

# **Improve Efficiency of the ESI Funds Absorption Processes in Slovenia (TSI ref. 23SI05 – ESIFunds-SI)**

## **D2.4 ITI 2021-27 Implementation Strategy and Action Plan**

**31.03.2025**

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## 1. List of abbreviations

DOC	Direct Operation Confirmation
DoS	Decision on Support
ECP	European Cohesion Policy
e-MA	e-Managing Authority Information System
EMU	Economic and Monetary Union
ERDF	European Regional Development Fund
EU	European Union
EURATOM	European Atomic Energy Community
IB	Intermediate Body
IIG	Investment for Jobs and Growth Programme
INOP	Integrated National Operational Programme
INP	Cohesion policy implementation plan
ITI	Integrated Territorial Investment
MA	Managing Authority
MCRD/MKRR	Ministry of Cohesion and Regional Development
MCS	Management and Control System
MECE/MOPE	Ministry of the Environment, Climate and Energy
MESP (EN)/MOP (SI)	Ministry of Environment and Spatial Planning
MFERAC	National Accounting System
MNRSP/MNVP	Ministry of Natural Resources and Spatial Planning
MOF/MF	Ministry of Finance
SO	Specific Objective
SUD	Sustainable Urban Development Strategy
ZMOS	Association of Urban Municipalities of Slovenia

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## 2. Executive summary

This document summarises the process that led to the development of D2.4 ITI 2021-27 Implementation Strategy and action plan.

The discussion on D2.4 originated from the preparation and review of D2.1 Analysis of ITI 2014-2020 and starting 2021-2027, from the outcomes of the study visit in Vienna (D2.2) and from the finalisation of D2.3 Results of “To Be” Workshop, in particular within the process of revising and commenting the best practice examples presented in the draft document and assessing the potential for application in Slovenia.

In preparation for a structured discussion, a working document collecting all findings and recommendations made was first drafted by the Austrian team experts and thereafter integrated by Slovenian experts with comments on action required, stakeholders involved and potential implementation period (see Annex 1). In this document, findings and recommendations were structured according to seven main topics stemming from issues addressed in D2.3.

A joint discussion during the workshops T2.14 to develop implementation strategy and action plan including roadmap, enabled clustering together all findings and recommendations made, and focusing more on specific actions to be taken. The main relevant issues were hence collected, agreed upon, discussed and integrated, highlighting recommendations and actions to be implemented for each specific issue identified within each topic:

### **Topic 1:** Organisation structure under multi-level governance (Chapter 3.1)

- Interactions among programme bodies
- Distribution of tasks and responsibilities along the project life cycle
- Ideas for establishment of new governance and implementation structures

### **Topic 2:** Efficiency of processes (Chapter 3.2)

- Standardisation of IB procedures and checklists for controllers and beneficiaries
- Management verifications of ITI projects and respective payment requests
- Standardisation and digitalisation of procedures
- Two-phase versus one-phase procedure
- Horizontal principles

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**Topic 3:** Use of overcommitment (Chapter 3.3)

- Overcommitment for Integrated Territorial Investment (ITI)

**Topic 4:** Multiple EU co-funding sources in one project (Chapter 3.4)

- Allowing combination of funds within a single operation

**Topic 5:** Readiness of beneficiaries and projects (Chapter 3.5)

- Handbooks and guidelines for applicants and beneficiaries
- Guidance for municipalities to revise sustainable urban development strategies (SUDs)
- Capacity building, consultations for applicants and beneficiaries

**Topic 6:** Financial instruments (Chapter 3.6)

- Legal basis for establishing financial instruments
- Combining EU-funding with other financial instruments

**Topic 7:** Further relevant issues to be addressed (Chapter 3.7)

- Evaluating the system of financing by type of municipality
- Linking more strongly regional and urban development

To further develop the process, from the analysis and development of the strategy and action plan to subsequently identifying a reform concept and relative guidelines (D2.5), focus was given to the current organisational structure for the implementation of ITI, considering the background, the actual challenges, possible bottlenecks as well as positive and less positive elements. This analysis was based on contributions provided by the Slovenian expert team on the current organisational structure of ITI and on possible suggested models of organisation that were presented and discussed during the third workshop T2.14 on January 23<sup>rd</sup>, 2025. These elements enabled bringing together the valuable experience gained during the implementation and the critical reflections on the ITI mechanism, together with suggestions for improvements that were already partly considered in the past. This useful overview of current challenges and of potential options (models) that could be effective for the future implementation of the ITI mechanism reflects an ongoing discussion process currently taking place among the stakeholders involved.

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The main concern in developing D2.4 was concentrating on the process and on the actual feasibility of recommended actions, avoiding potential risks of pointing towards streamlined improvements or optimised approaches that would not be flexible enough to meet the requirements or else would not be easily applicable without implying complex political decisions. The report highlights whether the recommended actions can be implemented during the current programming phase or else what should be done to make them viable for the programming period post 2027. All relevant elements contributing to the process of identifying a sound reform concept, including analyses, contributions and recommendations were taken into consideration, ensuring continuity in linking previous project tasks and deliverables together in a logical and coherent way.

The potential for improvement is hence closely linked to the action plan and it will smoothly develop into the Reform concept and guidelines to improve efficiency of the ESI Funds absorption processes in Slovenia (D2.5). The next step is to identify the main relevant elements to support the process of developing the reform concept and guidelines based on the current experience and considering the best practice references that led to the implementation strategy and action plan.

The reform concept for ITI is a pilot exercise where new approaches can be introduced and tested with the overall intent of increasing the efficiency of the absorption of ESI funds in the country and shorten the time it takes for funds to reach beneficiaries. The final goal is to develop a good practice that could also be transferred to other areas of European Cohesion Policy (ECP) implementation.

Summarizing the short-term actions which are feasible to be implemented within the TSI project duration (until 20th July 2025):

- a) Establish an ITI interinstitutional coordinating body 2021-2027
- b) Establish dedicated Task forces dealing with the following topics:
  - Task force for unification of implementation documents,
  - Task force for optimization of eMA (IT system),
  - Task force for multi-fund approach,
  - Task force for horizontal principles
  - Task force for overcommitment.

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### 3. Discussion on ITI 2021-27 Implementation strategy and action plan

The discussion on D2.4 originated already from the preparation and review process of the “Analysis of ITI 2014-2020 and starting 2021-2027” (see D2.1), from the outcomes of the study visit in Vienna (see report D2.2) and from the finalisation of D2.3 Results of “To Be” Workshop, in particular within the process of revising and commenting the best practice examples presented in the draft document and assessing the potential for application in Slovenia.

In preparation for a more structured discussion, a working document collecting all findings and recommendations made was first drafted in excel format by the Austrian team experts and thereafter integrated by Slovenian experts with comments on action required, stakeholders involved and potential implementation period. In this document findings and recommendations were structured according to topic 1 (Organisation structure under multi-level governance, Chapter 3.1.), topic 2 (Efficiency of process, Chapter 3.2.), topic 3 (Use of over-commitment, Chapter 3.3.), topic 4 (Multiple EU-funding sources in one project, Chapter 3.4.), topic 5 (readiness of beneficiaries and project, Chapter 3.5.), topic 6 (Financial instruments, Chapter 3.6.) and topic 7 (Further relevant issues to be addressed, Chapter 3.7.). A detailed presentation and further joint discussion during the workshops T2.14 on November 14<sup>th</sup>, December 11<sup>th</sup>, 2024, and January 23<sup>rd</sup>, 2025, to develop implementation strategy and action plan including roadmap, enabled clustering together findings and recommendations made, and focusing more on specific actions to be taken. Here below are the main issues that were collected, agreed upon, discussed and integrated, listed according to the 7 identified topics.

The joint discussion on the implementation strategy and action plan raised a series of ideas and proposals, which at the end are only partly retained in the action plan due to some concerns on their feasibility. This relates in particular – but is not limited – to the discussion on the governance and implementation structures. All suggestions made are hence listed in chapter 3 of this document for the sake of completeness, also in consideration of potential implementation in the future programming period, even beyond ITI.

#### 3.1. Organisation structure under multi-level governance

##### 3.1.1. Interactions among programme bodies



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**Collaboration and coordination - MA and IBs (Establishment of an ITI interinstitutional coordinating body 2021-2027)**

The current situation implies a collaboration of MA and IBs (2 ministries and ZMOS) in the programming of the ECP and its legal framework for implementation, content frameworks for the priorities/priority axes and public calls for submission of applications in Slovenia.

The recommendation for this finding is to keep and further enhance the multi-level and interdepartmental cooperation, adopting a "multi-level," "bottom-up" approach.

This **action** is already implemented in the current programming period in a rather informal way and should be further enhanced towards the establishment of a formal (intergovernmental) coordination body in the short run (in 2025) as well as in post 2027 period. Regardless of what future organisational structure model would be adopted, **an ITI interinstitutional co-ordination body consisting of representatives of all ITI programme bodies (MA, IBs – ministries and ZMOS)** should be formally appointed by nominating concrete representatives from the respective institutions with their functions. The appointment and written information on concrete persons and their functions should contribute to a stable and formal cooperation and coordination structure for discussing the planning and implementation of ITI in Slovenia and should – in case of staff turnover – prevent from losing members of the coordinating body (as concrete names as well as functions are put in place).

All ITI stakeholders are to be involved (MA, IBs – ministries and ZMOS).

**Subcommittee on national programme level dedicated to urban development issues (for further consideration to address urban development in a broader sense)**

Slovenia uses three mechanisms to enable an integrated territorial approach: integrated territorial investments to address urban development (focus on 12 urban municipalities), community-led local development to address local development through local action groups, communities (37 local action communities, using Cohesion Policy funds and also common agricultural policy funds) and another territorial tool, in Slovenia's case for addressing regional development according to Act on Balanced Regional Development.

Urban development funding in Slovenia materialises through different mechanisms of support, as regards incentives for the measures for urban development two are to be put forward: ITI mechanism

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on the basis of the EU regulations and guidelines of the MA on the ITI implementation on the one hand and Calls for proposals by the ministries and other institutions on the other hand.

ITI is a mechanism that is used only for three agreed specific objectives of the National Programme for the implementation of Cohesion Policy 2021-2027 (specifically SO 2.7 Improving Nature Protection/Preservation and Biodiversity, SO 2.8 Improving Sustainable Urban mobility and SO 5.1 Improving Urban Development). It is clear that urban development also addresses other priorities, and the National Cohesion Policy Programme foresees the possibility for municipalities (also urban municipalities) and other local/regional public bodies to be beneficiaries in a number of further specific objectives. Other contents and priorities are managed on the state level in the meaning that calls for proposals are prepared by the ministries for the municipalities as beneficiaries.

Based on past experiences and respective examples from other countries, the division of priorities between national and regional/local level and the availability of funding from Cohesion Policy Programme and other funding mechanisms is working through a partnership approach. To enable a focused collaboration, coordination, and continuous exchange on urban development issues (including ITI instrument but also incorporating other priorities and specific objectives), it is recommended to consider the possibility of establishing a dedicated subcommittee of the Monitoring Committee within the Cohesion Policy Programme.

**Action** required would address the establishment of a subcommittee (of the Cohesion Policy Programme's Monitoring Committee) for urban development issues and priorities by involving stakeholders from the ITI instrument and additional stakeholders from the overall Cohesion Policy Programme dealing with urban development - to enable common discussion and exchange on topics relevant for urban development covered by all relevant specific objectives of the Programme.

All ITI stakeholders are to be involved (MA, IBs – ministries and ZMOS) as well as stakeholder from the Cohesion Policy Programme responsible for topics covering urban development.

#### **Overall cooperation arrangements**

As for the further cooperation and coordination within the ITI mechanism, it is recommended that the following procedures should be maintained in the current and the next programming period:

- Involvement of the political level at the MA, IBs and at the urban municipalities through regular briefing and awareness raising of the ZMOS Assembly on ITI development.

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- Regular meetings of OB ZMOS with the MA and the IBs since 2018, preparation of proposals for implementation and content.
- Representation in the Monitoring Committee of the Operational Programme 2021-2027.
- Regular collection of beneficiaries' needs, used as inputs in the programming process. Informing and guiding the beneficiaries throughout the programming process until the first calls.
- Involvement of representatives from East and West Cohesion Regions in the Cohesion Policy Committee.

### 3.1.2. Distribution of tasks and responsibilities along the project life cycle

For the implementation of the ITI instrument in Slovenia, the Association of City Municipalities (ZMOS) has been appointed as an urban authority/intermediate body. In addition, two line ministries have been appointed as IBs, sharing the responsibilities along the dedicated specific objectives, and dealing with procedures especially in the second phase of project selection. Together with the MA, tasks and responsibilities are shared between these programme bodies along the specific objectives and project life cycle (phase one and phase two of selection of projects).

#### **Roles and responsibilities of ZMOS**

For the implementation of ITI in Slovenia in the current programming period a combined polycentric model of urban development with the need for a coordinated approach towards urban development was chosen, appointing the Association of Urban Municipalities of Slovenia (ZMOS) as a body pre-selecting the operations.

The recommendation is that the set system with ZMOS as joint IB might continue to evolve in the long run, possibly with the transfer of further tasks/responsibilities from the national level to ZMOS (decentralisation), to strengthen the bottom-up approach in the multi-level governance of the ITI.

Action to be taken includes the discussion on further possible (partial) delegation of tasks from national level to ZMOS. This matter should be addressed with the involved ministerial IBs and with the Committee of Mayors as it implies political decisions. At the moment this is not a preferred solution to be followed in the short term perspective, but it should be considered for future programming periods and also in wider sense – for other development mechanisms, to enable financing also from other

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funds (i.e. national funds, in case Cohesion Policy funding will not be available) for the promotion of urban development in Slovenia in the future.

All ITI programme bodies (MA, IBs) are to be involved in the process.

### **Tasks within the process of DOC**

The process of direct operation confirmation (DOC) is carried out in two phases: Phase 1 consisting of preparation/publication of call for submission of applications, review/ranking of applications, preparation of list of selected operations (done by ZMOS) and Phase 2 comprising verification of operation selection procedures, verification of the adequacy of applications (responsible intermediary bodies - ministries) and confirmation of operations (MA).

The recommendation for this situation is to maintain the ITI mechanism implementation system as it was in the programming period 2014-2020, since it was very efficient and recognised as a good practice example even at the European level. Maintain the so-called two-phase process of DOC, where ZMOS performs the tasks of the IB by issuing calls for project submissions and selecting operations, while ministerial IBs carry out procedures in the second phase.

Possible **actions to be taken** include considering different models of second phase management, some changes seem feasible to improve specifically the second phase. Stakeholders to be involved include all ITI programme bodies.

#### 3.1.3. Ideas for establishment of new governance and implementation structures

### **Alternative 1: Urban Development Directorate**

Beneficiaries acknowledged the good cooperation and responsiveness of the involved programme actors within the ITI mechanism at the IBs and MA level during the last and current programming period. Informal cooperation is established between representatives of the IBs and the MA (governance body).

The recommendation for this issue is to continue the good multi-level governance as cooperation between ZMOS and national authorities, enhance regular communication to increase the efficiency of implementing processes (especially in the second phase of operation selection).

Project examples for a well-established and functioning cooperation include the Austrian Conference on Spatial Planning (ÖROK) as the MA for the national European Regional Development Fund/

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Investment for Jobs and Growth programme (ERDF/IJG) in Austria – with 14 IBs on national and regional level (serving at the same also as co-funding bodies) and with different subcommittees within the programme, established for specific topics to be discussed in more detail and proposing new actions for the programme in the course of the main decision body, the Monitoring Committee.

The **action foreseen** is the establishment of an Urban Development Directorate in addition to the existing Regional Development Directorate) or to change the name, scope and responsibility of the Directorate for regional development to Directorate for regional *and* urban development (to establish the urban and regional issues on the same level) – enriching such a Directorate with an urban development dimension. This might imply extracting the urban competence from another ministry and considering the long-term perspective of addressing also other municipalities, beyond the twelve urban municipalities represented by ZMOS. This would enable keeping the content and implementation functions for ITI together. Nevertheless, for the time being it seems more feasible to establish a separate Directorate for Urban Development.

All ITI programme bodies (MA, IBs) should be involved in the process.

### **Alternative 2: Formal working group appointed at MCRD**

Ministries perform a crucial role in policy making/legislation, they should enable coordinated planning of their policies with different funds (EU and national) as regards ITI mechanism in the meaning of programming specific objectives (SOs) for urban development as well as for setting up of content specifications for actual projects that are to be supported.

When it comes to the actual implementation (applications for funding, co-financing contracts, verification mechanisms of implemented projects), a possibility of joint public body (e.g. public agency) for all ministries with implementation knowledge (concentration of present civil servants dealing with the implementation on ministries) and unified procedures per different types of implementations modes should be evaluated. Since this would require deeper changes in legislation, this recommendation could be viable for the programming period post 2027. Due to expected lower national allocations from EU funding in the future and increase in national development funding, this option should be considered seriously.

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The **action required** in the long-term perspective is the establishment of a formal working group appointed at MCRD. All ITI programme bodies (MA, IBs) are to be involved in the process.

As for the current programming period 2021-2027, **immediate actions** should be directed at the **establishment of task forces consisting of highly experienced representatives of IBs** to create rules for a handbook and checklists for investment projects for both ITI IBs (within the two responsible ministries), common guidelines, practices, and interpretations of rules. Such task forces shall be composed of the respective programme officers responsible for specific topics and procedures within the IBs such as management verifications and others.

### **Alternative 3: Interministerial working group**

Another possibility for facilitating focused discussion and collaboration on urban development issues would be the establishment of an Interministerial Civil Service Committee (ICC), a body composed of representatives from different line ministries. This committee usually serves to coordinate and harmonise between different departments of the national government on specific technical or strategic issues.

Characteristics of an ICC:

- Composition: Civil servants and technical experts from different ministries, depending on the topic/subject.
- Aim: To improve inter-ministerial cooperation, develop joint strategies or policies.
- Topics: Can be basically diverse, e.g. economic, environmental, security or social policy.
- Working method: Regular meetings, exchange of expertise, coordination of positions for political decision-making processes.

ICCs are often crucial for the implementation of complex policy projects involving several ministries and contribute to efficient administration and decision-making. As ITI clearly requires an integrated territorial approach, such a committee might facilitate the needs.

**Action required** would entail a further deeper look into the feasibility and possibilities of establishing such a committee in Slovenia, into readiness of line ministries to participate in the work and into good examples and experiences with such models in other member states. Good example of such a committee can be easily found in Austria.

