

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

D2.5 Reform concept and guidelines to improve efficiency of the ESI Funds absorption processes in Slovenia

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List of abbreviations

ITI	Integrated Territorial Investment
CF	Cohesion Fund
DAO	Direct Approval of Operations
DOC	Direct Operation Confirmation
EC	European Commission
eMA2	Monitoring Authority Information System 2
eMS	Electronic Monitoring System
ERDF	European Regional Development Fund
ESF+	European Social Fund+
ESI Funds	European Structural and Investment Funds
IB	Intermediate Body
MA	Managing Authority
MCRD/MKRR	Ministry of Cohesion and Regional Development
MESP/MOP	Ministry of Environment and Spatial Planning
MFERAC	National Accounting System
MOF/MF	Ministry of Finance
MOI/MZI	Ministry of Infrastructure
PCs	Payment Claims
SO	Specific Objective
SUD	Sustainable Urban Development
TSI	Technical Support Instrument
ZMOS	Association of Urban Municipalities of Slovenia

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1. Executive Summary

The Integrated Territorial Investment (ITI) Mechanism in Slovenia focuses on the implementation of Sustainable Urban Development (SUD) Strategies, adopted by Slovenian urban municipalities in 2015. Funding for ITI in the period 2014-2020 was provided from the European Regional Development Fund (ERDF), Cohesion Fund (CF) and national funds from the Republic of Slovenia, amounting to approximately EUR 139 million. Through the ITI mechanism, investments have been implemented and funded in all 11 Slovenian urban municipalities around three priorities:

- Priority Axes 4.1 - Promotion of energy efficiency, smart energy management, and the use of renewable energy sources in public infrastructure, including public buildings and the residential sector;
- Priority Axes 4.4 - Promotion of low-carbon strategies for all types of areas, particularly urban areas, including the encouragement of sustainable multimodal urban mobility and appropriate mitigation and adaptation measures;
- Priority Axes 6.3 - Measures to improve the urban environment, revitalize cities, remediate and decontaminate degraded land (including areas undergoing transformation), reduce air pollution, and promote actions to mitigate noise.

The ITI mechanism in Slovenia proved so far as an example of good practice with successful multi-level governance and bottom-up approach, strong co-operation of urban municipalities and accelerated urban development within urban municipalities. In doing so, Slovenia has made a significant contribution to the visibility and impact of the mechanism introduced by the European Commission (EC) in the 2014-2020 financial perspective. The successful implementation can be also derived from an almost 100 % absorption of funds through ITI, by means of supporting 91 projects with EUR 136 million ERDF funds and investments of more than EUR 277 million. In total 11 public calls for project proposals were issued during the respective funding period.

In the programming period 2014-2020, Government Office for Development and European Cohesion Policy (within MCRD/MKRR - Ministry of Cohesion and Regional Development), acting as the Managing Authority (MA), is responsible for preparing management and implementation programs, overseeing project implementation, reporting, collaborating with the EC and providing technical assistance and guidance. In accordance with national legislation, the MA has transferred certain tasks to Intermediate Bodies (IBs). The role of IBs is carried out by ministries (Ministry of Environment and Spatial Planning - MESP/MOP, Ministry of Infrastructure - MOI/MZI) and the Association of Urban Municipalities of

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Slovenia (ZMOS). The key task of IBs is the preparation and implementation of selection methods for projects (public calls for proposals or projects or programs that are directly approved), including supervision and verification of the correctness and effectiveness of the funds spent.

ZMOS acts as the IB for the selection of ITI projects and is responsible for publishing calls for proposals and selecting projects, coordinating with the ministries on the call's text, preparing forms, publishing the call, reviewing the applications and adopting the list of selected projects. ZMOS also keeps track of indicator achievement and informs urban municipalities about the process.

Within the ITI mechanism, MESP has the authority to implement PA 6.3 (urban renewal of degraded areas), MOI has the authority to implement PA 4.1 (energy efficiency of public housing) and 4.4 (sustainable mobility). Both ministries as IBs are performing tasks in the implementation of the ITI such as procedures for verifying projects, procedures for receiving, verifying, and approving the payment request, procedures for confirming projects, audit procedures, and others.

