
- **More emphasis on evaluation processes**
 - emphasis on the impact assessment, as one of the key tools to estimate qualitative changes in the operational programme





Example of a good practice - Extension of metalworking through the implementation of new technologies

Measure: 1.1 Innovation and technology transfers

Expenditure : 185 000 EUR

Measure: 1.1 Innovation and technology transfers

Current outcomes: Acquisition of two innovative manufacturing technologies (laser cutting machine and press brake), create two jobs for the long-term unemployed young people





Example of a good practice – Landfill gas power station

Measure: 2.1 Increasing energy efficiency both on the side of generation and consumption and introducing advanced technologies in the energy sector

Expenditure : 185 000 EUR

Current outcomes: Increased installed capacity of the facility corresponding with renewable energy sources, performance of the facility is 0,11 MW; Increase in added value of the company of 729 000€ per year and increase of company turnover of 476 000 € per year; creation of one direct job



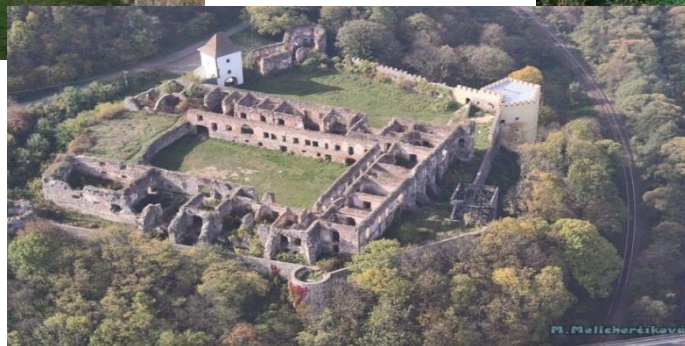


Example of a good practice – Restoring the Vígľaš Castle

Measure: 3.1 Support of business activities in tourism

Expenditure : 5 969 800 EUR

Current outcomes: Building the hotel complex by spatial and functional reconstruction and revitalization of the object of Vígľaš Castle (national cultural monument), 32 new created jobs (40 expected in 2018), accomodation capacity of 120 people



BEFORE



Example of a good practice – Restoring the Víglaš Castle

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Programming period 2014 – 2020



Operational Programme Research and Innovation



- **Approved by the EC In October 2014**
- OP R&I represents a joint programme document of the Ministry of Education, Science, Research and Sports of the Slovak Republic and the Ministry of Economy of the Slovak Republic (MoE of the SR) for the granting of support from ESIF during the programming period 2014 – 2020
- position of the MoE of the SR - The Intermediate Body under Managing Authority

Global objective:

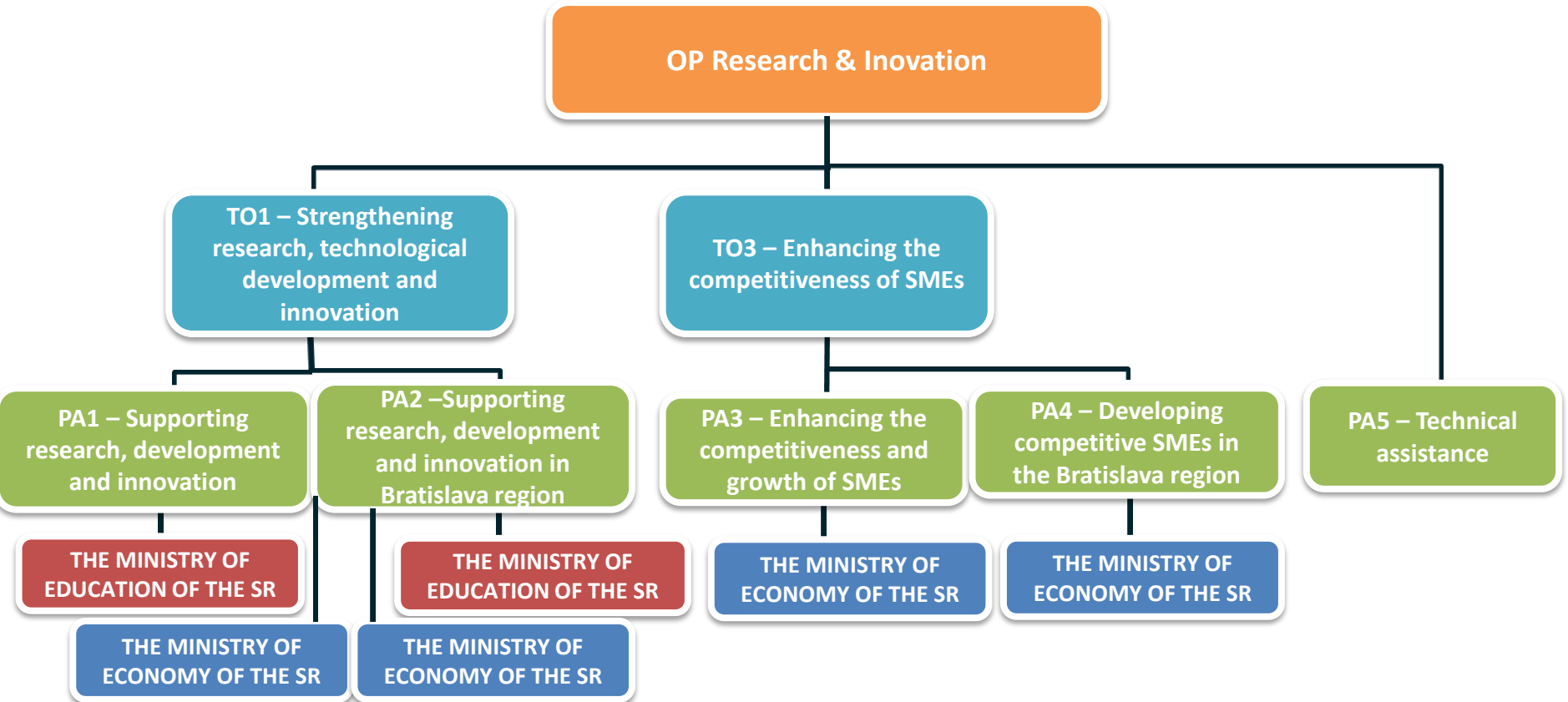
- create a stable innovation-friendly environment for all relevant entities and to promote the efficiency and performance of the system of research, development and innovations as a basic pillar for reinforcing competitiveness, sustainable economic growth and employment

Allocation:

- Union support (ERDF) – Total € 2,266 bil. EUR
- Union support (ERDF) – Under the auspices of the MoE of the SR € 1,235 bil. EUR



Structure of the OP R&I





Financial instruments implementation in 2014 - 2020

- Wider use of FI in 2014 - 2020 – more OPs will participate
- New structure of FI implementation under responsibility of Ministry of Finance (without EIF)
- Establishing the SPV (Slovak investment holding) with multi-instrumental portfolio
- Common decision-making process across OPs involved
- National structure with long term potential
- Ex-ante assessment - drafted by PwC at the instruction and under the supervision of the EIB





Financial instruments implementation in 2014 - 2020

The Ministry of Finance of the SR proposed a new initiative (mandate in Government Resolution no. 736/2013):

- **Slovak Investment Holding (SIH): a fund of funds**

- An umbrella fund structure to be used for channelling the use of financial instruments in SR
- SIH should represent an integrated long-term support system for national investment priorities
- Financial resources available to SIH include:

1. **ESIF:** (depending on the ex-ante assessment) minimum 3% of the allocations for each operational programme except OP TA, approximately 450 mil. EUR

2. **Other sources:** international financial institutions, private investors, recycled JEREMIE funds

- **SZRB Asset Management (SZRB AM): the fund manager of SIH**

- Subsidiary of the Slovak Guarantee and Development Bank; supervised by the National Bank of Slovakia
- Centralisation of expertise with management of financial instruments, expected efficiency gains and a streamlined strategy avoiding overlaps



Thank you for your attention

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