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**Conclusion:** As for the current situation, the ITI interinstitutional coordinating body as a short-term solution and possibly Urban Directorate in the long run will serve the needs in Slovenia better than alternative 2 or 3. Further organizational models will be part of the Reform Concept.

### 3.2. Efficiency of processes

#### 3.2.1. Standardisation of IB procedures and forms

Especially in the second phase of the DOC process, delays and lengthy procedures have been identified which are mainly due to: a) Different approaches and interpretations in the preparation of applications by individual project managers in the IBs on ministerial level. There are no instructions, nor are there uniform, coordinated criteria for reviewing applications among IBs and within IBs. b) Staff turnover within the IBs. c) Complex administrative obligations of the beneficiary in the DOC application submission phase and the method of submitting applications in physical, not electronic, form.

Recommendations include the following:

- Standardisation of IB procedures and forms, harmonisation of rules and streamlining of the ITI mechanism (simplification and rationalisation of forms).
- Elimination of unnecessary attachments to the DOC application (could be substituted by the beneficiary's statement).

**Actions to be taken** are to standardise procedures, rules and forms between IBs/ministries, to develop common interpretation rules and to simplify rules and forms by means of digital tools.

All ITI programme bodies are to be involved in the process.

#### **Mandatory annexes, harmonised forms and requirements**

During 2014-2020, the Ministry of Environment and Spatial Planning (MESP) did not have a Handbook for the Implementation of the ECP 2014-2020, nor did it issue Guidelines for Applicants before the start of the call for applications. As a mandatory attachment to the DOC application, beneficiaries were required to prepare a feasibility study, which the Regulation on the Unified Methodology for the Preparation and Handling of Investment Documentation in the Field of Public Finance does not consider as mandatory investment documentation if it is part of an investment programme.

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Recommendations include the necessity for a timely and clear preparation of mandatory documents and attachments for the entire process of preparation and submission of applications, closure and reporting of projects, in harmonised and standardised forms for both ministerial IBs.

The **action required** foresees the preparation of a common list of mandatory attachments, harmonised forms and requirements.

Stakeholders to be involved are Ministry of Cohesion and Regional Development (MCRD), Ministry of Natural Resources and Spatial Planning (MNRSP), Ministry of the Environment, Climate and Energy (MECE).

#### **Guidelines for project closure**

There are currently no described systemic solutions for project closure. Guidelines from the MA for project closure in the period 2014-2020 were only published in December 2021.

It is recommended to prepare guidelines for project closure as soon as possible, ideally in the early phase of programme implementation (as soon as relevant information from EC level is available), to allow for clear instructions and guidance for beneficiaries as well as to avoid misunderstandings.

The **specific action** addresses the preparation of guidelines for project closure at an early stage of the programming period, ideally before starting a first call for applications.

All ITI programme bodies are to be involved in the process.

#### 3.2.2. Management verifications of ITI projects and respective payment requests

General EU regulation on ECP implementation defines in Article 74 verifications that must be implemented. It determines scope and verifications methods that depend on the selected modus of the reimbursement of costs. The present modus operandi for ITI in Slovenia is reimbursement based on actual costs.

Since payments are made from the national budget national legislation, especially the Act on Public Finances has to be respected in full (every expenditure from the budget must be based on an authentic bookkeeping document, which demonstrates the obligation to pay; the legal basis and the amount of the obligation arising from an authentic accounting document must be checked and confirmed in writing before payment).



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When comparing EU legislation requirements and national legislation requirements they complement each other, whereby EU legislation is in this regard more specific. The specifics are: EU regulation requires risk-based and proportionate verifications on the basis of the identification of risks ex ante and in writing, EU regulation specifically requires administrative as well as on the spot checks.

The following recommendations are to be addressed:

- Preparation of a risk analysis for the ITI mechanism, identifying the possibility of sample checks. Definition of a risk-based approach for management verifications of ITI projects.
- For the reimbursement of expenditures/claims, on the one hand possibilities offered by financing not linked to costs, but also by simplified cost options should be considered (lots of different options are available off-the-shelf meaning ready to use).

The **actions required** entail the preparation of a risk analysis for ITI, a risk-based approach for management verifications and exploring the possibilities of financing not linked to costs as well simplified cost options. All ITI programme bodies (MA, IBs) are to be involved in the process.

Besides the clear efficiency coming from streamlining and harmonizing the processes within ITI, another possibility of making the process slimmer (between financing not linked to costs and the current two phases system) could be granting the support by the MA directly to the public invitation of ZMOS. In that case such an invitation would need to have a legal background (defined in the national legislation). Such a system would enable a much slimmer second phase in which the selected operation by ZMOS would be subject to drafting a co-financing contract between the ministries as IBs, and the procedure of direct approval of operation to the MA would no longer be needed. This should be nevertheless further explored if and when it might be feasible, possibly in post 2027 period.

Further action to be taken relate to the examination of possible options by the MCRD.

### **Financing not linked to costs**

The Management and Control System (MCS) defines the roles and tasks of programme bodies in the ITI process, determining that direct approval of the operations is done by the MA (after checking by IBs/ministries) on the basis of the previously selected operation by the IB ZMOS (upon public invitation to municipalities).

It is recommended that all funds dedicated for urban development using ITI mechanism should evaluate the possibility of financing not linked to costs, aiming at verifying that conditions for

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reimbursement have been fulfilled, or the results have been achieved (funding on the basis of set milestones, e.g. publication of a call, DoS in the Direct Approval of Operations, achievement of indicators, etc).

A good practice example of financing not linked to costs can be seen in the Austrian ERDF/IJG programme 2021-2027. Setting of milestones and targets for reimbursement of funds is also used in the Slovenian Recovery and Resilience Plan (where it is used for other mechanisms, ITI is not part of the SI RRP) and it is expected that it will become a requirement also in the Cohesion Policy post 2027.

**Action to be taken** implies the preparation of a methodology for financing not linked to costs (the main risk is that one of the set objectives is not achieved or that partial reimbursement is possible). This would represent a great simplification, requiring a lot of preliminary work and systemic change. It could be then applied on a broader basis to beneficiaries of different funds in Slovenia. A possible piloting of such a methodology in 2021-2027 might help to gain first experiences within ITI – beside gathering the experiences made within the Slovenia Recovery and Resilience Plan. Such a methodology is currently also applied in the Norwegian fund mechanism in Slovenia, and experiences and results gathered could be transferred to ITI in post 27. The main advantage of financing not linked to costs means in a broader perspective getting EU money quicker and by this relieving/unburdening the national budget.

The process involves primarily the MA that would need to support the process.

#### **Good practice manual for verifications**

Systems of verifications are determined in the MCS and in the internal manuals for the cohesion policy implementation of the relevant ministries. When analysing MA guidelines and consequently manuals for the implementation of different ministries there are considerable differences, especially in understanding the level and depth of management verifications that must be performed. Beneficiaries therefore must consider specificities of each ministry what makes the system of implementation sub optimal.

To secure proportionate controls and at the same time avoid double controls on different levels, to optimise processes the following recommendations are to be considered:

- Preparation of an example of a good practice manual by the MA to maximise the uniformity of approach in the preparation of the manuals of the different ministries.

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- Strengthening of verification procedures to avoid double checks, double controls, especially in the area of public procurement.
- Capacity building and training on verifications of expenditure, target group: involved and responsible IBs, to be done by the MA.

All ITI programme bodies are to be involved in the process, but primarily the MA and ministerial IBs.

**Actions required** include the preparation of a common manual (by the MA), or an example of good practice for unification of such manuals between the IBs on ministerial level. To avoid double checks and controls: preparation of a review by the MA/ control unit on which controls and under which conditions (separation of functions) control on municipal level could be considered as part of the controls. Capacity building, training.

#### **Procedure for approving payment requests**

Procedures for receiving, verifying, and approving payment requests submitted by beneficiaries, as well as for approving, executing, and settling payments to beneficiaries is currently divided between the e-MA system and the national accounting system (MFERAC). The procedure for approving payment request is complex and lengthy and can lead to liquidity problems of beneficiaries, it also indicates deficiencies and potential improvements in the e-MA system.

It is recommended to establish prefinancing of invoice payments (disbursement of the co-financing portion to the beneficiary one day before the due date of the invoice) to relieve budgets of beneficiaries and eliminate the need for them to advance funds for payment – a good practice already used in 2007-2013. In the current period this practice still exists but is obviously not known to the beneficiaries (ministries as IBs basically have the opportunity to offer it). Direct submission of the application for DOC into the e-MA system would shorten and simplify the payment request entry process.

**Actions** need to be addressed under the heading Monitoring system/e-MA, but furthermore this information about availability of the prefinancing practice should be clarified with the responsible IBs (ministries) and if verified, communicated without any delays to the beneficiaries.

All ITI programme bodies are to be involved in the process, in addition also the Ministry of Finance (MOF).

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### 3.2.3. Standardisation and digitalisation of procedures

#### **Digitalisation along the project life cycle**

The e-MA information system is an essential tool for supporting the implementation of ECP. In the past financial period, it has become evident that the e-MA system requires significant improvements to provide users/beneficiaries with a more user-friendly experience, as well as faster and simpler procedures for completing the financial aspects of operations.

It is recommended to review and update the e-MA system regarding technical and systemic functionalities. Besides, e-MA should cover the overall project cycle in order to simplify documents and procedures (also among different programme bodies), to allow a central storage and access to all documents and information for the relevant programme bodies. Moreover, interfaces with MFERAC should be further exploited.

**Actions include** a review and up-date of the e-MA system on technical and systemic functionalities tackling the e-MA system as a whole to enable the coverage of the complete project life cycle, preparing respective guidance, providing training to programme bodies and applicants/beneficiaries.

All ITI programme bodies are to be involved in the process, in addition also the MOF.

#### **Standardised forms and procedures in e-MA**

Within the current ITI, some procedures cannot be managed through the e-MA system: Intermediate and final project implementation reports, application for changing the operation and/or financing dynamics of the operation, forecast of submission of payment requests, application for transferring between types of costs. Different IBs require different documentation for the above-mentioned procedures. Some IBs have forms prepared for these procedures, but most do not.

It is recommended to develop standardised forms in the e-MA system for the above-mentioned procedures and incorporate these procedures as regular operations in the upgraded e-MA system. The final report should become an automatic result of all entered documents and data rather than being a document that users must prepare separately in physical form. A "Final Report" tab could be added, generating the report automatically.

The **action implies** the standardisation and digitisation of procedures in e-MA.

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All ITI programme bodies are to be involved in the process, in addition also the MOF (as for the interfaces with the system MFERAC).

### **Electronic application**

Applications for direct approval of operations were submitted to the relevant IB's official email address in accordance with the MA's Instructions. Some mandatory data from annexes (i.e. 2+12) are repeated, resulting in unnecessary duplication of entering the same data. Manual entry of the same data in multiple forms/documents often leads to administrative errors.

Simplification of forms by the MA is recommended, preparation of forms in digital format, possibility for direct data entry into the information system e-MA. It is recommended that all documents within the application should be submitted and stored electronically in e-MA, eliminating the need for manual input to minimise the risk of errors as well as the necessity of multiple submissions per email, allowing direct and central access to all documents for the respective project managers.

**Actions** imply the submission and storage of all application-related documents in e-MA.

All ITI programme bodies are to be involved in the process, in addition also the MOF.

### **Further improvements of e-MA**

Changes and corrections in the application process are needed: The e-MA application is very rigid and allows for different practices among individual IBs and/or project managers when recording changes in projects. Once a document or record is entered, it cannot be deleted and remains in the system. Similarly, the e-MA system does not allow for editing the title of a document if the user saved it with the wrong name.

Recommendations: changes could be implemented and entered into the e-MA application by the project manager at the ministry or even by the beneficiary themselves with the project manager's approval. The project manager at the IB would simply confirm it. The system should allow for changes, corrections and replacements until a payment request is submitted without leaving unnecessary traces.

**Actions** to be taken imply reconsidering/reviewing data entry, changes, and corrections in e-MA.

All ITI programme bodies are to be involved in the process, in addition also the MOF.

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#### 3.2.4. Two-phase versus one-phase procedure

The two-phase procedure proved to be quite lengthy and was challenged in the preparation phase for the 21-27 programming period. Nevertheless, within a mechanism such as ITI where complex and integral projects are developed in co-operation and input of involved ITI IBs, such a procedure shall be maintained.

Consideration of one phase procedure was suggested: a public invitation/call by the IB ZMOS, previously coordinated with the relevant IBs/ministries and approved by the MA. Selection of projects by ZMOS would follow. Such an alternative would make the process of selection quicker and would enable ZMOS as IB to further strengthen bottom-up approach. This kind of procedure was broadly discussed at the beginning of the current funding period and commonly rejected as an option.

**Action** seems difficult to be implemented and should not be further followed at the moment, as extensive discussions and considerations in this direction have already taken place leading to the conclusion that a two-phase procedure is needed to underline the character of ITI mechanism where integral projects are developed.

#### 3.2.5. Horizontal principles

In the starting phase of the programming period 2021-2027 – during the implementation of the first call for projects – the applicants were confronted in the Phase 2 with extremely burdensome requirements regarding the compliance with horizontal principles, not known and communicated beforehand. This causes currently serious delays in the process of evaluation and selection of projects/operations.

As for the background: The EU Cohesion Policy 2021-2027 stands for the promotion of economic, social and territorial cohesion through sustainable competitiveness, research and innovation, the digital transformation, the objectives of the European Green Deal and the promotion the implementation of the European Pillar of Social Rights. According to the EU Common Provisions Regulation on Cohesion Policy, member states must respect the Charter of Fundamental Rights of the European Union when using ERDF funds and comply with their obligations under the United Nations Convention on the rights of persons with disabilities. Projects selected for funding should aim to eliminate inequalities and promote equality between men and women, take into account the gender equality perspective,

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combat all forms of discrimination and ensure accessibility for people with disabilities. These principles are summarised as horizontal principles. Furthermore DNSH principle and climate proofing are as two novelties in the system, not fully operationalised to enable uniform application in the process of selection and implementation of projects, causing different interpretations on the ministries and even on civil servants' level.

It is recommended to tackle these issues immediately – in collaboration with all ITI programme bodies, to avoid further delays in the implementation of the ITI instrument in the ongoing programming period. Out of the two ministerial IBs, one ministry has already prepared the respective forms and instructions, these should be disseminated and shared without any further delays.

**Immediate action** would address the establishment of a task force composed of representatives of all ITI programme bodies, dealing with the evaluation and selection of projects. A harmonised approach and procedures (i.e.) requests towards the applicants should be strived for.

All ITI programme bodies are to be involved in the process, especially the ministerial IBs.

### 3.3. Use of overcommitment

#### National level

National decree on cohesion policy implementation defines Cohesion policy implementation plan (INP). In the last two programming periods a commitment just over 115 % of national allocation of cohesion policy funds was needed to sign contracts for the implementation of operations in an amount around 110 %, which resulted in payments just over 100 % of funds by the end of the programming period. Until the present the decisions as regards overcommitment (by the MA respectively by the government decision) never included urban development SOs.

The recommendation is to foresee systemic and results oriented overcommitment also for urban development tool (ITI) that would enable more flexible framework for urban development plans in different urban municipalities (as regards size, their status and their development needs). INOP should allow for additional spending rights for the ITI mechanism – in addition, the allocation of additional spending rights would be linked to "performance", i.e. to the achievement of the objectives/indicators of the programme for the implementation of the cohesion policy.

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As **action**, overcommitment could be set at the level of the overall ITI allocation and could be allocated at the discretion of ZMOS to the SO where projects are most ready and show the greatest overachievement of indicators/targets. A 10 % overcommitment at INP 21-27 level should allow ZMOS to tender 10 % more than the programme allocation (including respective clauses in the funding contracts).

Additionally, the following **action is required**: Criteria and detailed procedures should be developed to better formulate possible options. This suggests also serious consideration of introducing overcommitment and the possibility of complementary funding on ITI projects, ideally allocated at the beginning of a funding period.

All ITI programme bodies are to be involved in the process, in addition also the MOF.

#### **Indicative quotas for municipalities**

A review of the realisation of implementation and disbursement of eligible costs in projects shows that in the period 2014-2020 ITI projects have several million Euros in eligible costs not considered for co-financing, although included in the original application and later on documented in their investment documentation and evident from their accounts. This is due to the fact the twelve urban municipalities have decided on indicative allocations to each municipality within ITI, based on the principles of equal treatment and fair distribution of funds, acknowledged as good practice. This is aimed to achieve equity in spending per municipality so that the “bigger” municipalities do not automatically absorb the money of the smaller ones. In this respect, municipalities with more projects and funds submitted and selected can – after getting close to reaching the agreed quota – only ask and get granted a lower percentage of co-financing than the maximum allowed according to programme rules. In case the other municipalities do not spend the respective funds according to their quota, these funds could be used to increase the percentage of co-financing for municipalities that exceeded their quotas and have approved projects in the implementation process. In case adjustments are needed, they are approved by the Committee of Mayors.

As recommendation, following instruments for a better quality and better result-oriented projects are suggested: definition of not only maximum % (or amount) of co-financing from EU funds (e.g. 80 % for sustainable mobility projects) to ensure better ownership but also possible provisional minimum % of co-financing from EU funds (e.g. 30 %) to enable quality results-oriented projects and to avoid



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excessive fragmentation of funding where low funding might be disproportionate towards the administrative burden required.

**Actions required** are to define the minimum and maximum percentages of co-financing from EU funds for ITI projects (along the specific priorities/topics) as well as to formulate and include respective clauses in the funding contracts to allow for higher amounts of co-financing than originally granted in case funds are not spent by the respective municipalities along their quotas by a deadline commonly agreed by the urban municipalities.

#### **DoS adaptation**

Once a DoS for an approved operation is issued, it does not allow an increase in the value of co-financing for the operation, despite the beneficiary's free allocation and eligibility of costs. The DoS only allows for change of the duration of the operation. Consequently, it is not possible to transfer unspent funds between operations that have received DoS within the same call.

The recommendation is to allow for the modification of DoS also to the extent of increase in the funding granted or include a clause in the original DoS addressing the possibility of higher co-financing rate (keeping in mind the submitted project costs) in case of availability of funds later on. This practice should be applied only in very specific cases and not as a general practice to all projects. This topic is to be addressed under the heading of overcommitment.

**Action required** addresses the possibility of the inclusion of a clause in the original DoS or the adaptation of the DoS according to the need of increasing funding granted, this would go in the direction of overcommitment.