Organisational processes at IBs and MA within the ITI mechanism involve steps that are carried out in a specific sequence. Processes (within IBs, among IBs and/or MA and/or beneficiaries) are closely interconnected and influence each other. The successful implementation of one process affects the implementation of other processes, which represents a significant impact on the successful absorption of funds within the framework of implementing the ITI mechanism.

The analysis of governance, organisational and administrative processes in implementing the ITI mechanism indicates that significant progress was made in governance and public administration, with the development of the first systematic database of ITI implementation.

Although the ITI mechanism has been successful in terms of financial performance during the period 2014-2020, the administrative processes remain very complex and time-consuming. There is hence significant potential for improvement in the 2021-2027 period.

Bottlenecks identified include: inconsistencies and not harmonized procedures/forms among IBs, unnecessary steps, complex procedures, especially in the second phase of Direct Approval of Operations (DAO) applications and validation of Payment Claims (PCs), IT system's terminology not aligned with established wording (e.g. excess eligible costs) and missing clear guidance for data entry fields, limited flexibility of modules for digitalised call proposal processes, administrative burden on the side of beneficiaries and Intermediate Bodies.

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The goal of the reform is to improve the efficiency of Cohesion Policy Funds absorption, along the ITI mechanism. The reform concept is developed by analysing the governance, administrative and organizational processes and the IT system involved, reflecting on the success factors and bottlenecks identified, collecting good practice examples from other Member States, discussing and reflecting on concrete recommendations, formulating an implementation strategy and action plan, concentrating on the process and the actual feasibility of recommended actions.

The implementation of the reform and the respective actions/recommendations shall support Slovenia not only in enhancing the efficiency of the ITI mechanism, but in the long term have indirect spill over positive effect on the efficiency of the whole EU Cohesion Policy system in Slovenia.

The need for reform can be summarized by the following exemplary/generic reasons¹, elaborated within the analysis and reports² in the course of the TSI project:

- Harmonizing and simplifying processes and procedures across different IBs – where possible – to ensure consistency and improve efficiency is of critical importance.
- Increasing efforts to reduce the administrative burden on beneficiaries shall enhance their satisfaction and participation in the ITI mechanism. Providing clear, consistent guidance and support to beneficiaries throughout the application and implementation processes is a must.
- Simplifying administrative procedures to reduce the time and complexity involved in the DAO application and PC validation processes is necessary.
- Risk-based verification of expenditures should be adopted, leveraging previous checks by urban municipalities.
- The introduction of the updated IT system (eMA2) offers some improvements, but further enhancements are needed to fully support digitalised project management. Possible improvements include the need to align the systems terminology with established wording (e.g. excess eligible costs – costs not co-funded, but funded by the beneficiary) and provide clear guidance for data entry fields. Enhancing the eMA2 system by adding a flexible module for digitalised call proposal processes would benefit both IBs and the MA. Aligning the system's

¹ Reasons for the need of reforms are not listed here following a prioritisation but are rather meant to highlight the overall potential for improvement. For a series of reasons already highlighted in other documents (e.g. D2.4) not all criticalities can be fully addressed within the reform concept, as it focuses on feasible actions with tangible impact on improving efficiency.

² D2.1 Analysis of ITI 2014-2020 and starting 2021-2027, D2.3 Results of "To Be" Workshop

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terminology with normative documents and providing detailed descriptions or links to manuals for data entry fields is essential.

- The mechanism should also be adapted to address urban development issues that extend beyond city boundaries (e.g. urban mobility), ensuring that sustainable urban plans can manage broader regional challenges and are included in the regional development strategy.
- Establishing a dedicated working body to enhance stakeholder cooperation and regular communication among all parties involved is essential to further improve the ITI mechanism's effectiveness and ensure its success in the future programming period.
- Strengthening and empowering IB ZMOS with additional responsibilities is crucial for promoting a bottom-up approach in multi-level governance. IB ZMOS will not have the prerequisites to take on IB role for absorption of funds in the Phase 2 probably still in post 2027. This might be addressed as a long-term option with the logic of decentralization and an increase in the "bottom-up" focus.