### **3.4. Multiple EU co-funding sources in one project**

Respective EU regulation defines the possibility of ITIs that include investments that receive support from various funds, programmes to address certain territorial issue. The possibility remains unused in Slovenian system of implementation due to unclarities how to enable on one hand monitoring of the results on the level of project for more funds/programmes and at the same time not to cause a disproportionate administrative burden.

It is recommended allowing the combination of funds from different mechanisms and/or SOs within a single operation, thus enabling the implementation of more comprehensive projects. Besides, multiple

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funds should be included in the implementation (multi-fund), aiming for greater comprehensiveness (integrated) and a more holistic approach to addressing the challenges of sustainable urban development, as outlined in European regulations.

**Actions** should include the setting up of rules for integrated approach (based on strategy, plan) with complementarity/synergies/combination of funds, and the establishment of a guidance matrix structure with practical examples for resource mix in co-financing by the MA for the whole field of Cohesion Policy. The establishment of a task force consisting of all ITI programme bodies should be envisaged in a short term, basically as soon as possible, to properly discuss and elaborate on this issue.

### 3.5. Readiness of beneficiaries and projects

#### 3.5.1. Handbooks and guidelines for applicants and beneficiaries

##### **ITI Guidance for applicants and beneficiaries**

Documents such as the Implementation Handbook for ECP and Guidelines for Applicants are highly beneficial as they consolidate procedures and provide clear instructions to applicants and beneficiaries on implementing procedures related to accessing cohesion policy funds and completing forms. Such guidelines offer uniform and unambiguous instructions for filling out forms.

It is recommended to maintain the practice of preparing such documents.

**Action** to be taken implies the common preparation of guidance documents by the programme bodies, in collaboration with the MA and provision of respective training.

All ITI programme bodies are to be involved in the process.

##### **Further development of the guidelines for applicants and beneficiaries**

As regards the lengthy procedures of reviewing and selecting the projects, it is recommended to prepare clear guidance and guidelines on information and documentation to be provided to the applicants/beneficiaries. The interpretation of these guidelines should be harmonised among the programme bodies, to avoid different interpretations by different bodies and by this prolonging the time needed to submit the correct and necessary information. Guidance to applicants and beneficiaries should be then provided in terms of dedicated staff (within the programme bodies) and training. A continuous support and advisory network or structure for ITI applicants and beneficiaries

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should be established, with dedicated opportunities to get general information, thematic orientation, individual consultations, exchange platforms with other applicants and beneficiaries, presentation of success stories, etc.

**Action** to be taken implies the provision of capacity building for beneficiaries and for application reviewers in the ministries, furthermore the immediate establishment of a task force to provide harmonised guidance and coordination of the processes. **Another action** might be to further enhance the opportunities to offer common information events after publication of each call, with a presentation of the application process by IB ZMOS and the content by the IBs at ministerial level, as already practiced.

All ITI programme bodies are to be involved in the process.

### 3.5.2. Guidance for municipalities to revise sustainable urban development strategies

Urban municipalities prepare sustainable urban development strategies (SUDs) in accordance with the Guidelines for the preparation of sustainable urban strategies issued by the MESP, later supplemented with Implementation Plans. Clear instructions regarding the time component of the validity of SUDs were missing in the past, beneficiaries have adopted SUDs with varying validity periods.

It is recommended to provide beneficiaries with timely instructions for updating/amending SUDs, how to approach the preparation of the document if the validity period expires before the adoption of the OP ECP 2021-2027. Additionally, to provide information on the area covered by the SUD and the obligation to prepare an implementation plan.

**Actions** imply the preparation of clear guidance for municipalities on how to revise their SUDs (timing, content, implementation plan, links to neighbouring municipalities, links to regional and national strategies). Furthermore the option should be explored how sustainable urban mobility plans (SUMP) as a separate strategic document for mobility projects could be integrated or linked to SUD.

All programme bodies are to be involved in the process, especially ZMOS, MECE and MNRSP.

### 3.5.3. Capacity building, consultations for applicants and beneficiaries

According to the analysis of ITI 2014-2020 in Slovenia, the processes of project preparation and application seem to take a long time to be finalised. This might partly be due to limited staff resources available on the level of applicants, as well as due to missing knowledge and experience regarding

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project development or due to limited motivation, willingness and support by the respective decision structures. On the other hand, the elaboration of the construction, investment and project documentation contributes to the rather long duration of procedures leading to a project approval.

Recommendations include: collecting experiences in European projects also on smaller initiatives in other EU environments and programmes than ITI itself, cooperating with other bodies, organisations and countries to enable the process of getting to know the mechanisms of EU funding. It might be also considered to introduce different typologies of projects in ITI, i.e. besides infrastructure and construction measures also allow for development of respective development strategies on the level of the urban municipalities, metropolitan areas or functional urban areas as these strategies are considered the basic framework for investment and construction projects.

**Actions** to be addressed: implement support for applicants and beneficiaries, dedicated guidance, capacity building measures, exchange of experiences (as already implemented and practiced in 2014-2020), consultations, take into consideration the simplification of documents and the related procedures.

All ITI programme bodies are to be involved in the process.

### 3.6. Financial Instruments

#### 3.6.1. Legal basis for establishing financial instruments

Previously, financial instruments for urban development promotion included loans for municipal authorities, companies managing public areas and buildings, housing cooperatives, and providers of other alternative forms of urban living. The processes for implementing financial instruments were managed separately from the two-phase application for the direct confirmation of operations for drawing non-refundable funds from the ITI mechanism. Financial instruments were less attractive and less known to beneficiaries because they involved repayable project co-financing funds, and the value of approved financial instruments was counted towards the municipality's borrowing quota.

The recommendation is the preparation of a legal basis for establishing financial instruments for ECP 2021-2027. The quota of approved financial instruments should not count towards the beneficiary's borrowing quota because the debt is paid off with the revenue generated by the investment. Good practise ITI as additional source of financing.

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**Action** required implies a change in eligibility framework conditions. Continuity from 2014-2020 to 2021-27 should be established. Process of defining FI as an instrument of financing 21-27 is about to be completed: Steering Committee was approved by the Government of Republic of Slovenia, Key elements of FI (as a document) was approved, the Steering Committee receives an application for the selection of a holding fund manager, Investment strategy and Business/financial plan are prepared.

A part of ITI mechanism are also FI, applicable only at SO 5.1, but under the current application conditions, the beneficiaries have no projects to submit.

All ITI programme bodies are to be included, Ministry of Economy, Tourism, Sports (MEST) is IB for financial instruments.

### 3.6.2. Combining EU-funding with other financial instruments

The ITI mechanism in Slovenia does not - as for the actual status in the current period - use the possibility of financial instruments, although possibilities for using EU-funding coming from the Programme to be combined with further co-financing sources have been and currently are sought for.

According to the FI documents, the ITI 2021-27 mechanism has EUR 8 million of EU funds available for SO 5.1. The conditions for absorption have not yet been set, so none of the beneficiaries show much interest in absorbing the FI.

It is recommended to take into further consideration whether financial instruments, offered by other EU institutions (such as European Investment Bank), must be directly addressed by the Programme and the ITI mechanism or could be seen as a supplementary option outside the Programme logic. Besides, a deeper look into practices of using financial instruments in other initiatives in Slovenia would be beneficial, including an exchange focused on the preconditions and the framework for such instruments such as topics addressed by these instruments, types and characteristics of projects funded, project sizes and volumes of support, types of eligible beneficiaries, complementarity of funds in terms of avoiding double funding.

## 3.7. Further relevant issues to be addressed

### 3.7.1. Evaluating the general system of financing by type of municipality

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The Ministry responsible for Spatial Planning (MNRSP) is also responsible also for urban development, for the normative and strategic framework and for engaging in a territorial dialogue with the cities, it has contributed towards the necessary framework conditions for the preparation of SUDs that enable an integrated approach on the project level. However, there is lack of national funding opportunities for urban development as such, although Law on Municipalities Funding defines 3 major sources of income (own resources -income tax, property tax etc.), transfer revenues from the state budget and EU funds, with possibility of borrowing) and foresees a relatively complex calculation of appropriate consumption per municipality that takes into consideration different factors.

There is a clear need to evaluate current system of financing in order to secure future stable and strategic financing of municipalities to enable balanced development. Especially since the system of financing does not distinguish between different kinds of municipalities, e.g. between city municipalities and rural municipalities performing different tasks.

**Action:** an evaluation of the system of financing by type of municipality, e.g. city municipalities, municipalities with the towns having urban status, rural municipalities, should be performed. The co-financing mechanisms for all municipalities should be reconsidered.

### 3.7.2. Linking regional and urban development

There were many attempts in the past for reaching a consensus as regards establishment of regions as administrative units. Major challenges in this respect were linked to questions of avoiding the increase of public administration (which tasks would be taken over from the state and/or municipal level with the appropriate sources to perform tasks) and of avoiding fragmentation of current development/statistical regions. Regardless of the success of creating regions as administrative units, regional and urban development would need to be linked more strongly, if not through normative framework, then by a more thorough functional approach. Regional development agencies as public bodies currently perform and facilitate regional development, but since they are financed and supervised by the municipalities, they often lack support for regional projects, themes, measures and are often forced to put forward local, municipal interests and projects.

It is recommended to reconsider the establishment of regions as administrative units with (state, municipal) tasks (reform of the current state administrative units), taking into consideration polycentric urban development in Slovenia for establishment of the majority of regions (urban centres as regional centres) and having in mind the need for competences to perform demanding development

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tasks (projects, measures, collaboration with other (neighbouring) regions, also from other (neighbouring) states).

**Action** to be taken implies an amendment of the Law on Coherent Regional Development, which is currently in progress, publication is expected in the first half of 2025.

All ministries, all municipalities, regional agencies, other stakeholders are to be involved in the process.

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## 4. From the implementation strategy and action plan to the draft reform concept and guidelines

In order to further develop the process from the analysis and development of the strategy and action plan and identify a reform concept and relative guidelines it appears necessary to focus on the current organisational structure for the implementation of ITI, considering the background, the actual challenges, possible bottlenecks as well as positive and less positive elements.

Potential improvements must be based on the findings and challenges related to the current organisational structure and on criticalities and recommendations for improvement already highlighted in the discussion process on D2.4 (ITI 2021-27 Implementation strategy and action plan). The potential for improvement is hence closely linked to the action plan and it will develop into the Reform concept and guidelines to improve efficiency of the ESI Funds absorption processes in Slovenia (D2.5).

The priority is to identify the main relevant elements to support the process of developing the reform concept and guidelines on the basis of the current experience and considering the best practice references that led to the implementation strategy and action plan.

What follows is an analysis of the existing situation, based on contributions provided by the Slovenian expert team on the current organisational structure of ITI and on possible suggested models of organisation that were presented and discussed during the workshop T2.14 held on the January 23<sup>rd</sup>, 2025. These elements bring together the valuable experience gained during the implementation and critical reflections on the ITI mechanism, together with suggestions for improvements that were already partly considered in the past. It constitutes a useful overview of current challenges and of potential options that could be effective for the future implementation of the ITI mechanism, and it reflects an ongoing discussion process currently taking place among the stakeholders involved.

At this stage of the project the prime concern is concentrating on the process and on the actual feasibility of recommended actions, avoiding potential risks of pointing towards streamlined improvements or optimised approaches that may not be flexible enough to meet the requirements or else would not be easily applicable without implying complex political decisions. All relevant elements contributing to the process of identifying a sound reform concept, including analyses, contributions



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and recommendations are taken into consideration, ensuring continuity linking previous project tasks and deliverables together in a logical and coherent way.

The reform concept for ITI should be considered as a pilot exercise where new approaches can be introduced and tested with the overall intent of increasing the efficiency of the absorption of ESI funds in the country and shorten the time it takes for funds to reach beneficiaries. Develop a good practice that could also be transferred to other areas of ECP implementation.

#### 4.1. Implementation of ITI in Slovenia 2021-2027

The ITI Mechanism is aimed at achieving the objectives of SUDs of urban municipalities. As in the 2014-20 financial perspective, the mechanism also implements 3 SOs from the Programme for the Implementation of the ECP 2021-2027.

The content contributes to Policy Objective 2: A greener, low-carbon Europe that is resilient and transitioning to a zero-carbon economy by promoting a clean and fair energy transition, green and blue investment, the circular economy, climate change mitigation and adaptation, and risk prevention and management, and sustainable urban mobility, and Policy Objective 5: A Europe closer to citizens by promoting the sustainable and integrated development of all types of territories and local initiatives.

##### **Policy objective 2**

Priority 3: Green transformation for climate neutrality.

Specific objective RSO2.7. (SC 2.7 green) Improving the protection and conservation of nature, as well as biodiversity and green infrastructure, both in urban and urban environments, and reducing all forms of pollution (ERDF).

Priority 4: Sustainable urban mobility.

Specific objective RSO2.8. (SC 2.8 Sustainable Mobility) Promoting sustainable multimodal urban mobility in the context of the transition to a net-zero carbon economy (ERDF).

##### **Policy objective 5**

Priority 9: Sustainable development of local areas.

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Specific objective RSO5.1. (SC 5.1. urban renewal) Promoting integrated and inclusive social, economic and environmental development, culture, natural heritage, sustainable tourism and security in urban areas (ERDF).

By the nature of its implementation, ITI is an example of multi-level governance, as it brings together the IB ZMOS, IB MNRSP, IB MECE and the MA (MCRD) in its inter-institutional organisational structure.

The implementation of the mechanism is carried out in two stages. The ZMOS is an IB for the selection of Phase 1 operations for all SCs. The MNRSP is the IB for the implementation of Phase 2 for SC 2.7 Green and SC 5.1 Urban Renewal, and the MECE is the IB for the implementation of Phase 2 for SC 2.8 Sustainable Mobility.

The investment documentation is prepared in accordance with the Regulations on the Uniform Methodology for the Preparation and Treatment of Investment Documentation in the Field of Public Finance (EMU). In addition to other legal requirements, projects are also developed in accordance with the regulations resulting from the guidelines for the implementation of the ECP.

In Phase 1, the definition of the investment project is required at the initial level of the investment documentation with the Document Identifying the Investment Project. In Phase 2, the project must be ready at the level of a building permit and have all the investment documents up to the Investment Programme. The beneficiary co-ordinate the application with the IB. For a complete application, the IB ZMOS confirms the agreement of the application in terms of coordination of the 1st and 2nd phases of the project, the MCRD issues a DoS, the IB issues a co-financing agreement.

## 4.2. The organisational structure of ITI

The processes that need to be carried out on the ITI mechanism are divided into a programming phase and an implementation phase, which includes processes for granting co-financing and processes for disbursement claims.

3 Teams are responsible for activities in each institution:

1. Policy Team, which deals with content requirements and prepares Content Guidelines.
2. Cohesion Team, which is responsible for setting up the co-financing system and preparing the system documents and implementation documents for the Implementation Team.

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3. Implementation Team, which verifies the eligibility of applications in the implementation phase in the light of the defined content and conditions of co-financing for the award of co-financing and the Disbursement of funds on the basis of the implementation documents.

System documents and teams responsible vehicles are:

- Regulation on the implementation of Regulations (EU) and (EURATOM) in the field of the implementation of ECP for the period 2021-2027 for the Investment for Growth and Jobs (MA);
- Agreement on the manner in which tasks are to be carried out (derived from Article 12(5) of the above Regulation) (MA and IB);
- Description of the MCS for the implementation of the ECP Programme in the period 2021-2027 for the Investment for Growth and Jobs - OSUN (MA and IB);
- Guidance from the MA for programming, support decision-making, monitoring, and reporting on the implementation of ECP in the 2021-2027 programming period (MA);
- Guidance from the MA for the implementation of the ITI Mechanism in the 2021-2027 programming period (MA and IB).

Implementing documents and teams responsible are:

- Substantive baselines for each SO, specifying the boundary conditions for the implementation of operations (IB);
- Handbook of the IB for the Implementation of the ECP in the Period 2021-2027 (IB), in which it defines in more detail the key tasks, organisational structure and established procedures in the context of the implementation of the PEKP (IB);

#### 4.3. The current situation<sup>1</sup>

##### I. Programming

During the programming phase, majority of tasks is performed by the Policy and Cohesion Teams. The Policy Teams at IB MECE and IB MNRSP define the contents for co-financing for their SOs.

IB ZMOS responds to *content options* according to the municipality needs. The MO MCRD is getting informed about the possibilities of content.

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<sup>1</sup> Proposal for organizational models explaining the current situation will be attached to the reform concept document (D2.5).

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The Cohesion Teams deal with the requirements and establishment of a co-financing system for the financial perspective within their institution: IB ZMOS for Phase 1 for all SOs, IB MECE and IB MNRSP for Phase 2 for their SOs.

IB ZMOS is getting informed about the *preparation of the Phase 2 system* at IB MECE and IB MNRSP.

MA MCRD approves the implementation system for all the IBs: Phase 1 at IB ZMOS for all SOs and Phase 2 at IB MECE and IB MNRSP for their respective SOs.

The Implementation Teams prepare the environment for their work to verify eligibility according to the defined content and conditions of co-financing: IB ZMOS for Phase 1 eligibility for all SOs, IB MECE and IB MNRSP for Phase 2 eligibility for their SOs.

IB ZMOS is getting informed about *preparation of the implementation of the 2nd phase* at IB MECE and IB MNRSP.

The funds for co-financing are at IB MECE and IB MNRSP for their SOs.

## **II. Implementation**

**II.A** During the co-financing approval phase, majority of tasks is performed by the Implementation Teams, and the Policy and Cohesion Teams are involved as needed.

The IB ZMOS publishes a call for proposals for all SOs and checks the eligibility of the Phase 1 applications.

In Phase 2, the Implementation Teams at the IB MECE and the IB MNRSP carry out cost-benefit checks, content eligibility checks and other checks on applications on their SOs, such as a review of horizontal principles.

At the end of the Phase 2 review, the IB ZMOS confirms the suitability of the Phase 2 applications in comparison to Phase 1 application for all SOs.

The MCRD issues decisions on co-financing support for all SOs.

The Implementation Teams at the IB MECE and the IB MNRSP issue co-financing contracts for their SOs.

**II.B** During the disbursement of funds phase, the Implementation Teams at the IB MECE and the IB MNRSP review and disburse claims for their SOs and carry out on-site inspections.

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#### 4.4. Challenges of current organisational structure and feasibility of recommended actions

Based on the description of the current organisational structure of IT, it is possible to synthesise the main issues based on the findings and recommendations highlighted in the discussion process that led to D2.4 (ITI 2021-27 Implementation strategy and action plan), according to the main topics identified.