The reform concept develops directly from the ITI 2021-2027 Implementation Strategy and Action Plan (D2.4) and from the subsequent joint assessment of critical issues. The analysis of the current organizational structure for the implementation of ITI already highlighted some bottlenecks that suggest concrete action in view of a reform concept. Concentrating on the process and on actual feasibility suggested the opportunity to identify recommended action that can be implemented during the current implementation phase, and what should be done to make long-term recommendations viable for the programming period post 2027. In addition to that, during the implementation of the TSI project, Slovenia shortly concluding the first round of calls for 2021-27 and this enabling to identify additional challenges that need to be addressed. Among these, the fact that only 50 % of the selected projects will be approved or the extreme timeframes to close the first calls. The reflection process that has started with the involved stakeholders highlights the possible elements that are causing delays, and additional proposals are being thus channelled into the implementation strategy and action plan.

Relevant indications in D2.4 enable focusing primarily on short-term actions that can be implemented within the TSI project's duration, while long-term actions will be implemented beyond the project's end. In this sense, the implementation period may already start with the short-term and implementable actions.

The reform concept consists of a more detailed description and breakdown of measures to be taken to implement recommendations explicitly highlighted in D2.4, with specific focus on short-term actions

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and indication of long-term goals. The procedure for creating a reform concept consists in suggesting concrete operational actions indicating the expected timeframe. This implies in most cases the establishment of dedicated task forces / working groups.

Based on the action plan commonly developed and agreed in the framework of D2.4 within the TSI Project, the Reform Concept is structured according to the topics and bottlenecks identified, and consists of 3 main parts:

- **Governance structure**
- **Efficiency of processes**
- **Strategic positioning of urban development in Slovenia**

Overview of envisaged reforms consisting of improvement proposals as an outcome of numerous discussions within the TSI project team and work done on national level by the ITI programme bodies, esp. representatives of the IB ZMOS and the ministerial IBs:

- **Governance structure** (establishment of ITI interinstitutional coordinating body 2021-2027; institutional set-up of a directorate or agency for firstly contract management, afterwards for also taking over other tasks - logic of one-stop-shop for ITI mechanism)
- **Efficiency of processes** (harmonization of rules, procedures and documents between ITI programme bodies – mostly IBs; overcommitment; horizontal principles; eMA2 - standardisation and digitalisation of procedures; rules for integrated approach in ITI and for multi-fund projects; capacity building – beneficiaries, projects and ITI staff)
- **Strategic positioning of urban development in Slovenia** (establishment of a Subcommittee for urban development issues within the Monitoring Committee, involving clearly identified stakeholders from the ITI instrument and from other specific objectives of the Cohesion Policy programme; alignment of urban development and regional development - clearer roles, responsibilities of urban municipalities in the regions, balanced regional development act; possibilities of other contents (Specific objectives - SOs) to be financed through ITI mechanism; possibility to include ESF+ measures in ITI).

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2. Envisaged reforms in detail

A. Governance structure

- **Objective of reform:** Improving/strengthening collaboration and coordination arrangements within ITI mechanism and beyond (urban development in overall terms)
 - **Existing solutions to be maintained:** Keep the multi-level and interdepartmental cooperation, adopting a "multi-level," "bottom-up" approach; 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.
- (1) New solution proposed in the short term (2021-2027):** Establishment of ITI interinstitutional coordinating body 2021-2027.
- **Actions/measures:** Appointment of representatives of ITI programme bodies (MA and IBs – MESP, MOI, ZMOS) - concrete persons and their functions - to manage the ITI ecosystem, to meet regularly for exchange and coordination (in comparison to the current situation where the appointment of representatives is not formalized).
 - **Time frame:** May – July 2025
- (2) New solution proposed in the long term (beyond 2027):** The topic will be addressed closely in the post 2027 programming phase. Four scenarios of organizational structure models were addressed and tested under several criteria. The most desirable scenario was the “Establishment of Urban Development Directorate” in addition to the existing Regional Development Directorate to be appointed at MCRD with representatives of all programme bodies (urban and regional on the same level). The other possible scenarios were: “Current organizational structure of ITI with harmonisation of implementation” and an “External Agency for disbursement of funds”. The scenario “Disbursement of funds at IB ZMOS” has proven to be not applicable.
- **Time frame:** 2026-2027