##### **Topic 1: Organisation structure under multi-level governance**

Regarding the multi-level governance and the two-phase process, IBs are in place and multi-level governance has been achieved, the mechanism is implemented in two phases. The system works and the recommendations made appear feasible:

- keep the multi-level and interdepartmental cooperation, adopting a "multi-level," "bottom-up" approach, establish an ITI coordinating body,
- maintain the so-called two-phase process of DOC, where ZMOS performs the tasks of the IB by issuing calls for project submissions and selecting operations, while ministerial IBs carry out procedures in the second phase

The establishment of a formal interinstitutional organisational structure and a coordinating body for the implementation of the ITI mechanism is an issue that is considered relevant by the stakeholders involved and was previously raised. A formal appointment would provide a legal basis for the participation of all key actors and ensure the resilience of the system in the event of staff turnover. For ITI the tasks of this coordinating body are primarily to achieve the effective implementation of the ITI mechanism by sensibly setting policies according to needs, establishing a quality implementation system with the shortest possible cycles from the call for proposals to the signing of the co-financing contract and from the submission to the payment of payment requests. This mode of work was already introduced for ITI 2014-2020 but despite the proposed solution, the formal appointment did not take place. Informal cooperation is established between representatives of IBs and the governance body and the recommendation to continue the multi-level cooperation is feasible. Nevertheless, its formalisation would imply some decisions at administrative and political level and possibly changes in legislation especially when considering other potential roles of this entity, such as the long-term perspective of addressing also other municipalities (beyond the 12 urban municipalities) and urban

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development as such. Therefore, this recommendation could be viable for the programming period post 2027:

- establishment of an Urban Development Directorate in addition to the existing Regional Development Directorate to be appointed at MCRD with representatives of all programme bodies OR to change the name and responsibilities of the Directorate for regional development to Directorate for regional AND urban development (urban and regional on the same level).

## **Topic 2: Efficiency of processes**

In the current organisational structure of ITI, policies are set by Policy Teams separately by SO on IB, which makes sense because of the content in the different line ministries.

The implementation system is prepared by the Cohesion Teams separately by IB, which is a disadvantage because of the differences in the implementation documents, which provide for different ways of dealing with investment and implementation documentation for investment projects within a single mechanism. Investment projects differ in content depending on the SO, but otherwise, regardless of their content, they follow the same rules for the preparation of investment and project documentation and implementation.

Implementation takes place in the Implementation Team separately by IB, and the implementation documents (IB check lists and manuals) are therefore specific to IBs in the co-financing approval and in the disbursement of funds, which is a disadvantage due to the different requirements for beneficiaries within one mechanism. The allocation of co-financing by signing the co-financing contract and subsequent annexes is separate for each IB, which is a disadvantage, because IBs add clauses to the prescribed models of the MA MCRD contracts according to their requirements, and the final form of contracts and annexes is different. The disbursement of funds is separate by IB, which is a disadvantage because the requirements to beneficiaries are different. Despite the single e-MA2 information system for disbursement claims, the requirements vary by IB (and may also be specific to administrators). Regarding funding, the Development Programme Plan (NRP) is separate for IBs for each SO.

The recommendations for mandatory annexes, harmonised forms and requirements should be implemented as soon as possible during the current programming phase, in order to be further fully applicable in the period post 2027.

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- the recommendations include the necessity for a timely and clear preparation of mandatory attachments for the entire process of preparation and submission of applications, closure and reporting of projects, in harmonised and standardised forms for both ministries. The action required foresees the preparation of a list of mandatory attachments, harmonised forms and requirements.

On the standardisation of IB procedures and forms recommendations made should be implemented in the current programming phase:

- Standardisation of IB procedures and forms, harmonisation of rules and streamlining of the ITI mechanism (simplification and rationalisation of forms).
- Elimination of unnecessary attachments to the DOC application (could be substituted by the beneficiary's statement).
- Actions to be taken are to standardise of procedures, rules and forms between IBs/ministries; to develop common interpretation rules; to simplify rules and forms with digital tools.

Guidelines for project closure should be prepared as soon as possible:

- preparation of guidelines for project closure to allow for clear instructions and guidance for beneficiaries

The IT support system (e-MA) needs to be updated. This is a process that may take some time but should start as soon as possible with those changes that are considered technically most feasible as a priority. The system has been established for the existing IBs for co-financing approval and disbursement claims and IB ZMOS has access to data on applications. If the disbursement of funds would be taken over by other IB as in the current organisational situation (see organisational structure models scenarios), new IBs would need to be added in the system.

Recommendations include actions implying

- reconsidering/reviewing data entry, changes and corrections in e-MA
- the submission and storage of all application-related documents in e-MA
- the Standardisation and Digitisation of Procedures in e-MA
- tackling the e-MA system, preparing respective guidance, providing training

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### **Management verifications of ITI projects (see 2.2.2)**

Regarding management verifications, recommendations for actions to be implemented include:

- The preparation of a risk analysis for the ITI mechanism
- Identifying the possibility of sample checks
- The definition of a risk-based approach for management verifications of ITI projects
- Exploring the possibilities of financing not linked to costs as well simplified cost options
- For the reimbursement of expenditures/claims, on the one hand possibilities offered by financing not linked to costs, but also by simplified cost options should be considered.

These topics and procedures have been partly already started to be implemented in Slovenia, although not specifically within ITI, but within other financing schemes on national level – the ministerial IBs of the ITI instrument have started some works in this area, this work should be made visible and available to ITI to enable the consideration of taking over the work already done and adapting it to the framework of ITI. As the current funding period is already ongoing, not all of the mentioned topics and procedures might be feasible to be fully implemented. As the experiences from other countries show, even during an ongoing funding period changes to procedures are feasible and should be implemented at least as pilot actions to gather first experiences and do necessary updates and adaptations for post 2027.

### **Financing not linked to costs (see 2.2.3)**

Regarding financing not linked to costs, the recommendation for action to be implemented is:

- The preparation of a methodology for financing not linked to costs, which could be then applied in overall terms to beneficiaries in Slovenia.

As mentioned in the previous paragraph regarding management verifications, this procedure has been already started on national level within the ministerial IBs. Work already ongoing on these issues should be carefully considered and evaluated for possible implementation within the ITI instrument. Basically, it seems feasible to develop such a methodology already in the ongoing funding period for ITI and test it in terms of a pilot action (e.g. on the level of a specific objective), nevertheless a close collaboration with the MA seems necessary to include this methodology in the overall programme framework. Piloting this procedure in the ongoing period would also allow for gathering of first



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experiences and developing it further for post 2027 as well as gaining experiences from use of this practice in other instruments in Slovenia.

### **Topic 3: Use of over-commitment**

Recommendations for actions related to address overcommitment should be implemented during the current programming phase:

- overcommitment could be set at the level of the overall ITI allocation (and could be allocated at the discretion of ZMOS to the SO where projects are most ready and show the greatest overachievement of indicators/targets).
- 10 % overcommitment at INOP 21-27 level to allow ZMOS to tender 10 % more than the indicative programme allocation (include respective clauses in the funding contracts).

### **Topic 4: Multiple EU co-funding sources in one project**

Multi-SO and multi-fund integrated projects are currently not feasible due to the location of funds, issuance of co-financing and disbursements at different IBs, but are feasible for different SOs on one IB. According to the Regulation on the Uniform Methodology for the Preparation of Investment Documentation in the Public Finance (EMU), investment documents for integrated projects can be contained in a single investment document, while due to the separation of the SO, individual requests for separate investment documents per SO appear at the IBs. For integrated projects, it is necessary to determine the method of implementation and provide IT system support (e-MA2, MFERAC).

Recommendations for actions related to address integrated projects (multiple EU co-funding sources in one project) should be implemented during the current programming phase:

- setting up rules for integrated approach (based on strategy, plan) with complementarity/ synergies /combination of funds, and the establishment of a guidance matrix structure with practical examples for resource mix in co- financing by the MA for the whole field of Cohesion Policy.

### **Topic 5: Readiness of beneficiaries and projects**

Recommendations for actions related to address the readiness of beneficiaries and projects (handbooks, guidelines, capacity building) should be maintained and/or implemented during the current programming phase:

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- preparation of guidance documents and of training for applicants
- preparation of clear guidance for municipalities on how to revise their SUDs (timing, content, implementation plan, links to neighbouring municipalities, links to regional and national strategies)
- provision of capacity building for beneficiaries and for application reviewers in the ministries, and the establishment of a formal working group to provide unified guidance and coordination of the processes
- implement support for applicants and beneficiaries, dedicated guidance, capacity building measures, exchange of experiences, consultations, take into consideration the simplification of documents and the related procedures.

#### **Topic 6: Financial instruments**

Addressing the issue of preparing the legal basis for establishing financial instruments for the ECP 2021-2027 should start.

Action required implies a change to eligibility conditions and seriously considering the combination of EU-funding with other financial instruments.

#### **Topic 7: Further relevant issues to be addressed**

Several IBs are involved in co-financing urban development. Visibility of the role of urban development is insufficient, as there is no integrated approach to the implementation of urban development at the national level.

Evaluating the system of financing by type of municipality and linking more strongly regional and urban development are very relevant issues that need to be addressed in order to make them viable for the programming period post 2027.

Recommended actions imply:

- an evaluation of the system of financing by type of municipality, e.g. city municipalities, municipalities with the towns having urban status, rural municipalities. The co-financing mechanisms for all municipalities should be reconsidered
- an amendment of the Law on Coherent Regional Development, which is currently in progress.

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## 5. The Action Plan: Summary of recommendations and actions

Topic No.	Topic	Issue(s)	Themes addressed	Recommendations	Action and implementation perspective		Actors to be involved
					short-term / 2025	long-term / post 2027	
1	Organisation structure under multi-level governance	Interactions among programme bodies	<ul style="list-style-type: none"> <li>• Collaboration and coordination MA and IBs</li> <li>• Subcommittee on programme level dedicated to urban development issues</li> <li>• Overall cooperation arrangements</li> <li>• Roles and responsibilities of ZMOS</li> <li>• Tasks within the process of DOC</li> <li>• Alternative solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Keep the multi-level and interdepartmental cooperation, adopting a "multi-level," "bottom-up" approach</li> <li>• Maintain the so-called two-phase process of DOC, where ZMOS performs the tasks of the IB by issuing calls for project submissions and selecting operations, while ministerial IBs carry out procedures in the second phase.</li> </ul>	Establishment of ITI interinstitutional coordinating body 2021-2027	Establishment of Urban Development Directorate in addition to the existing Regional Development Directorate to be appointed at MCRD with representatives of all programme bodies OR change the name and responsibility of the Directorate for regional development to Directorate for regional AND urban development (urban and regional on the same level)	<p>ITI programme bodies (for coordinating body)</p> <p>ITI programme bodies and further stakeholders (for Urban Directorate)</p>
2	Efficiency of processes	<ul style="list-style-type: none"> <li>• Standardisation of IB procedures and forms</li> <li>• Standardisation and digitalisation of procedures</li> <li>• Management verifications of ITI projects and respective payment requests</li> <li>• Two-phase vs. one-phase procedure</li> </ul>	<ul style="list-style-type: none"> <li>• Mandatory attachments, harmonised forms and requirements</li> <li>• Guidelines for project closure</li> <li>• Financing not linked to costs</li> <li>• Good practice manual for verifications</li> <li>• Procedure for approving payment requests</li> <li>• Digitalisation along the project life cycle</li> <li>• Standardised forms and procedures in e-MA</li> <li>• Electronic application</li> </ul>	<ul style="list-style-type: none"> <li>• The recommendations include the necessity for a timely and clear preparation of mandatory attachments for the entire process of preparation and submission of applications, closure and reporting of projects, in harmonised and standardised forms for both ministries.</li> <li>• Guidelines for project closure should be</li> </ul>	<p>Establishment of dedicated task forces (working format, limited number of experienced and responsible persons working in the ITI IBs) tackling the following topics (according to responsibilities of the persons involved).</p> <p><b>Task force for unification of implementation documents:</b></p> <ul style="list-style-type: none"> <li>• Standardisation of IB procedures and forms between IBs/ministries; harmonisation of rules / develop common interpretation rules; streamlining of the ITI mechanism (simplification and rationalisation of forms with digital tools).</li> </ul>		ITI programme bodies, primarily IBs

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		<ul style="list-style-type: none"> <li>Horizontal principles</li> </ul>	<ul style="list-style-type: none"> <li>Further improvements of e-MA</li> </ul>	<p>prepared as soon as possible</p> <ul style="list-style-type: none"> <li>The IT support system (e-MA) needs to be updated.</li> </ul>	<ul style="list-style-type: none"> <li>Preparation of a list of mandatory attachments, harmonised forms and requirements</li> <li>Elimination of unnecessary attachments to the DOC application (could be substituted by the beneficiary's statement).</li> <li>Preparation of guidelines for project closure to allow for clear instructions and guidance for beneficiaries</li> </ul> <p><b>Task force for horizontal principles</b></p> <p><b>Task force for optimisation of eMA (IT system):</b></p> <ul style="list-style-type: none"> <li>Reconsidering/reviewing data entry, changes and corrections in e-MA</li> <li>The submission and storage of all application-related documents in e-MA</li> <li>The standardisation and digitisation of procedures in e-MA (considering also interfaces with the system of MFERAC)</li> <li>Tackling the e-MA system, preparing respective guidance, providing training</li> </ul>		
3	Use of overcommitment		<ul style="list-style-type: none"> <li>National level</li> <li>Indicative quotas for municipalities</li> <li>DoS adaptation</li> </ul>	Recommendations for actions related to address overcommitment should be urgently implemented.	<p><b>Establish a Task force for overcommitment:</b></p> <ul style="list-style-type: none"> <li>Overcommitment could be set at the level of the overall ITI allocation (and could be allocated at the discretion of ZMOS to the SO where projects are most ready and show the greatest overachievement of indicators/targets).</li> <li>10 % overcommitment at INOP 21-27 level to allow ZMOS to tender 10% more than the programme allocation (include</li> </ul>		ITI programme bodies plus additional stakeholders (responsible ministries)

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					respective clauses in the funding contracts).		
4	Multiple EU co-funding sources in one project			Recommendations for actions related to address integrated projects (multiple EU co-funding sources in one project) should be urgently implemented	<b>Establish a Task force for multi-fund approach:</b> <ul style="list-style-type: none"> <li>• Setting up rules for integrated approach (based on strategy, plan) with complementarity/ synergies /combination of funds, and the establishment of a guidance matrix structure with practical examples for resource mix in co-financing by the MA for the whole field of Cohesion Policy.</li> </ul>		ITI programme bodies
5	Readiness of beneficiaries and projects	<ul style="list-style-type: none"> <li>• Handbooks and guidelines for applicants and beneficiaries</li> <li>• Guidance for municipalities to revise SUDs</li> <li>• Capacity building, consultations for applicants and beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>• Guidance for applicants and beneficiaries</li> <li>• Further development of the guidelines for applicants and beneficiaries</li> </ul>	Addressing the readiness of beneficiaries and projects should be maintained and/or implemented by providing necessary handbooks, guidelines, common interpretation and capacity building possibilities	<ul style="list-style-type: none"> <li>• Preparation of guidance documents and of training for applicants</li> <li>• Preparation of clear guidance for municipalities on how to revise their SUDs (timing, content, implementation plan, links to neighbouring municipalities, links to regional and national strategies)</li> <li>• Provision of capacity building for beneficiaries and for application reviewers in the ministries</li> <li>• Establishment of a task force to provide unified guidance and coordination of the processes</li> <li>• Implement support for applicants and beneficiaries, dedicated guidance, capacity building measures, exchange of experiences, consultations, take into consideration the simplification of documents and the related procedures</li> </ul>		ITI programme bodies
6	Financial instruments	<ul style="list-style-type: none"> <li>• Legal basis for establishing</li> </ul>		Addressing the issue of preparing the legal basis for establishing financial	Actions required imply a change to eligibility conditions and seriously considering the		ITI programme bodies, in

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		financial instruments • Combining EU-funding with other financial instruments		instruments for the ECP 2021-2027 should start.	combination of EU-funding with other financial instruments.		addition also the Ministry of Economy, Tourism, Sports (as the ministry responsible for financial instruments)
7	Further relevant issues to be addressed	<ul style="list-style-type: none"> <li>Evaluating the system of financing by type of municipality</li> <li>Linking regional and urban development</li> </ul>		Evaluating the system of financing by type of municipality and linking more strongly regional and urban development are very relevant issues that need to be addressed to make them viable for the programming period post 2027.		<ul style="list-style-type: none"> <li>Evaluation of the system of financing by type of municipality, e.g. city municipalities, municipalities with the towns having urban status, rural municipalities. The co-financing mechanisms for all municipalities should be reconsidered</li> <li>Amendment of the Law on Coherent Regional Development, which is currently in progress</li> </ul>	All ministries, all municipalities, regional agencies, other stakeholders

Summarizing the short-term actions which are feasible to be implemented within the TSI project duration (until 20<sup>th</sup> July 2025):

- c) Establish an ITI interinstitutional coordinating body 2021-2027
- d) Establish dedicated Task forces dealing with the following topics:
  - Task force for unification of implementation documents,
  - Task force for optimization of eMA (IT system),
  - Task force for multi-fund approach,
  - Task force for horizontal principles
  - Task force for overcommitment.

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As for the long-term perspective – going beyond 2025 and even beyond the funding period 2021-2027, the following modification suggestions are to be considered:

- institutional set-up (directorate or agency or ... for firstly contract management, afterwards for also taking over other tasks - logic of one-stop-shop for ITI mechanism
- embedding of urban development and regional development - clearer roles, responsibilities of city municipalities in the regions, balanced regional development act
- possibilities of other contents (SOs) to be financed through ITI mechanism (that are not implemented centrally, through call by the ministries)
- possibility of modifying two-phase procedure in the direction of decentralization (more tasks by ZMOS).