B. Efficiency of processes – Part 1

- **Objective of reform:** Harmonization and standardisation of implementation procedures and documents; reviewing and improving the structure and use of eMA2 (IT monitoring and reporting system) – for ensuring efficiency, consistency in support and guidance provided to applicants/beneficiaries (clear instructions and competence); increasing the quality of beneficiary applications/investment and project documentation and project implementation,

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reducing the administrative burden on beneficiaries, increasing satisfaction of applicants/beneficiaries, reduction of administrative burden for all stakeholders, shortening the processes for approving co-financing and allocating funds to the development of urban municipalities as quickly as possible through the implementation of projects.

- **New solution proposed in the short term (2021-2027):** Establishment of dedicated (informal) task forces **within the ITI interinstitutional coordinating body** and additional field experts (working format, limited number of experienced and responsible persons working in the ITI IBs) tackling specific topics and procedures.
 - **Actions/measures: At the ITI interinstitutional coordinating body** meeting discuss the challenging and critical topics identified in the course of the TSI project (in the respective analysis in D2.1 and good practice examples in D2.3), first drafts and concepts prepared the aed experts. Agreement on a small, not strictly formalized, group of representatives of ITI programme bodies, primarily IBs (MESP, MOI, ZMOS) and relevant team members of MA (such as IT team for eMA2 issues) - concrete persons and their functions, possibly enlarge with further representatives of other bodies/ministries – outside of ITI (such as Ministry of Finance – MOF/MF). Agree on meeting dates, organize first meetings, review available documents for common and frequent points causing misunderstanding/requests for additional information, investigate options for simplification and rationalisation of forms with digital tools, start with the harmonization of documents and forms between ministerial IBs where possible and feasible.
- (1) Task force for unification/harmonization of implementation documents.** Task force should be deployed in order to define on the one hand (a) procedures at both ministries that do not require specific approaches due to the specifics of contents (sustainable mobility vs. green infrastructures and urban renewal) addressed and could be unified, on the other hand (b) procedures at both ministries that require a specific approach due to the specific contents addressed (sustainable mobility vs. green infrastructures and urban renewal). The Task force should be headed by the managing authority due to the spill-over effect also for other cohesion policy instruments, contents in Slovenia (definition of content specific issues, procedures that can be adapted by each IB to their content and other issues, procedures that could be fully integrated, unified). Besides MA, the two ministries as ITI IBs should designate one person each, in addition, Ministry of Finance (Budget Supervisory Office) should be included as advisory non-member in order to secure “audit proof” solutions. The Task force could come up with a “good practice” manual, guidance for the procedures at the IB level (similar to the

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template of the cofinancing contract for all IBs that includes provisions that are obligatory, same for all IBs and provisions that can be adapted in accordance of the specific contents by each IB).

- **Time frame:** The task force should be deployed as soon as possible, the objective would be to come up with the “template” procedures manual, guidance by 31.12.2025. In the last phase the suggested templates should be presented to other IBs/contents/specific objectives to prove whether solutions could be found for the whole cohesion policy implementation system in Slovenia. Digitalisation of processes should follow (inclusion of Ministry of Digital Transformation).

(2) Task force for harmonization and simplification of forms for horizontal principles. Uniform guidelines issued by MA, specific approach applied by ministerial IBs. Harmonized instructions for project implementation are sought for by reviewing the respective forms after the first call. From the point of view of the project evaluators/reviewers, common and harmonized check lists shall be prepared within the Task force and provided then to the project applicants/beneficiaries. Examining and transferring best practice from the Austrian Investment for Jobs and Growth Programme / ERDF – forms and procedures in use.

- **Time frame:** Agreement on the task force members and further actions at the ITI meeting. Implementation at the start of Phase 2 of the second call – summer/autumn 2025.

(3) Task force for multi-fund/integrated approach. Elaboration of draft principles and rules to address integrated projects (multiple EU co-funding sources in one project, complementarity/ synergies /combination of funds). 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.

In order to enable multi-fund approach where the use of funds and the absorption is reported in the eMA2 system as coming from multiple fund sources, a procedure for preparing related investment documentation and method of reporting in the eMA2 system should be defined. This aspect is of high relevance in terms of compliance with the total eligible cost method applied in the national programme and accordingly in the ITI mechanism – as the reporting of so-called excess eligible costs as ineligible costs has a negative impact on the possibility of claiming further national funds and consequently a negative impact on the absorption capacity under the n+3 rule.

- **Time frame:** Preparatory work on draft principles and rules (by Slovenian TSI experts), agreement on the task force members and further actions at the ITI meeting. Determine feasibility of changes in 2021-2027. Implementation autumn 2025

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(4) Establishment of a framework for use of financial instruments (not a task force). For successful absorption, financial instruments need to be set up at the start of the funding period. Financial instruments are repaid by the revenues generated by the projects. In view of this nature of financial instruments, they should be excluded from the maximum possible borrowing quota of urban municipalities.³ In the current funding period financial instruments are not attractive because they count towards the borrowing quota of urban municipalities and the eligibility is such that the beneficiaries may not have eligible projects available. To allow for combination of EU-funding with other financial instruments, the issue of reviewing and preparing legal basis for establishing financial instruments for the funding period beyond 2027 should be addressed. Actions required imply a change to eligibility conditions and by this enabling the combination of EU-funding with other financial instruments.

- **Time frame:** Starting within the framework of programming of the new funding period (as from autumn 2025 onwards)
- **Solution proposed in the long term (beyond 2021-2027 funding period):** Continuation of all listed Task forces. Based on the activities and work done by the Task forces within the TSI project, the work of the Task forces should be continued in the new funding period by focusing on the challenges and critical issues identified.
 - **Time frame:** Continuing the work after TSI project end - as from autumn 2025 onwards.

(5) Task force for optimisation of eMA2 (IT system). Deal with standardisation and digitalisation of procedures, proposing small changes and adjustments to the system from the point of view of beneficiaries and IBs, examining and transferring best practice from the Joint Electronic Monitoring System (JEMS) of the Interreg programmes, Electronic Monitoring System (eMS), or from the Austrian national monitoring system of the Investment for Jobs and Growth / ERDF.

- **Time frame:** Preparatory works by Slovenian TSI experts – overviews and list of small adjustments to eMA2 (May – June 2025). Agreement of member appointment for the Task force, sharing of preliminary analysis and proposals, further actions at the ITI meeting in June 2025. Implementation of small adaptations as from 2025 onwards, comprehensive adjustments and updates to be implemented and addressed for the funding period 2027+

³ The Financing of Municipalities Act (ZFO- 1) sets the borrowing limits for municipalities (art. 10a and 10b). The limit is currently set at 15 % of realized budget income in the year prior to the year of borrowing, reduced by donations received, transfer revenue from the national budget for investments and funds received from the European Union budget, and revenue from public utility units.

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(elaboration within the programming process onwards, continued during the programme implementation period).

(6) Task force for multi-fund/integrated approach: Continuation of the task force for multi-fund/integrated approach. Based on the of draft principles and rules to address integrated projects, elaborated in 2025, the work of the Task force should be continued in the new funding period by establishing a guidance matrix structure with practical examples for resource mix in co-financing by the MA for the whole field of Cohesion Policy.

- **Time frame:** Continuing the work after TSI project end - as from summer/autumn 2025 onwards.

C. Efficiency of processes – Part 2: Overcommitment

- **Objective of reform:** Enabling a more flexible framework for urban renewal and allowing additional spending rights for the ITI mechanism. Accelerating the absorption of European funds at national level and safeguarding n+3 commitments.

(1) New solution proposed in the short term (2021-2027): Allocation of overcommitment for ITI in the sense of safety net.