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## 6. Annex

Annex 1: Action plan basis



Annex 1: Action plan basis - List of findings and recommendations from:  
analyses in D2.1, study visit in Vienna and respective report D2.2, project examples in D2.3  
Version: 17.03.2025

Common elaboration by Austrian experts and Slovenian counterpart (experts, ZMOS, ministries)

TOPIC 1: ORGANISATION STRUCTURE UNDER MULTI-LEVEL GOVERNANCE								Implementation envisaged in	
No	Finding	Recommendation	Project example	Action required	Stakeholder responsible	Stakeholder involved	Funding needed?	2021-2027	Post 2027
1	The Managing Authority for the Ministry of Infrastructure prepares the Content Framework for PI 4.1 and PI 4.4. The Managing Authority for the Ministry of Environment and Spatial Planning prepares the Content Framework for PI 6.3. The Content Frameworks are an important basis for beneficiaries for the quality and timely preparation of projects for co-financing from the Cohesion Policy 2014-2020. The role of the Association of Urban Municipalities of Slovenia (ZMOS) in preparing the Content Frameworks is not specified anywhere.	The ITI is a mechanism of multi-level and interdepartmental cooperation, adopting a "multi-level," "bottom-up" approach. For the successful implementation of ITI projects, it is essential for the Managing Authority and the Operational Unit to collaborate with ZMOS/beneficiaries already in the phase of preparing the programming of the Cohesion Policy, legal frameworks for the implementation of the Cohesion Policy, content frameworks, and public calls for the submission of applications in the 1st phase for DOC.	- IB-MA-ZMOS cooperation already at the time of programming - participation in the implementation of VI 2.7, VI 5.1 and VI 2.8 - already established process of call preparation (prepared by ZMOS, reviewed by MOPE/MNVP), followed by publication	No	MKRR	MKRR, MNVP, MOPE, ZMOS	No	Implemented	To maintain the procedure
2	The process of direct operation confirmation is carried out in two phases: Phase 1: Preparation and publication of invitations for the submission of applications for operations of urban municipalities and review and ranking of applications on the list of selected operations by the Association of Urban Municipalities of Slovenia (ZMOS) (operation selection). Phase 2: Verification of operation selection procedures and verification of the adequacy of applications by the content-wise competent intermediary body (IB MESP and IB MOI) and confirmation of operations by the managing authority (MA GORCP).	Maintain the ITI mechanism implementation system as it was in the programming period 2014-2020, as it was very efficient and recognized as a good practice example even at the European level. Maintain the so-called two-phase process of direct operation confirmation, where ZMOS performs the tasks of the intermediary body by issuing calls for project submissions and selecting operations, while ministerial IBs carry out procedures in the second phase.	- Maintain the 2-phase process, - different models of 2nd phase management are under consideration - already some changes in processes in 2nd phase: 14-20: DoS-DPP-CfA-eMA-PC 21-27: NIO-application to eMA for DoS-OoP-eMA & DPP-CfA-PC	Consideration, analysis of models (4)	MKRR	MKRR, MNVP, MOPE, ZMOS	No	Implemented	Changes are possible, appreciated
3	Despite the shortcomings identified in the procedures and organizational processes, beneficiaries acknowledge the good cooperation and responsiveness of the substantive actors within the ITI mechanism at the IB and MA levels during the 2014-2020 period. Informal cooperation was established between representatives of intermediary bodies and the governance body.	However, the mechanism can be even more effective and successful with regular communication among all POs and the governance body. It is proposed to establish an operational working body (Stakeholder Cooperation in Implementing the ITI mechanism), appointed by the MCRR, to continue the good multi-level governance as cooperation between ZMOS and state authorities to increase the efficiency of implementing processes in the second phase of operation selection.	Establishment of a <b>formal working group</b> (Urban Development Directorate) appointed at MKRR, working as multigovernance (representative MOPE+MNVP+MKRR+ZMOS). Second possibility: change name of the Direcotorate for regional development to Directorate for regional and urban development (urban and regional on the same level!)	Examination of options, appointment to the MKRR	MKRR	MKRR, MNVP, MOPE, ZMOS	No	No-go	Possible

4	<p>Slovenia when setting up ITI system for the implementation of 2014-2020 has decided to set up a unique system that combines polycentric model of urban development in Slovenia with the need to have a coordinated approach towards urban development. As an urban authority/intermediate body not a single city was appointed but the Association of City Municipalities (ZMOS) that acts as a body selecting the operations (Assembly of City Major as joint decision makers). On the municipal level therefore a coordinated approach was enabled that gave important incentive for enabling synergies between municipalities and to become an important actor, interlocutor towards the national level of decision making.</p>	<p>According to successful implementation of ITI in 2014-2020 and effective procedures in selection of investments the set system with a joint IB (ZMOS) should continue to evolve, possibly with the further tasks/responsibilities to be transferred from the national level (decentralisation).</p> <p>In order to further incentivise bottom-up approach in the multi-level governance of the ITI the urban authority (ZMOS) should be strengthened, empowered with further tasks to be transferred from the MA to ZMOS as IB.</p>	<p>The proposal to delegate tasks is dealt with in Model 3 (partial delegation, not the whole procedure). Otherwise a complete transfer of tasks from IB to ZMOS is not possible - staff, organisation, positioning,...</p> <p>Currently one task is transferred to ZMOS, to see if any other task can be transferred.</p> <p>ZMOS is already in a strong position: it is the association that supports the towns of the municipalities (constitutional special position) and as a IB accredited by the European Commission.</p>	Exemination of Scenarios	Saša, Slo experts	MKRR, MNVP, MOPE, ZMOS	No-go	The recommondation is addressed in the models under Scenario 3 (partial transfer of responsibility to ZMOS)
5	<p>ITI is a mechanism that is used only for the agreed specific objectives of the national programme for the implementation of cohesion policy 2021-2027. It is clear that urban development encompasses other priorities that are crucial not only for green and digital transition. Besides ITI there is also a Community Led Local Development tool (CLLD) in which local action groups are beneficiaries (consisting of different stakeholders, including city municipalities). To address issues in parts of urban municipalities (dispersed rural settlements outside urban settlement area) that experience rural challenges city municipalities can through CLLD benefit from additional funding. CLLD as such is used solely for the implementation of specific objective for rural development. National regional development (NRD) tool as third territorial tool used in Slovenian's system of implementation also enables city municipalities to participate, NRD is used for the implementation of further specific objectives.</p> <p>Based on past experiences, division of priorities between national and regional/local level and the availability of funding cohesion policy programme through partnership approach present a consensus also on division of different mechanisms per specific objectives implementation.</p>	<p>Usage of bottom-up approach combined with top down approach should be evaluated per specific objective.</p> <p>Evaluation of current functioning of different territorial tools, besides implementation analysis, a thorough analysis would be suggested to reevaluate set of chosen priorities to enable faster green and digital transition of city municipalities.</p>	<p>- We have already done so at ZMOS, examining a bottom-up approach in combination with a top-down approach. In any case, it is also partly a top-down approach, as we have been able to propose urban development projects for the themes that have been identified.</p> <p>- The priorities for each urban municipalities are set out in the Sustainable Urban Strategy</p> <p>- the analysis was done at the start of the programming phase, so that we could give an opinion to the MKRR on what the municipalities could build in the framework of urban development (ITI mechanism)</p> <p>- the set of priorities can change depending on the circumstances e.g. elections/new leadership of the urban municipality, budget resources, etc.</p>	Priority allocation by beneficiary	Beneficiaries	MKRR, MNVP, No MOPE, ZMOS	Implemented	To maintain the procedure

6	<p>Specific objectives of the cohesion policy programme for ITI implementation are more precisely defined between managing authority, intermediate bodies and ZMOS as an intermediate body in the content specifications. Content specifications enable a more concrete definition of possible measures, projects to be financed from the cohesion policy funds.</p> <p>Specific award and eligibility criteria are set for the project selection – as an outcome of coordination between managing authority, both ministries in the role of intermediate bodies (Ministry of Natural Sources and Spatial Planning (MNSSP), Ministry of Environment, Climate and Energy (MECE) and ZMOS as intermediate body responsible for the selection of projects. It is an example of multi-level approach between national and local, municipal level, on one hand framed with EU and national legislation, on other hand faced with local development needs. Content specifications do not differ much between ministries, they often set criteria for other territorial tools too.</p>	<p>Content specifications play an important role in case of measures that use bottom-up approach. It would be advisable that ministries prepare uniform content specifications per specific objectives or at least as similar as possible for all territorial tools used (e.g. MECE for SO 2.8) respectively to take into account agreed content specifications also when preparing top down measures (like calls for proposals for municipalities). That would enable better quality criteria and synergies between projects from different mechanisms used (e.g. cycling lanes that have to enable logical connections between urban, sub-urban and rural/regional areas).</p>	<p>- as the conceptual starting points for e.g. No sustainable mobility are the same for the ITI and the JR UTM, i.e. the mechanism and the call for proposals.</p> <p>- the same conceptional starting point for Green Infrastructure for ITI and Regional developmen agreement</p>	MNVP/MOPE	MKRR, MNVP, No MOPE, ZMOS	Implemented	To maintain the procedure
7	<p>According to MA guidelines on ITI, projects are selected in the so called two phases procedure: Phase 1 - preparation and publication of invitations to submit applications for municipal operations, review and classification of applications to the list of selected operations by IB ZMOS; phase 2 - review of operations by the competent ministries as IBs (MNSSP, MECE) and approval by the MA (decision on cofinancing from cohesion policy funds according to national regulation on cohesion policy implementation. To enable a balanced approach towards all 12 potential applicants, city municipalities, MA guidelines determines indicative allocations per city municipality till the end of 2026, afterwards projects are selected irrespective of the indicative allocations per city municipality.</p> <p>Since the list of projects are approved at the end of the first phase by the chorus of all 12 municipalities it enables ZMOS and respectively cities to decide themselves on the balanced approach – whether they will give more advantage to balanced projects per city or to best quality projects.</p>	<p>Although the two phases procedure works in practice it would be advisable for the next programming period to examine other possibilities of granting funds to the sub national level under specific conditions (from the EU regulations and others) that would be in before agreed between the national and sub national level. That would further strengthen bottom-up approach in the multi-level governance model, make responsibilities clearer between different actors in the system and speed up the process of implementation.</p>	<p>The call for prposals is not an option because of No the allocation of funds and the direct apruval of projects</p>			Implemented	To maintain
8	<p>From past experiences it is clear that municipal indicative allocations (quotas) sometimes lead to “forced” applications for smaller, not results oriented projects, just for the purpose of spending the rest of the money (indicatively allocated to a certain city municipality).</p>	<p>Two additional possible instruments for a better quality and better result oriented projects are suggested:</p> <p>Definition of not only maximum % of cofinancing from EU funds (e.g. 80% for sustainable mobility projects) to ensure better ownership but also minimum % of cofinancing from EU funds (e.g. 30%) to enable quality results oriented projects.</p>				No-go	

9	As ministries perform crucial role in policy making/legislation, it is important that they enable coordinated planning of their policies with different funds (EU and national) - as regards ITI mechanism in the meaning of programming specific objectives for urban development as well as setting up of content specifications for actual projects that are to be supported.	When it comes to an actual implementation (applications for funding, cofinancing contracts, verification mechanisms of implemented projects), a possibility of joint public body (e.g. public agency) for all ministries with implementation knowledge (concentration of present civil servants dealing with the implementation on ministries) and unified procedures per different types of implementation modi may be evaluated. Since it would require deeper changes in legislation this recommendation would, if deemed as a better solution in comparison to existing system, be viable for the programming period post 2027. Due to expected lower national allocations from EU funding in the future and increase in national development funding this option should be considered seriously.	Establishment of a formal working group appointed at MKRR, does not depend on scenario	Examination of options, appointment at MKRR	MKRR	MKRR, MNVP, MOPE, ZMOS	No-go	Possible
10		ITI mechanism should have the possibility to address urban development issues that go beyond the city municipality boundaries, including especially sustainable urban plans that should be able to address functional areas related to a development issue (e.g. mobility needs projects, solutions in a wider influential area of the city). The role of city municipalites in a regional context should be more clearly defined, the link between regional and urban development should be stronger.	Funktional urban areas are not an option, as already explained in formal letters from ZMOS. The idea is to strengthen urban centres. There are a number of issues that are unsolvable according to the experience of regional development - FUA would mean inter-municipal agreements, strategic documents, approximation to regional projects, etc.	No			No-go	No-go
11	Involvement of the political level at the Managing Authority, Intermediate Bodies and at the Urban municipalities through regular briefing and awareness raising of the ZMOS Assembly on ITI developments, and by addressing the political level at ministerial level on key challenges.	To be kept and further addressed.	To mantain	Maintain activities through the ZMOS Assembly	ZMOS	No	Implemented	Maintain
	Regular meetings of the ITI Expert Commission leading team (president, vice-president, member) with the Managing Authority and the Intermediate Bodies since 2018, preparation of proposals for implementation and content.	To be kept.	To mantain	Maintain activities and skills of staff	ZMOS	No	Implemented	Maintain
	High level of expertise of the ITI Expert Commission and the ITI Secretariat: determining specific topics that need to be addressed at the political level.							
12	Representation in the Monitoring Committee of the Operational Programme 2021-2027.	To be kept.	To mantain	Maintain	ZMOS	No	Implemented	Maintain
13	Based on the implementation of the ITI 2014-2020, a methodology for technical assistance 2021-27 has been prepared. According to the contract, the funding is disbursed for 2023. An additional contract is prepared for the period 2024-2029, for which annual annexes will be issues. However, regardless of the methodology, reimbursement of technical aid is conditional on the availability of funds in the national budget.	To be kept.	The functioning of the IB ZMOS and Phase 1 checks also depends on the Technical Assistance. Mandatory to maintain.	Maintain - stronly advised	ZMOS/MKRR	Yes - technical assistance	Implemented	Maintain + additional TA for possible additional commitments

14	Cyclical collection of beneficiaries' needs, used as inputs in the programming process. Informing and guiding the beneficiaries throughout the programming process until the first calls.	To be kept.	Mandatory data collection for monitoring the achievement of the mechanism's indicators. It makes sense to establish a uniform monitoring also at the MOPE and MNVP at the level of the operation from the example of the excel Master Table of the ZMOS.	Maintain	MKRR	MKRR, MNVP, MOPE, ZMOS	Implemented	Maintain
15		The organisational set up of the ITI mechanism should be reviewed in terms of respective roles and responsibilities of the involved bodies, staff resources, in order to establish an effective working structure with a clear distinction of responsibilities focusing on shared management, coordination, cooperation and not replicating the same tasks (e.g. project appraisal or verification of expenditures) at different levels and by different bodies. This could also include the provision of a harmonised set of rules and procedures by the MA, commonly developed and agreed with the IB from ministerial level and ZMOS, or delegation of the final selection of projects (including the issuing of the funding contract) from the MA to the IB.	See 4 Scenarios - conceptual models for implementing public policies	An in-depth discussion	MKRR	MKRR, MNVP, MOPE, ZMOS	No-go	Possible change to a different model comparing today's model

TOPIC 2: EFFICIENCY OF PROCESSES								Implementation envisaged in	
No	Finding	Recommendation	Project example	Action required	Stakeholder responsible	Stakeholder involved	Funding needed?	2021-2027	Post 2027
1	During the period of the European Cohesion Policy (ECP) 2014-2020, the Ministry of Environment and Spatial Planning (MESP) did not have a Handbook for the Implementation of the ECP 2014-2020, nor did it issue Guidelines for Applicants. As a mandatory attachment to the DOC application, beneficiaries were required to prepare a Feasibility Study, which the Regulation on the Unified Methodology for the Preparation and Handling of Investment Documentation in the Field of Public Finance does not consider mandatory investment documentation if it is part of an investment program.	Preparation of the two documents for the ENP 2021-2027.	Timely and clear preparation of mandatory annexes for the entire process of preparation and submission of applications, closure and reporting of projects - uniform for both ministries, standardised forms. It would be much easier if we had an Urban Development Directorate or at least formal working gorup.	Preparation of a list of mandatory annexes + forms + requirements	MKRR	MNVP, MOPE			Mandatory

2	<p>General EU regulation on cohesion policy implementation defines in Article 74 verifications that have to be implemented. It determines scope and verifications methods that depend on the selected modus of the reimbursement of costs. The present modus operandi for ITI in Slovenia is reimbursement on the basis of actual costs.</p> <p>Since payments are made from the national budget national legislation, especially Act on public finances has to be respected in full (every expenditure from the budget must be based on an authentic bookkeeping document, which demonstrates the obligation to pay; the legal basis and the amount of the obligation arising from an authentic accounting document must be checked and confirmed in writing before payment).</p> <p>When comparing EU legislation requirements and national legislation requirements they complement each other whereby EU legislation is in this regard more specific. The specifics are: EU regulation requires risk-based and proportionate verifications on the basis of the identification of risks ex ante and in writing, EU regulation specifically requires administrative as well as on the spot checks.</p>	<p>Preparation of a risk analysis for the ITI mechanism, identifying the possibility of sample checks.</p> <p>Definition of a risk-based approach for management verifications of projects arising from ITI mechanism. Risk-based approach is not precisely defined. It could depend on the nature of operations, amount of cofinancing from public funds, type of beneficiary, historical data (ineligible costs, irregularities etc.) etc. It is to be defined jointly by the MA, IBs and audit authority.</p> <p>Risk-based approach for management verifications should define more precisely the depth of control by the IBs (ministries) in cases where verifications were already performed by the beneficiaries that are subject to obligations according to national Act on public finances; this approach could be supplemented by additional requirement for such public bodies – that they must by themselves ensure a system of internal separation of functions (that could be subject to on the spot checks of such public bodies by the IBs, ministries) to prevent conflict of interest; in the setting up of such a system audit it would be very beneficial to include audit authority.</p> <p>For the reimbursement of expenditures/claims on the one hand possibilities offered by financing not linked to costs.</p>	<p>Example of financing not linked to costs with the Austrian national ERDF/JTF Programme 2021-2027</p> <p>A risk-based approach - we don't have that. We are always talking about concrete projects with clearly defined procedures. It means that a risk analysis must be prepared that would allow less than 100% control. At the moment we do not have any guidance from the MKRR on how to do this in the case of investment projects. The result would be that the control of claims in the ministries would no longer be 100%, but at a correspondingly lower percentage, thus speeding up the process.</p>	yes	MKRR, MNVP, ZMOS MOPE	NO	YES	YES
3	<p>Management and Control System (MCS) defines - according to national decree on the 2014-2020 cohesion policy implementation - the roles and tasks of mentioned body in the ITI process that determines direct approval of the operations by the MA (after checking by both IBs, ministries) on the basis of the previously selected operation by the IB ZMOS (public invitation to municipalities). The system as such works in practice but there is room for acceleration of procedures.</p>	<p>It is suggested that all funds dedicated for urban development using ITI mechanism would evaluate the possibility of using the system of Union contribution to all or parts of a priority of programmes based on financing not linked to costs. Such mechanism enables that Commission and Member State audits and management verifications carried out by Member States shall exclusively aim at verifying that the conditions for reimbursement by the Commission have been fulfilled or the results have been achieved. This would lower administrative burden as regards management verifications in the management and control system and respectively put more focus on achieving the set results. The decision of the MA would therefore have to be adapted to the set conditions for support focusing on results whereby a considerable upgrade at the ZMOS IB level would be needed. Especially if they would also grant the support to the municipalities as IBs (cofinancing contract) and if they would financially manage the funds dedicated to urban development via ITI.</p>	<p>It is a significant simplification of the implementation in relation to the EU (we get funding on the basis of set milestones, e.g. publication of the call, decision to support the DAO, achievement of the indicator, etc.). If we succeed (but it has to be prepared by the MA - OU) at the country - EU level, then the same logic could be applied to the country - beneficiaries and then the control of the expenditure is practically eliminated. It is a lot of work to prepare such a methodology and the main risk is that one of the set objectives is not achieved or that partial reimbursement is possible. In short, a great simplification, but one that requires a great deal of preliminary work and systemic change.</p>	Examination of options by the MKRR	MKRR  MOPE, MNVP, ZMOS	NO	No-go	Possible