- **Actions/measures:** Introduction of a safety net - immediate allocation of overcommitment for ITI in the amount of 15 % additional funds, followed by respective updates of ITI procedures, start of a dedicated call to allocate additional funds to new projects or underfinanced projects within the ITI mechanism.
- **Time frame:** April-May 2025

(2) New solution proposed in the long term (beyond 2027): Overcommitment planning for post 2027. At the beginning of a funding period, it would be necessary to allocate e.g. 10 % more funds than the ITI instrument gets as a budget – in the form of overcommitment, in order to absorb all available funds for projects through regular implementation and in consideration of potential financial corrections, withdrawals from contracts or lower disbursement of funds than originally calculated and contracted. This would allow ZMOS to tender 10 % more funds than the programme allocation. Discussion on this kind of solution should start as early as the programming of the new funding period.

- **Time frame:** Starting within the framework of programming of the new funding period (as from autumn 2025 onwards)

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D. Strategic positioning of urban development in Slovenia

- **Objective of reform:** Addressing issues relevant for the ITI mechanisms with a view of strengthening the role of urban development.
- **New solution proposed in the long term (beyond 2027) – including the actions:** Establishment of a **Subcommittee for urban development** issues within the Monitoring Committee, with stakeholders from the ITI instrument and other specific objectives of the Cohesion Policy programme. Alignment of urban development and regional development with clearer roles, responsibilities of urban municipalities in the regions (currently in progress: Amendment of the Law on Coherent Regional Development). Evaluation/reconsideration of the system of financing by type of municipality, e.g. urban municipalities, municipalities with the towns having urban status, (rural) other municipalities. Consideration of other contents (SOs) to be financed through ITI mechanism and inclusion of ESF+ measures in ITI. Regarding the inclusion of ESF+ in ITI, the action will focus on elaborating a supporting document providing solid argumentation.

Time frame: Starting within the framework of programming of the new funding period (as from autumn 2025 onwards).

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3. Measuring the achievements of the reform

To understand and explain the achievements of the reform, the respective deliverables and outcomes of the activities should be evaluated in the meaning of whether they were successfully delivered and achieved the desired impact. Some basic key performance indicators (KPI) can be formulated to provide a framework for this kind of evaluation. These indicators can in addition serve as threshold for comparing the outcomes of the reform with other reforms in Slovenia, as well as with comparable reforms in other European countries. It is important to consider the most suitable indicators to measure either the periodic or final achievement of operational goals or to measure the success towards making progress toward strategic goals. As the current reform includes both operational (short-term, within the current programming period 2021-2027) and strategic goals (long-term, beyond the programming period 2021-2027), both types of indicators are to be established.

The overall work done within the TSI project – with detailed analysis of the current situation, definition of challenges and critical issues, discussion and exchange with relevant Programme bodies – provides on the one hand a good understanding of the importance and suitability of actions and reform measures, on the other hand a very detailed analytical basis for allowing to focus on the most needed and feasible actions.

Following KPI can be used:

- Delivery of actions and activities as formulated in the Action Plan and Reform Concept (baseline: Action Plan and Reform Concept including the respective time plan; tool: monitoring of progress and achievement of activities described; goal: all actions timely implemented)
- Shorten the duration of the overall project application cycle – from application till contract award (baseline: Duration of processes as described in D2.1 Analysis of ITI 2014-2020 and starting 2021-2027; tool: monitoring of all steps in the application cycle, regular evaluation of duration; goal: shorten the overall duration by at least 6 months)
- Improved readiness of beneficiaries (baseline: number of requests for additional information during the application process, success rate of project applications – approvals as from the period 2014-2020 and from the first call round in 2021-2027; tool: monitoring of number of applications vs. approvals, monitoring of number of requests for additional information; goal: higher ratio of approvals, lower number of requests for additional information). Adding concrete indicators: In the funding period 2014-2020, altogether 150 applications for co-

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financing were submitted by urban municipalities, out of which 91 were successful (61 %) and 59 unsuccessful (39 %). Target value would be to increase the percentage of successful applications from 61 % to 70 – 75 %. As for the number of requests for additional information, the analysis has shown significant differences ranging as from 8 to more than 30 requests. The target value would be to a maximum of 6-8 requests per application/project.

- Satisfaction of beneficiaries and Programme Bodies with rules, procedures and the overall ITI framework (baseline: Results from questionnaires as described in D2.1 Analysis of ITI 2014-2020 and starting 2021-2027; tool: regular surveys, questionnaires, qualitative interviews distributed and evaluated; goal: 10 out of 10 points).

Mitigation measures to be developed:

- Identification of potential risks which might hinder the implementation of the reform plan and which might arise in case the reform plan cannot be implemented to the full extent
- Formulating strategies and back-up plans to enable the timely and complete delivery of actions and measures according to the reform plan.

Impact of the reform in a wider context of Cohesion Funds

The envisaged reform with the respective actions and measures will definitely pave the way for spill-over effects and broader impact on different policies (regional and urban development, Cohesion Policy, etc.), government structures (formal and informal cooperation mechanisms between different levels of stakeholders and types within and outside the Structural Funds Programmes) and implementation rules and procedures (unification/harmonization of procedures for different funding mechanisms, monitoring and reporting system e-MA2 and interaction with MFERAC) in Slovenia. Close coordination with the Managing Authority and the strong involvement of relevant ministries and further stakeholders such as ZMOS will strengthen the relevance of the planned actions and implemented measures by sharing the experiences from the lessons learned and achieved improvements throughout Slovenia and strong presence and dissemination on European level.

Achievements of the TSI project in the framework of the ITI mechanism will span and contribute to a more efficient and transparent implementation of Cohesion Policy Funds in Slovenia in multiple ways:

- The extensive analysis report D2.1 and collection of best-practice examples from ITI implementation in other European countries as well as from other funding mechanisms for urban development (D2.3) provide a rich basis for further exchanges and learnings beyond the

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scope of ITI. The expertise and experiences made by aed experts (especially experts from Slovenia) can be easily provided and forwarded to other bodies, organisations and funding mechanisms in Slovenia.

- Through the planned Directorate for Urban Development, urban development will span beyond urban municipalities and ITI as it will address support and financing of urban issues not only for urban municipalities (beneficiaries of ITI) but also for other Slovenian municipalities.
- The establishment of a Subcommittee of the Monitoring Committee dealing with urban development issues can enable the cooperation of stakeholders from the ITI mechanisms and from the overall Cohesion Policy Programmes towards the exchange and common discussions on topics relevant for urban development which are currently covered by different specific objectives of the Programme. This will contribute to a broader focus on urban development issues in the Cohesion Policy Programme, beside the specific objectives covered by ITI only.
- The elaboration of a framework for complementarity of funds can definitely serve as an example, pilot, to be rolled out to other funding mechanisms in Slovenia.
- Simplified and harmonized procedures and documents within ITI can be easily adopted and applied by other mechanisms (e.g. infrastructure projects under ERDF and CF) and co-financed actions (EU and national funds), help to reduce the project application cycle and contribute to a faster absorption of EU funds. Respective Task forces led by the Managing Authority will create spill-over effect also for other Cohesion Policy instruments and contents in Slovenia by design and by the structure itself (definition of content specific issues, procedures that can be adapted by each IB to their content and other issues, procedures that could be fully integrated, unified) – as they will enforce the cooperation across different Programme bodies (esp. ministries – usually having own sets of rules and documents).
- The establishment of a framework for use of financial instruments within ITI may serve as small-scale pilot which could be easily adopted by other mechanisms and funding instruments on a larger scale – by adopting respective legal frameworks.
- Introducing an overcommitment mechanism in a systematic way (as already in practice in regional development) can increase transparency of funding to urban and regional development and accelerate the absorption capacity of EU funds.
- Adaptations and optimisations of eMA2 (IT system) and alignment with the system MFERAC will provide a basis for further adjustments in accordance with the needs and challenges identified in ITI and other funding instruments.

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- Capacity building activities (including train-the-trainer model) for beneficiaries on critical topics of project management, EU fund implementation, public procurement or fraud prevention not only equipped the urban municipalities with the necessary skills to be able to submit and implement successful ITI projects, but in overall terms to effectively manage ESI funds and the opportunities to submit and implement successful projects in other EU-cofinanced actions, initiatives and mechanisms.