		Another possibility of making the process more slim (between financing not linked to costs and current two phases system) could be granting the support by the MA directly to the public invitation of ZMOS – in that case such an invitation would have to have a legal background (defined in the national legislation). Such a system would enable much slimmer second phase in which the selected operation by ZMOS would be subject to drafting a cofinancing contract between the ministries as IBs, the procedure of direct approval of operation to the MA would no longer be needed.	It is a confirmation (decision on support) at the level of the allocation procedure (ZMOS call), which means that ZMOS would then coordinate the selection of individual projects in the second phase only in the two ministries (MNVP, MOPE), and once they have coordinated, a co-financing contract would follow between the ministry and the municipality.	Examination of options by MKRR	MKRR	MOPE, MNVP, NO ZMOS	NO	Possible	
4	Systems of verifications are determined in the Management and control system and in the internal manuals for the cohesion policy implementation of the ministries. When analysing MA guidelines and consequently manuals for the implementation of different ministries there are considerable differences, especially in understanding the level and depth of management verifications that have to be performed. Beneficiaries therefore have to take into account specifics of each ministry what makes system of implementation sub optimal.	In order to secure proportionate controls and at the same time not to double controls on different levels, to optimise processes the following is to be considered: Preparation of an example of a good practice manual by the Managing Authority in order to maximise the uniformity of approach in the preparation of the manuals of the different ministries. Strengthening of verification procedures to avoid double checks, double controls, especially in the area of public procurement (allowing for the consideration of the verification of JUs by separate NOEs at municipal level, based on the provisions of the MFF and the JPA and not duplicated at higher level). Ongoing training by the Authority.	<div>- for unification Manual of the MKRR, or an example of good practice for unification between the MNVP and the MOPE</div> <div>- Double checking, double controls? The proposal goes in the direction of MKRR to define more clearly which controls at municipality level (especially as far as public procurement is concerned - because according to the PPA the responsibility lies with the contracting authority. It also means a proper separation of functions within the municipality) can be taken into account and could be carried out by the two mini-services only on a sample basis or on the spot. This would reduce the scope for control by the Ministries.</div> <div>- Capacity building, training</div>	Preparation of the ICDM Manual; preparation of a review by the MKRR control unit of which controls and under which conditions (separation of functions) from municipal level can be considered as part of the controls	MKRR	<i>Ministry of Environment</i>  MKRR, MOPE, MNVP	No	Could be, but ...	Possible
5	From the perspective of the beneficiary and the ITI mechanism, the ImP (The Implementation Plan - ImP - is a substantive and financial breakdown of the operational program) is a crucial document because its adoption ensures funding for the mechanism/project and thus a closed financial structure. This enables the beneficiary to initiate the public procurement process for selecting contractors to implement the project.	Maintain the procedure.	Closed financial construction - we have an opinion from the MoF, which has been arranged and approved.	No	MF	MKRR, MOPE, MNVP, ZMOS	No	Implemented	To maintain the procedure

6	Selection criteria are approved by the monitoring committee for the cohesion policy programme. They are divided per priorities and specific objectives whereby there is a separate chapter dedicated for ITI mechanism projects. Selection of ITI projects/operations therefore has to consider criteria as determined per specific priority/specific objective and additional criteria set in the specific chapter. On the other hand, content specifications per priority/specific objective for ITI therefore presents a kind of summary of necessary criteria and conditions that have to be met in order to be funded.	It would be recommendable to try to unify both documents in order to simplify the eligibility of contents to be funded by ITI.	Which two documents should be unified? The content of the baselines must be SC-specific and issued by the competent ministry. Unification is not possible.	No	MKRR	MKRR, MOPE, MNVP, ZMOS	No	No-go	No-go
7	Three types of operation selection modes are described, including direct operation confirmation (DOC). In the case of DOC, MA receives and verifies the application for the decision on support (DoS), and if the application meets all the requirements for operation confirmation, it issues a decision on support and forwards it to IB. Beneficiaries evaluate that the procedures for issuing DoS were timely acceptable - this concerns the phase where IB forwards the DoS application to MA, and MA issues it. This finding does not apply to the part of the DOC procedure at IB and the procedure until the issuance of the Co-Financing Agreement.	Maintain direct validation of applications - when implementing the ITI mechanism, it involves the preparation and execution of comprehensive projects for sustainable urban development, which are inherently more complex (administratively, financially), hence validating projects through public tenders is not appropriate. Such projects, which also have broader positive effects on the sustainable development of cities and countries, require a longer time for application preparation and technical coordination with ministerial intermediary bodies, which the public tender system will not allow. Therefore, the direct validation of operations needs to be preserved. Implementing the ITI through public tenders is suitable for less complex projects that are similar to each other, with a large number of beneficiaries.	Maintain direct validation of applications	No	MKRR	MKRR, MOPE, MNVP, ZMOS	No	Implemented	To maintain the procedure; could be considered
8	The issued DoS does not allow an increase in the value of co-financing for the approved operation, despite the beneficiary's free allocation and eligibility of costs. The decision on support does allow for a change, but only for extending the duration of the operation. Consequently, it is not possible to transfer the remainder of unspent funds between operations that have received DoS within the same call.		To allow for the modification of the Support Decision also to the extent of the increase in the funding granted.	Yes	MKRR	MKRR, MOPE, MNVP, ZMOS	No	welcomed, not necessarily	welcomed, not necessarily
9	The two phase procedure proved to be quite lengthy and was challenged in the preparation phase for the 21-27 programming period.	As an alternative, one phase procedure was suggested – a public invitation/call by the IB ZMOS that would be in before hand coordinated with the relevant ministries and approved by the MA. Then selection of projects would follow by ZMOS. Such an alternative would make the process of selection quicker and would enable ZMOS as IB to further strengthen bottom-up approach.	Difficult to implement. Managed risks in Model/Scenario 3 - transfer of competences to ZMOS	Consideration	MKRR	MKRR, MOPE, MNVP, ZMOS	Yes - additional technical support at ZMOS	No-go	maybe



10	Procedures for verifying operations: Before confirming an operation, its compliance with the objectives of the operational program, alignment with specific objectives and indicators of priority investment, compliance with the annual implementation plan, eligibility of operation selection, adherence to horizontal principles where relevant, compliance with provisions for informing and communicating with the public, adherence to provisions on eligible costs, fraud, and other specifics are verified. After the operation is confirmed, it is verified whether the co-financed products and services have been provided, whether the expenditures reported by beneficiaries have been paid, and whether they comply with applicable legislation and the operational program, and whether the conditions for supporting the operation are met (e.g., on-site inspections). On-site inspections are timely announced and correctly executed.	Maintain the procedure of on-site inspections.	Manatain the procedure	No				Implemented	To maintain the procedure
11	Procedures for receiving, verifying, and approving payment claims submitted by beneficiaries, as well as for approving, executing, and settling payments to beneficiaries: The beneficiary creates the Payment Request with attachments in the e-MA system and submits the Payment Request with attachments (in accordance with the co-financing agreement) via the e-MA system to the IB, where the documentation is appropriately recorded. After the Payment Request passes the administrative verification successfully, the responsible officer approves the relevant Payment Request in the e-MA system, and the information is transferred to MFERAC, and a payment order is issued. The prolonged procedures for approving Payment Requests (ZZI) can lead to liquidity problems for beneficiaries. The process allows for different interpretations of data entry in ZZI by project managers at the PO. The ZZI entry process is complex and indicates deficiencies and potential improvements in the e-MA system.	By establishing prefinancing of invoice payments (disbursement of the co-financing portion to the beneficiary one day before the due date of the invoice), the budgets of beneficiaries would be relieved, and there would be no need for them to advance funds for payment. Delays in fund disbursements have already led to beneficiaries' illiquidity and the necessity for beneficiaries to take out loans to ensure payment of legal obligations. The e-MA information system is addressed in a separate analysis.	Need to be done.	Yes	MKRR, MF	MKRR, MOPE, MNVP, ZMOS, beneficiaries	No	very much appreciated	very much appreciated
12	The prolonged procedures for approving Payment Requests (ZZI) can lead to liquidity problems for beneficiaries. The process allows for different interpretations of data entry in ZZI by project managers at the PO. The ZZI entry process is complex and indicates deficiencies and potential improvements in the e-MA system	The ZZI entry process could also be shortened and simplified by directly submitting the application for DOC into the e-MA system (2nd phase). Documents would immediately start generating in one central location, being accessible to both the IB and the beneficiary at all times in one place, eliminating duplication of work and sending documentation in physical or electronic form to various addresses.	Information system e-MA	Enable digital submission of DAO applications	MKRR	MKRR, MOPE, MNVP, ZMOS, beneficiaries	Yes - to develot IS e-MA	No-go	Possible

13	The Ministry of Infrastructure (MOI) carries out the tasks of the Intermediate Body (IB) on several priority investments within the framework of the Operational Program for the Development of Infrastructure 2014-2020 (OP ECP 2014-2020). Within the ITI mechanism, MOI has the authority to implement Priority Axis 4.1 and 4.4. Beneficiaries have raised concerns about the unrealistic performance indicator set, prompting a proposed amendment to the OP ECP 2014-2020.	In determining performance and result indicators, involve stakeholders / beneficiaries according to their needs and the realistic achievability of goals, considering a "bottom-up" approach.	Implemented	No	MKRR	MKRR, MOPE, MNVP, ZMOS, beneficiaries	No	Implemented	To maintain the procedure
14	Delays and lengthy procedures in the second phase of the DOC process are attributed to: a) Different approaches and interpretations in the preparation of applications by individual project managers. There are no instructions, nor are there uniform, coordinated criteria for reviewing applications among IBs and within IBs. b) Staff turnover within the IB. The issue was more pronounced towards the end of the financial perspective, as new project managers had to familiarize themselves with the project content from scratch.	Standardization of IB procedures and forms - harmonization of rules and streamlining of the ITI mechanism (simplification and rationalization of forms), thereby achieving greater efficiency in mechanism implementation (uniform rules and procedures for all PIs must be established for implementing the ITI mechanism). An example of inconsistent processes is the signing of the Grant Agreement (GA), where the GA was signed at MOI based on the approved application, while at MESP it was based on the completed public procurement procedure for the selection of the contractor. Standardizing rules and procedures would ease the work for auditors and beneficiaries.	- Preparation of forms prior to submission of DAO applications - Standardisation of the forms of the MOPE and the MNVP	Preparation of the MKRR Manual	MKRR	MNVP, MOPE	No	Must be done (MOPE prepared the forms, MNVP not yet)	Must be done
15	Lengthy procedures in regard to the DOC process, causing liquidity issues for beneficiaries or project implementation delays, can even lead to withdrawal of applications and project non-realization. The cause of prolonged procedures can also be found in the complex administrative obligations of the beneficiary in the DOC application submission phase and the method of submitting applications in physical form. Numerous manually filled word forms can result in unnecessary errors and repeated amendments/clarity/additions to the application. Prolonged procedures also arise due to requests for additional amendments by IB managers due to project manager turnover or changing instructions during project review.	Simplification of procedures - to shorten procedures and reduce administrative burdens, it is proposed to simplify procedures for handling projects with uniform rules for all state intermediary bodies (regardless of content or sectoral jurisdiction). It is also suggested to eliminate unnecessary attachments to the DOC application, which can be confirmed by the beneficiary's statement.	Mandatory to edit	Yes	MKRR	MKRR, MOPE, MNVP	No	ASAP	Must be done
16	The procedure of DOC allows for multiple administrative and substantive requests for application amendments by the IB manager. Shortcoming of the procedure: Nowhere is it stated by when the beneficiary must submit the application for DOC to the IB so that the project manager can thoroughly review it and possibly request administrative and/or substantive amendments. The procedure timeline only indicates the duration of the second phase (9 months), when the DOC application should be complete/aligned.		To complement the activities with a timeframe by which the beneficiary has to submit the application to the IB.	Supplement to the guidance	ZMOS	MKRR, MOPE, MNVO, ZMOS	No	Can be done	To implement

17	The procedure for concluding the Grant Agreement (GA) varies between the intermediary bodies. The IB MESP conducts a review of public procurement tenders for selecting contractors for each type of expense before the GA is concluded, and it takes a very long time until the project is opened in the IS e-MA. Coordination of bills of quantities according to different project managers' requirements further prolongs the time until co-financing funds are absorbed. The process of issuing the GA at the IB MOI is shorter and more efficient.		Already arranged, procurement documents and procedures are checked at the first payment claim on both IBs.	No	MKRR	MNVP, MOPE	No	Implemented	To maintain the procedure
18	There are no described systemic solutions for project closure. Guidelines from the Managing Authority for project closure in the period 2014-2020 were only published in December 2021.		Prepare Guidelines for project closure, asap	Yes	MKRR	MKRR, MOPE, MNVP, ZMOS	No	Must be done ASAP	Not relevant now
19	Some mandatory data from Annex 2 and 12 are repeated, resulting in unnecessary duplication of entering the same data. Additionally, these data are part of the investment documentation, which is a mandatory appendix to the DOC application. Manual entry of the same data in multiple forms/documents may lead to unintentional administrative errors.	Simplification of forms by the Managing Authority, preparation of forms in digital format, or direct data entry into the information system e-MA.	<i>see Jems (Joint electronic monitoring system) of Interreg</i>  - DAO forms cannot be prepared by the MKRR - we already have a single form for DAOs, prepared by the MOPE (individual decision of the Ministry), nothing yet by the MNVP - direct entry of DAO files/applications in e-MA	Yes	MKRR, MF	MKRR, MOPE, MNVP, ZMOS, beneficiaries	No	Partly implemented	to be continued
20	Electronic application: Applications for direct approval of operations were submitted to the relevant intermediary body's official email address in accordance with the Managing Authority's Instructions for implementing the CTN mechanism 2014-2020.	Potential beneficiaries should submit all documents within the application electronically, eliminating the need for manual input to minimize the risk of errors. Enable beneficiaries to submit applications for NPO (2nd phase) through the e-MA system, as well as all amendments and changes (form completion and attachment submission). This would centralize the collection of all project-related documents in one place from the outset. It would relieve beneficiaries and PT managers from multiple email submissions and allow managers to access documents already entered into the e-MA system.	<i>see Jems (Joint electronic monitoring system) of Interreg or national monitoring system of the Investment for Jobs and Growth/ERDF</i>  Information system e-MA	yes	MKRR, MF	MKRR, MOPE, MNVP, ZMOS, beneficiaries	No	To be implemented	to be continued
21	Recording Changes in Projects Co-Financed by EU Funds in the ECP 2021-2027 Application: The e-MA application for the ECP 2014-2020 is very rigid and allows for different practices among individual intermediary bodies and/or project managers when recording changes in projects. Even for minor project changes, the authorities of project managers at ministries were highly limited. For simple changes such as fund disbursements by years or types of eligible costs (all within the support decision), beneficiaries had to prepare forms for each minor change again (in physical form), which were based on the original application (thus amending the application).	Each such change could be implemented and entered into the e-MA application by the project manager at the ministry or even by the beneficiary themselves with the project manager's approval. The beneficiary should input the application/request for project change into the e-MA system, and the project manager at the Intermediate Body would simply confirm it. This is a proposal for streamlining procedures.	<i>see Jems (Joint electronic monitoring system) of Interreg or national monitoring system of the Investment for Jobs and Growth/ERDF</i>  Information system e-MA	Yes	MKRR, MF	MKRR, MOPE, MNVP, ZMOS, beneficiaries	No	To be implemented	to be continued

22	Corrections in e-MA: An issue in e-MA arises with corrections – input and recording. Once a document or record is entered, for example, it cannot be deleted and remains in the system. Similarly, the e-MA system does not allow for editing the title of a document if the user saved it with the wrong name.	The system should allow for changes, corrections, and replacements until a payment claim is submitted without leaving unnecessary traces. A feature should be implemented so that once, for instance, the documentation for public procurement is fully entered and reviewed by the IB's manager, and then fully supplemented by the beneficiary, the IB has the option to lock the entry so that the beneficiary cannot make changes. If there is a need for supplementation, the IB manager can still enable it later.	<i>see Jems (Joint electronic monitoring system) of Interreg or national monitoring system of the Investment for Jobs and Growth/ERDF</i>  Information system e-MA	Yes	MKRR, MF	MKRR, MOPE, MNVP, ZMOS, beneficiaries	No	To be implemented	to be continued
23	Corrections in e-MA: In the event of an input error or change in the public procurement process, the entire process must be deleted and re-entered in its entirety. The same applies to the entry process of documents, attachments, and payment confirmations, as any error requires deleting the entire document entry.	It would be easier if each entry could be modified, deleted, and supplemented individually.	<i>see Jems (Joint electronic monitoring system) of Interreg or national monitoring system of the Investment for Jobs and Growth/ERDF</i>  Information system e-MA	Yes	MKRR, MF	MKRR, MOPE, MNVP, ZMOS, beneficiaries			
24	Corrections in e-MA: When the manager returns a claim for revision, there are significant limitations regarding corrections to that claim. Currently, if a correction needs to be made to one document in the claim, the manager must return all claims related to that document for revision.	Corrections and supplements to entered payment claims should be more flexible and user-friendly.	<i>see Jems (Joint electronic monitoring system) of Interreg or national monitoring system of the Investment for Jobs and Growth/ERDF</i>  Information system e-MA	Yes	MKRR, MF	MKRR, MOPE, MNVP, ZMOS, beneficiaries			
25	Standardization and Digitization of Procedures in e-MA. The following procedures cannot be managed through the e-MA system: Intermediate and final project implementation reports, Application for changing the operation and/or financing dynamics of the operation, Forecast of submission of payment claims (ZZI), Application for transferring between types of costs. Different intermediary bodies require different documentation for the above-mentioned procedures. Some intermediary bodies have forms prepared for these procedures, but most do not. Therefore, beneficiaries must fully develop the documents themselves, leading to increased administrative burden, more errors, and longer procedures.	Develop standardized forms in the e-MA system for the mentioned procedures and incorporate these procedures as regular operations in the upgraded e-MA system.  The final report should become an automatic result of all entered documents and data, rather than being a document that users have to prepare separately in physical form. A "Final Report" tab should be added, which is generated automatically.  Include the option to propose changes to eligible costs between activities and request a change to the application through the application.	An important simplification of e-MA	Yes	MKRR, MF	MKRR, MOPE, MNVP, ZMOS, beneficiaries	probably yes. Technical Assistance could be used	It is possible	It is possible
26	Documents and VAT: When creating a payment claim in the application, all documents ever entered into e-MA by the user are loaded. It does not load only those documents related to the specific project.	During the selection of documents, only those documents related to the specific project and not yet fully claimed for fund disbursement should be displayed.	Information system e-MA	Yes	MKRR, MF	MKRR, MOPE, MNVP, ZMOS, beneficiaries		To be implemented	to be continued
27	Documents and VAT: When creating a payment claim, VAT amounts and amounts without VAT need to be manually calculated and entered (manual - auxiliary excel).	If it is known that VAT is an ineligible cost for the operation, the application should automatically calculate the eligible costs. The e-MA system should automatically offer to calculate the tax when creating the payment claim. If the document is paid in multiple installments, e-MA should sum up the payments without separate reporting and calculation. Manual calculation and input may lead to unnecessary errors.	Information system e-MA	Yes	MKRR, MF	MKRR, MOPE, MNVP, ZMOS, beneficiaries		To be implemented	to be continued

28	<p>Documents and VAT: Lengthy process of searching for documents when entering payment claims. Only those documents that the beneficiary has not yet reported in that payment claim and that are related only to the operation for which the claim is being made should be displayed in the "document data" selection.</p> <p>When the beneficiary uploads a document into the e-MA system, there is no preview option; the document needs to be downloaded to the computer</p>	<p>Previews should be available in e-MA without the need for downloading to the computer.</p> <p>Introduce a solution where tax numbers are automatically linked to documents when they are related to a public procurement process (PP). In this case, the user has already selected the contractor in the legal basis, rather than having to specify the contractor each time. In the case of subcontractors, there should be an option to select from them, rather than leaving it blank</p>	Information system e-MA	Yes	MKRR, MF	MKRR, MOPE, MNVP, ZMOS, beneficiaries	To be implemented	to be continued
29	<p>Tabs - Application: Some tabs serve no real purpose. During data entry, certain categories are distracting and do not open for the beneficiary, or the same information is repeated in multiple places. As a result, the application becomes cluttered.</p> <p>Sometimes users do not know which tab to upload a specific document to because there is no uniform instruction from project managers at the Intermediate Body, or because a certain tab does not exist.</p>	<p>Adaptation of the Information System – only active tabs should be visible.</p> <p>Implement a unified category where documents such as bank guarantees, labeling certificates, photographs, reports, declarations, etc., can be uploaded.</p>	Information system e-MA	Yes	MKRR, MF	MKRR, MOPE, MNVP, ZMOS, beneficiaries	To be implemented	to be continued
30	<p>Entry of Legal Basis: The entry of the legal basis depends on the entry of the public procurement procedure. The legal basis cannot be entered if the public procurement procedure has not been entered beforehand.</p> <p>If a user makes a mistake when entering an addendum to the contract (legal basis, subactivity), the entire process needs to be deleted.</p>	<p>Allow independent entry of the legal procedure and legal basis.</p> <p>All public procurement procedures published on the Public Procurement Portal (PPP) have all the documentation entered under the public procurement code on the PPP. For the sake of streamlining procedures and avoiding unnecessary duplication of activities, only the public procurement code from the PPP could be entered into e-MA, rather than uploading all legal bases.</p> <p>Separate entries are suggested or allow corrections to be made to the entered documents/legal bases.</p>	Information system e-MA	Yes	MKRR, MF	MKRR, MOPE, MNVP, ZMOS, beneficiaries	To be implemented	to be continued
31	<p>There is no systemic solution for entering credit notes in e-MA, as when entering a credit note, e-MA deducts the amount of the credit note twice. Beneficiaries themselves seek "workarounds" for entering documents, which ultimately result in the correct realization. If a document is paid in a way that deducts the amount of the credit note, the proof of payment for the credit note amount is reduced. Additionally, if you enter a credit note, it deducts it twice because the beneficiary submits the claim based on the proof of payment amount, not the document amount.</p>	<p>A systemic solution for entering credit notes is needed.</p>	Information system e-MA	Yes	MKRR, MF	MKRR, MOPE, MNVP, ZMOS, beneficiaries	To be implemented	to be continued
32	<p>When preparing a zero claim in e-MA, similar to a payment claim, the entry of documents for the entire public procurement procedure is required, but this claim has no financial consequence.</p>	<p>Only documents that demonstrate expenses on the project should be attached to the zero claim. The entry of the entire public procurement procedure is unnecessary and time-consuming for the beneficiary and reviewer.</p>	Information system e-MA	Yes	MKRR, MF	MKRR, MOPE, MNVP, ZMOS, beneficiaries	To be implemented	to be continued

33	Complementarity or Drawing from Multiple Sources within One Project: Currently, the application does not allow for one invoice to be co-financed from multiple sources, for example, 30% from the ITI mechanism, 40% from the Environmental Fund, 10% from a call, and 20% from the beneficiary's own resources.	A systemic solution is needed to enter multiple sources of co-financing for one invoice within one project.	- Information system e-MA - Complementarity - The complexity of the procedure due to the national financial system MFERAC	Yes	MKRR, MF	MKRR, MOPE, MNVP, ZMOS, beneficiaries	Hopefully	Yes
34	The e-MA information system is an essential tool for supporting the implementation of European cohesion policy. In the past financial period, it has become evident that the e-MA system requires significant improvements to provide users/beneficiaries with a more user-friendly experience, as well as faster and simpler procedures for completing the financial aspects of operations.	<p>Further recommendations of simplification in regard to e-MA: Entering individual land parcels is very time-consuming in projects with 50 or more parcels. It is suggested to simplify this process by allowing the submission of an Excel attachment with all necessary data.</p> <p>Procurement procedures and selection of employees - the process overview is not clear. It is suggested to use bullet points or numbering for clarity.</p> <p>Document payment - it is recommended to automatically sum up the payment amounts for each document, rather than requiring the beneficiary to submit separate claims for each payment.</p> <p>Document submissions (e.g., construction, Article 76.a, and VAT) - all these divisions should be entered within one submission, instead of users repeatedly uploading documents and entering data.</p> <p>Non-eligible costs - reporting non-eligible costs is as extensive as reporting eligible costs. Simplification of non-eligible costs reporting is suggested.</p> <p>The system should avoid multiple entering of the same financial data – the principle of one time entry of the</p>	<p><i>Considering the topic of programme monitoring: In the framework of the national IG/ERDF programme, Austria uses a monitoring system with several Programme bodies as users, different roles, at the same time the set-up of the system is commonly agreed upon. Deeper look into the mechanism, roles, authorisations, administration would be helpful to understand the cooperation structures while keeping functions separately.</i></p> <p><i>Monitoring systems are also widely used in a unified and commonly agreed form in Interreg Programmes, managed and subcontracted by the Interact Programme. A large number of Interreg Programmes is using the electronic monitoring system developed by Interact since the funding period 2014-2020, newly adapted for the funding period 2021-2027. As the number of Programmes and Programme bodies is relatively high, the system is used for the overall Programme implementation cycle, including the project application and reporting phases with applicants/beneficiaries as direct users of the system, also this system should be taken into consideration and explored in more depth.</i></p>					
35	e-MA2 has foreseen various new modules. There is clearly lack of the module for the call for proposal processes in the meaning that a process could be offered in a digitalised form to all IBs thus enabling a more unified approach towards the selection of projects.	It would be highly recommendable to foresee a flexible module for the call for proposal in a digitalised form. As far as ITI is concerned such module would enable also to IB ZMOS to digitalise the process of selection of projects in the first phase. Furthermore it would enable also the possibility that granting a support from the MA would be to a call of proposals by ZMOS instead to each project in the second phase.	Digitalised call for tender in e-MA	yes	MKRR	MOPE, MNVP, No ZMOS	to be considered	yes
36	Novelty of the e-MA2 is the introduction of a pre-planning phase (implementation plan, operation selection method) which currently demands that before entering the application for support, to each project a pre-planning phase has to be entered into the system. The pre-planning phase demands entering content based data and financial data that have to be fully aligned with the data on the application of support.	It is recommendable that full alignment between pre-planning financial data and the financial data on the level of the project is to be reevaluated. It is clear that data on the level of the (ready to go) project will be always more accurate (the maturity of investment documentation) – therefore the requirement of the e-MA2 to adapt data on the pre-phase (operation selection method) will present an unnecessary administrative burden and it will also disable to monitor the differences in planning in different phases of the project development.	The system allows for the possibility that the planned data at INP level and at operation level may be different.	yes	MKRR	MOPE, MNVP, No ZMOS	to be considered	yes

37	The aim of the pre-phase (operation selection methods as part of the implementation plan) is more or less having as accurate as possible data for the national budget planning. What is missing is a shift towards implementation planning that would be based on results/indicators as foreseen in the cohesion policy programme.	It would be recommendable that the logic of the pre-phase would put more emphasis on the planned results/indicators. That would give additional input for the decision making processes to concentrate on the instruments that are more performance based. As far as ITI is concerned that would give additional data basis for possible introduction of financing not linked to cost and also for possible overcommitment/overbooking and hence reprogramming of funds for the urban development if needed.	In addition to the financials, planned indicators are added to the programme implementation plan for each method of selecting operations.	yes	MKRR	MOPE, MNVP, No ZMOS		to be considered	yes
38	The terminology of the IT system is not fully aligned with the established terminology from the normative basis.	It would be recommendable that each field for entering data would have a short description/link to manuals in order to fully align the system with the corresponding normative documents.	Standardisation of terms in e-MA, description of fields	Yes	MKRR	all ministries	no	yes	yes
39	e-MA2 does not foresee digitalised form of the application for support for the beneficiary (it only foresees entering the data in the form by the IB).	It is recommendable that the system would be upgraded in the way that it would enable the beneficiary to have an access and to have the possibility of entering the application for support by himself. The IB (in case of ITI ZMOS and relevant IBs as ministries) would have the role of checking, returning of the application to the beneficiary to supplement and approval of the application.	Access by beneficiaries	Yes	MKRR	all ministries	no	yes	yes
40	When entering financial data on the level of operation the system calculates EU cofinancing and cofinancing part from national sources (SI part) and costs not cofinanced in % in accordance with the predefined %. Experiences show that such % that are then predefined also for the payments on the basis of claim for payment (from the national budget) do not enable enough flexibility since on the level of each claim for payments the % could according to the eligible activities implemented be not the same.	It is recommendable that additional flexibility as regards division of expenditures between different shares of financing should be foreseen in the IT system.	Flexibility between planning data in e-MA (% of co-financing) and implementation data (% of Payment Claim)	Yes	MKRR	all ministries	no	yes	yes
41	The systems of cofinancing rest on the total (eligible) cost principle that has an important influence on all levels of the monitoring system (from the implementation plan to the claims for payment). There are no clear instructions and based on the experiences from the 2014-2020 as regards entering claims for payment for eligible costs that are not cofinanced from EU sources but contribute to financial indicator.	It would be recommendable that instructions for the beneficiaries/IBs by the MA and accounting function holder (Ministry of Finance) as regards the use of the total cost principle would be available.	Preparation of guidance on eligible costs, what is co-financed, what is over-eligible, what counts as an indicator (financial), etc.	Yes	MKRR	all ministries	no	yes	yes
42	There are some crucial novelties as regards the implementation of cohesion policy in 2021-2027, like more rigorous check of possible conflicts of interest (e.g. between beneficiaries and their contracting partners), DNSH principle, climate proofing etc.	e-MA2 should enable in digitalised form checking of ownership structures (natural persons, link to AJPES – national system?), uniform entering and checking of the DNSH on the level of operation and claim for payment.	Verification of ownership links, link to AJPES (RDL)	Yes	MKRR	all ministries	no	yes	yes

43	According to national Act on Public Procurement, the responsibility for the regularity of public procurement procedure lies exclusively on contracting authority – in the context of cohesion policy implementation – on the beneficiary (second level decision making authority is national commission for the revision of public procurement procedures).	Therefore, having in mind the need to avoid conflict of interest, verifications of public procurement procedures by the IBs and the procedures on beneficiaries level (separation of functions) should be reevaluated in a way to avoid as much as possible double checking and doubling responsibility for the regularity of the public procedures.	See point 4, section 2	Yes	MKRR	all ministries	no	yes	yes
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TOPIC 3: USE OF OVER-COMMITMENT									Implementation envisaged in	
No	Finding	Recommendation	Project example	Action required	Stakeholder responsible	Stakeholder involved	Funding needed?		2021-2027	Post 2027
1	Many projects have excess eligible costs documented in their investment documentation and evident from their accounts. A review of the realization of implementation and disbursement of eligible costs recognized in projects shows that ITI projects in the period 2014-2020 have several million euros in excess eligible costs. This suggests serious consideration of introducing overcommitment and the possibility of complementary funding on ITI projects as well.	The INOP is a key basis for the closure of the financial structure and the simultaneity of procedures (e.g. the implementation of a public procurement with a suspensive clause). As such, the INOP should allow for additional spending rights for the ITI mechanism (i.e. In addition, the allocation of additional spending rights would be linked to "performance", i.e. to the achievement of the objectives/indicators of the programme for the implementation of the cohesion policy.	10 % overcommitment at INP21-27 level, ZMOS would tender 10 % more than the programme allocation	Yes	MF, MKRR	MOPE, MNVP, ZMOS	No	Yes		Yes
2	Providing additional spending rights beyond the spending rights of the ECP OP. By approving support decisions that exceed available spending rights, the aim is to ensure that even with lower actual reimbursements from the European budget (due to identified ineligible expenses, lower realized payments than planned, deviations from co-financing, etc.), 100% of available funds are still spent and the objectives of the ECP OP are achieved.	The INOP is a key basis for the closure of the financial structure and the simultaneity of procedures (e.g. the implementation of a public procurement with a suspensive clause). As such, the INOP should allow for additional spending rights for the CTN mechanism (i.e. In addition, the allocation of additional spending rights would be linked to "performance", i.e. to the achievement of the objectives/indicators of the programme for the implementation of the cohesion policy.	- overcommitment is only possible if at least 10 % of the indicators are exceeded - ZMOS would have foreseen this in the call and taken it into account in the evaluation.	Yes	MF, MKRR	MOPE, MNVP, ZMOS	No	Yes		Yes
3	Entry of Excess Eligible Costs in e-MA: When entering a payment claim (ZZI) related to eligible costs, users encountered an issue. Specifically, when they entered the amount of eligible costs and the amount of excess eligible costs, the amount of excess eligible costs was not accounted for in the realization under other eligible costs. Instead, users had to enter the amount of excess eligible costs separately as a zero amount under eligible costs.	A change in the support decision should also allow for additional co-financing in case of additional co-financing, hence the category of excess eligible costs in e-MA is meaningful and should be included within the original ZZI.	- guidance on eligible costs - see point 41 section 2 - eligible expenditure not to be co-financed is clearly defined in the guidance notes and is entered in the system in a simplified way (not as a zero Payment Claim)	Yes	MF, MKRR	MOPE, MNVP, ZMOS	No	Yes		Yes



4	<p>National decree on cohesion policy implementation defines Cohesion policy implementation plan (INP) that specifies on the national level actual measures that are to be implemented to put the cohesion policy programme into practice. INP is divided per priorities, specific objectives, intermediate bodies and it defines different instruments, measures such as call for proposals, operations that are to be directly approved, programmes that are to be implemented on lower levels.</p> <p>According to last two programming periods therefore a commitment just over 115% of national allocation of cohesion policy funds was needed in order to sign contracts for the implementation of operations in an amount around 110%. The latter resulted in payments just over 100% of funds by the end of the programming period.</p> <p>Urban development as ITI mechanism is part of the INP. Until present the decisions as regards overcommitment (by the MA respectively by the government decision) never included urban development specific objectives.</p>	<p>Urban development, or better said ITI is a tool for a multi-level approach, bottom-up by the cities and top down by the state. Overcommitment would strengthen the bottom-up line, it would also give more emphasis on autonomy of cities as regards their development objectives.</p> <p>Systemic and results oriented overcommitment also for urban development tool (ITI) that would enable more flexible framework for urban development plans in different city municipalities (as regards size, their status and their development needs).</p> <p>Results oriented overcommitment could be determined on a cohesion policy programme level for specific objectives that include bottom-up approach and could be determined as a kind of performance dependent award (for specific objectives with above average results &amp; absorption).</p>	<p>Overcommitment would be set at the level of the overall CTN allocation - and could be allocated at the discretion of ZMOS to the specific objective where projects are most ready and show the greatest overachievement of indicators/targets.</p>	Yes	MF, MKRR	MOPE, MNVP, No ZMOS	Yes	Yes
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TOPIC 4: MULTIPLE EU CO-FUNDING SOURCES IN ONE PROJECT									
No	Finding	Recommendation	Project example	Action required	Stakeholder responsible	Stakeholder involved	Funding needed?	Implementation envisaged in	
								2021-2027	Post 2027
1	<p>Slovenia uses three mechanisms with regard to territorial development: integrated territorial investments to address urban development (focus on 12 urban municipalities), community-led local development to address local development through local action groups, communities (37 local action communities , using cohesion policy funds and also common agricultural policy funds) and another territorial tool, in Slovenia’s case for addressing regional development according to Act on Balanced Regional Development . Regulation also defines the possibility of integrated territorial investments that include investments that receive support from various funds, programmes to address certain territorial issue. The possibility remains unused in Slovenian system of implementation due to unclarities how to enable on one hand monitoring of the results on the level of project for more funds/programmes and at the same time not to cause a disproportionate administrative burden (for the beneficiary and for the administration as regards IT system, division of projects into more sub-projects/operations, prevent double financing etc.).</p>		<p>setting up rules for integrated approach (based on strategy, plan), complementarity/synergies /combination of funds</p>	Yes	MKRR	All ministries	No	Yes	Yes
	<p>Allowing the combination of funds from different mechanisms and/or specific objectives within a single operation, thus enabling the implementation of more comprehensive projects. Multiple funds should be included in the implementation (multi-fund), aiming for greater comprehensiveness (integrated) and a more holistic approach to addressing the challenges of sustainable urban development, as outlined in European regulations.</p>	<p>Establishment of a guidance matrix structure with practical examples for resource mix in co- financing by the Managing Authority for the whole field of Cohesion Policy.</p>	<p>see previous line</p>	Yes	MKRR	All ministries	No	Yes	Yes

2	<p>Beneficiaries seldom utilize resource complementarity within a single operation due to the administrative complexity involved in demonstrating eligible fund absorption.</p> <p>2014-2020 has in accordance with the audit trail requirements requested on a project level, if it was planned to receive grants from more sources, that for each part of the project a separate operation had to be drafted. It was argued that each of the grants required separate monitoring, reporting and contribution to a separate performance indicator and consequently therefore project has to be able to ensure that.</p>	<p>A possible improvement would be to enable easier complementarity between different funds/specific objectives on a project level. To enable better complementarity and synergies between different grants it is therefore important to develop a matrix structure that would be part of the MA guidelines which would enable on one hand combination of funds (with the separation on the level of expenditure item) and on the other clear guidelines how reporting, monitoring, achievement of performance indicators have to be performed.</p>	<p><i>Examples from Austria: aws erp-loan with supplementary subsidies; General funding programme by Austrian Research Promotion Agency FFG.</i></p> <p><i>Conditions/requirements: ex-ante definition of the possibility to submit a project with different forms of financial support, explicitly indicating if and which funding sources can be combined in one project .</i></p>	Yes	MKRR	All ministries	No	Yes	Yes
			see previous line						

TOPIC 5: READINESS OF BENEFICIARIES AND PROJECTS

No	Finding	Recommendation	Project example	Action required	Stakeholder responsible	Stakeholder involved	Funding needed?	Implementation envisaged in	
								2021-2027	Post 2027
1	Documents such as the Implementation Handbook for ECP and Guidelines for Applicants, are highly beneficial as they consolidate procedures and provide clear instructions to employees and beneficiaries on implementing procedures related to accessing cohesion policy funds and completing forms, which are mandatory attachments to DOC applications. Such guidelines offer uniform and unambiguous instructions for filling out forms, reducing beneficiaries' uncertainties about form completion accuracy and minimizing the need for beneficiaries to contact PO supervisors.	Maintain the practice of preparing such documents.	For the 2nd phase of ITI project applications to the IB, ZMOS has prepared a matrix of mandatory annexes to provide beneficiaries with clear guidance on what is required for a complete application.	validate the matrix	MKRR	MKRR, MNVP, MOPE, ZMOS	No	Asap	Yes
2	During the period of the European Cohesion Policy (ECP) 2014-2020, the Ministry of Environment and Spatial Planning (MESP) did not have a Handbook for the Implementation of the ECP 2014-2020, nor did it issue Guidelines for Applicants. As a mandatory attachment to the DOC application, beneficiaries were required to prepare a Feasibility Study, which the Regulation on the Unified Methodology for the Preparation and Handling of Investment Documentation in the Field of Public Finance does not consider mandatory investment documentation if it is part of an investment program.	Preparation of both documents for the ECP 2021-2027	Validation of matrix (see previous comment) is enough.	validate the matrix	MKRR	MKRR, MNVP, MOPE, ZMOS	No	Asap	Yes
3	In 2015, municipal municipalities prepared Sustainable Urban Strategies in accordance with the Guidelines for the preparation of sustainable urban strategies issued by the Ministry of the Environment and Spatial Planning (MESP). Later, the SUSs were supplemented with Implementation Plans. Due to the lack of clear instructions regarding the time component of the validity of SUSs, beneficiaries have adopted SUSs with varying validity periods.	Provide beneficiaries with timely instructions for updating/amending SUSs, how to approach the preparation of the document if the validity period expires before the adoption of the OP ECP 2021-2027. Provide information on the area covered by the SUS and the obligation to prepare an implementation plan.	There is no clear guidance for municipalities on how to revise their sustainable urban strategies (timing, content, implementation plan, links to neighbouring municipalities, links to regional and national strategies). At the moment, everyone is doing their own thing.	Prepare guidance	MNVP	MKRR, MNVP, MOPE, ZMOS, urban municipalities	Yes	Not necessary	Yes

4	Newly introducing an information event after publication of each call, with a presentation of the application process by intermediate body ZMOS and the content by the intermediate bodies MOPE, MZI.	As regards the lengthy procedures of reviewing and selecting the projects, clear guidance and guidelines on information and documentation to be provided by the applicants/beneficiaries should be issued. The interpretation of these guidelines should be harmonised among the Programme bodies, to avoid different interpretations by different bodies and by this prolonging the time needed to submit the correct and necessary information. Guidance to applicants and beneficiaries should be provided in terms of dedicated staff and training. A continuous support and advisory network or structure for ITI applicants and beneficiaries should be established, with dedicated opportunities to get general information, thematic orientation, individual consultations, exchange platforms with other applicants and beneficiaries, presentation of success stories, etc.	- Capacity building for beneficiaries and for application reviewers in the ministries - a formal working group could provide unified guidance and coordination of the processes	Yes	MKRR	MKRR, MNVP, MOPE, ZMOS	Yes	Yes	
5	High responsiveness of the beneficiaries to submit additional information where necessary.		Yes, necessary	Just a warning if needed (case-by-case)	Beneficiaries	MKRR, MNVP, MOPE, ZMOS, beneficiaries	No	In progress	Yes
6	Readiness of projects: As the analyses indicate, the elaboration of the construction, investment and project documentation contributes to the rather long duration of procedures leading to a project approval	It might be considered to introduce different typologies of projects in ITI (besides construction also allow for development of respective development strategies on the level of the urban municipalities, metropolitan areas or functional urban areas – as these strategies are considered the basic framework for investment and construction projects). The duration of elaborating the necessary documentation suggests that support for applicants and beneficiaries in this step might be needed and highly appreciated, in this sense dedicated guidance, capacity building measures, exchange of experiences, consultations might lead to a reduction of time needed for these complex documents. Even simplification of these documents and the related procedures might be taken into consideration.	To be considered	Yes	MKRR	MKRR, MNVP, MOPE, ZMOS, beneficiaries	No	No-go	Possible
7	According to the analysis of ITI 2014-2020 in Slovenia, the processes of project preparation and application seem to take a long time to be finalized. This might partly be due to limited staff resources available on the level of applicants, as well as due to missing knowledge and experience in regard to project development or due to limited motivation, willingness and support by the respective decision structures.	To achieve a good level of knowledge in preparing and implementing European projects is driven by the motivation and availability of resources to be able to properly prepare for such tasks. Preparation and implementation of European projects should – in the best case scenario – not be just one task among many others, but a task fulfilled by staff dedicated primarily to this objective. Experiences in European projects can be collected and drawn upon smaller initiatives in other EU environments and programmes than ITI itself, cooperation with other bodies, organisations and countries might be helpful in this respect – to enable the process of getting to know the mechanisms of EU funding. On the other hand, initiatives supporting (also in financial terms) the preparation of bigger investments and infrastructures, might be taken into consideration (see chapters on instruments funded by international financial institutions).	- Capacity building - appointment by name of the official working group	Yes	MKRR	MKRR, MNVP, MOPE, ZMOS	No	Yes	Yes

A thorough planning of necessary actions and infrastructure investments in the respective regions should be subject to strategic development and planning, incorporated in Strategic Development Plans and Strategies, aligned with the national level. In this sense, further national funds might be drawn to continue strategic implementation – by coordinating and discussing the strategic priorities in the national and regional perspective. By this, the ITI projects might be used as a vehicle to attract further funding upon completion, to enlarge the scope of activities.

As written in recommendation

TOPIC 6: FINANCIAL INSTRUMENTS									
No	Finding	Recommendation	Project example	Action required	Stakeholder responsible	Stakeholder involved	Funding needed?	Implementation envisaged in	
								2021-2027	Post 2027
1	Financial instruments for urban development promotion included loans for municipal authorities, companies managing public areas and buildings, housing cooperatives, and providers of other alternative forms of urban living. The funds were allocated to projects contributing to the implementation of sustainable urban strategies in urban municipalities. The processes for implementing financial instruments were managed separately from the two-phase application for the direct confirmation of operations for drawing non-refundable funds from the ITI mechanism. Financial instruments were less attractive and less known to beneficiaries because they involved repayable project co-financing funds, and the value of approved financial instruments was counted towards the municipality's borrowing quota.	Preparation of a legal basis for establishing FIs for the ECP 2021-2027. The quota of approved FIs should not count towards the beneficiary's borrowing quota.	- adoption of the Key Elements of Financial Instruments document - Considering the conditions, municipalities have very few eligible projects. It is proposed to review the eligibility conditions. - FI still count's in beneficiary's borrowing quota.	Change to eligibility conditions required	MGTŠ, MF	MKRR, MGTŠ, MNVP, ZMOS, beneficiaries	Yes	Starting implementation	Yes
2	The ITI mechanism in Slovenia does not use the possibility of financial instruments, although possibilities for using EU-funding coming from the Programme to be combined with further co-financing sources have been and currently are sought for	<p>The question is whether financial instruments, offered by other EU institutions (such as European Investment Bank), have to be directly addressed by the Programme and the ITI mechanism or could be seen as a supplementary option outside the Programme logic, both alternatives should be taken into further consideration.</p> <p>Besides, a deeper look into practices of using financial instruments in other initiatives in Slovenia would be beneficial, including an exchange focused on the preconditions and the framework for such instruments such as topics addressed by these instruments, types and characteristics of projects funded, project sizes and volumes of support, types of eligible beneficiaries, complementarity of funds in terms of avoiding double funding.</p>	<p><i>As an example, the Austrian ERDF/Investment in Jobs and Growth Programme could be seen: The institutions acting as IBs, altogether 14 (both on national/federal and on regional level), are at the same time also co-financing bodies. In some cases, these institutions offer national (or regional) funds as a source of co-financing.</i></p> <p>In addition to cohesion, a reverse resource as a bank.</p> <p><i>In other cases, institutions are acting as intermediary for funding coming from EU level and offer such instruments to beneficiaries to cover their expenditures within projects approved in the framework of the Programme, being the case for IB aw's (Austria Business Service Agency, the Federal Development/Co-financing Bank).</i></p> <p>SID banka is recommended</p> <p>SRRS Slovenian Regional Development Fund for repayable funds</p>	Yes	MGTŠ, MF	MKRR, MGTŠ, MNVP, ZMOS, beneficiaries	Yes	Possible	Yes

TOPIC 7: FURTHER RELEVANT ISSUES TO BE ADDRESSED								Implementation envisaged in	
No	Finding	Recommendation	Project example	Action required	Stakeholder responsible	Stakeholder involved	Funding needed?	2021-2027	Post 2027
1	Considering national organisation of ministries and other bodies tackling urban development: Ministry, responsible for Spatial Planning (MSP), is overall responsible also for urban development, for the normative and strategic framework and for engaging in a territorial dialogue with the cities, it has contributed towards the necessary framework conditions for the preparation of sustainable urban strategies that enable an integrated approach on the project level. On the other hand there is lack of national funding opportunities for urban development as such, although Law on Municipalities Funding defines 3 major sources of income (own resources -income tax, property tax etc.), transfer revenues from the state budget and EU funds, with possibility of borrowing) and foresees a relatively complex calculation of appropriate consumption per municipality that takes into consideration different factors.	<p>Focus on the system of financing municipalities in Slovenia has to be put forward in order to secure future stable and strategic financing of municipalities to enable balanced development. Especially since the system of financing does not distinguish between different kinds of municipalities, e.g. between city municipalities and rural municipalities performing different tasks. Since there are tasks performed mainly, but not only, by the city and other municipalities with the urban status, like secondary education, some social care task etc., there is a clear need to evaluate current system of financing.</p> <p>Evaluation of the system of financing by type of municipality, e.g. city municipalities, municipalities with the towns having urban status, rural municipalities, should be performed.</p>	The status of municipalities is enshrined in the Constitution of the Republic of Slovenia. The co-financing mechanisms for all municipalities should be reconsidered.	Yes	MKRR	MKRR, MNVP, ZMOS, beneficiaries	No	No-go	Possible
2	It has to be pointed out that there were many attempts for reaching a consensus as regards establishment of regions as administrative units, major challenges were linked to questions of not increasing public administration (which tasks would be taken over from the state and/or municipal level with the appropriate sources to perform tasks) and of not fragmentate current development/statistical regions. Regardless of the success of creating regions as administrative units regional and urban development would have to be linked more strongly, if not through normative framework but through a more thorough functional approach. Regional development agencies as public bodies currently perform and facilitate regional development, but since they are financed and supervised by the municipalities they often lack support for regional projects, themes, measures and are often forced to put forward local, municipal projects.	Establishment of regions as administrative units with (state, municipal) tasks (reform of the current state administrative units), taking into consideration polycentric urban development in Slovenia for establishment of the majority of regions (urban centres as regional centres) and having in mind the need for competences to perform demanding development tasks (projects, measures, collaboration with other (neighbouring) regions, also from other (neighbouring) states).	Amendment of the Law on Coherent Regional Development in progress	Yes	MKRR	All ministries, all municipalities, Regional agencies, other stakeholders			
3	Procedures for applications for funding and for management verifications of claims for payment depend on the organisation of each ministry and differ as regards types of operations and measures that are supported. Difficulties of beneficiaries to understand the different procedures.	To make processes at different IBs more coherent and predictable, trainings organised by the MA should be continuous, good and bad practices should be communicated on an operational level constantly.	Capacity building is planned - trainings in the framework of the MKRR and WP3 (this project)	Yes	MKRR	All ministries, all municipalities, other stakeholders	Yes	In progress	On-going process

4	So far data about the processes and their respective duration have not been systematically collected and/or analysed. Such an analysis has been done within the framework of the current TSI project, revealing fact about the actual duration of processes and the functioning of the system.	For the purpose of effective and efficient Programme implementation, a systematic way of inserting, recording and collecting data along the overall cycle of the Programme should be envisaged. Experiences from other countries and initiatives show an overall good performance of integrated monitoring systems including all phases of a Programme implementation (call procedures, procedures for project evaluation and awarding of contracts, administration of contracts, verification of expenditures, PC towards the EU, etc.) and at the same of all phases of a project cycle, as well as including different types of Programme bodies (MA, IB) and applicants and beneficiaries.	As recommended + additional meeting with key stakeholders on e-MA findings	Yes	MKRR	MKRR, MNVP, No ZMOS, beneficiaries	Asap	Yes
5		As for the project cycle the monitoring system of ITI should integrate all respective steps and tasks of applicants, beneficiaries and Programme bodies - starting with an electronic application (with automatic warning messages in case of missing or non-compliant information, shortening the time for administrative checks as well as decreasing the need for additional information requests), appraisal and evaluation of proposals (even in case of shared tasks between ZMOS and the respective ministries – distribution of evaluation tasks would be displayed in a transparent way, to avoid duplication of checks or requests for further information), selection of projects, awarding procedure (including the issuance and signature of contracts, considering electronic signatures according to the respective regulations), reporting (including technical and financial documentation).	As recommended.	Yes	MKRR	MKRR, MNVP, No ZMOS, beneficiaries	Yes	Yes
6	As for the mentioned overall framework for implementing projects under ITI mechanisms, the national Spatial Development Strategy of Slovenia till 2050 plays a crucial role, so do the sustainable urban strategies of the involved municipalities. Some of these strategies have a longer history than others, nevertheless they are the basis for submitting and implementing ITI related projects.	A closer look at these strategies, the set priorities and possibilities for further development should be taken into consideration in a broader sense. In cases, where such strategies are recently developed, resources should be put into further elaboration – to have a strong case for ITI projects. Further elaboration and updating of such strategies to latest developments in economic, transport, innovation, construction, landscape terms might be considered as eligible in the ITI mechanism. In this respect also the considerations for linking statistical regions to administrative units for the purpose of spatial development (including polycentric urban development, functional urban areas) should be discussed on the political level, aiming at a deep discussion of administrative units and the related responsibilities, competences of regionally based and financed structures.	<i>Urban development is part of the discussion and agreement in the framework of establishing the Austrian Spatial Development Concept (ÖREK), taking place every 10 years. This concept is discussed based on partnership between the line ministries, regions, Associations of Cities and Towns, Association of Municipalities, Chamber of Commerce, Chamber of Employees, and further economic and social partners, all being members of ÖROK. The result of these agreements forms the Concept and are the basis for further work as well as focused activities of all participating partners. The further work is organised on the one hand by establishing annual, bi-annual work Programmes, agreeing on the relevant topics to be elaborated. This work is implemented in the form of so-called Partnerships around specific topics, resulting in different outputs such as expert analysis or recommendations. In the last years, a number of topics relevant to urban – rural development was elaborated: One prominent example of such a partnership is gards IT system, division of projects into more sub-projects/operations, prevent double financing etc.).g cohesion policy programme through partnership approach</i>					

*Deeper exploration on the administrative and organisational set-up of regional development in general and in relation to Structural Funds (on the example of a platform for cooperation and coordination such as Austrian Conference on Spatial Planning and the working structure around Austrian Spatial Development Concept, financing structure) might be of crucial importance for Slovenia, not only in terms of ITI implementation. Especially in view of the upcoming funding period 2028+ a discussion on national level in Slovenia should be envisaged, it could be kicked off in the framework of the TSI project and further follow upon with the support of experts and colleagues from the Austrian administration, institutions in the form of workshops or permanent cooperation structures.*

*In regard to urban development in Austria it seems to be clear that this is a completely different reality with such differences like Vienna – being larger than Slovenia. Nevertheless it should be considered that Vienna has a double role considering the administrative functions in Austria: Vienna is not only a city, but at the same time also a region (in administrative and all other terms!). This might be further explored when it comes to discussions about administrative units, possibly introducing the definition and meaning of regions, metropolitan units, functional urban areas, or similar concepts within the Slovenian administration.*