

# Support to project preparation and implementation of the Just Transition Mechanism

Deliverable 5: Final Report

**Technical Support Instrument**

*Supporting reforms in 27 Member States*



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# Abbreviations

Abbreviation	Description
DG REFORM	Directorate General for Structural Reform Support
EC	European Commission
EIB	European Investment Bank
EIF	European Investment Fund
ELENA	European Local ENergy Assistance
EU	European Union
GBER	General Block Exemption Regulation
JASPERS	Joint Assistance to Support Projects in European Regions
JTF	Just Transition Fund
JTM	Just Transition Mechanism
JTP	Just Transition Plan
MIRRI	Ministry of Investments, Regional Development and Informatization
OP	Operational programme
PwC	PricewaterhouseCoopers Advisory, s.r.o.
QI	Quality indicator
RES	Renewable energy sources
SME	Small & medium enterprise
TARGET	Technical Assistance for a Green Energy Transition
TJTP	Territorial Just Transition Plan
TSI	Technical Support Instrument
UMR	Sustainable Urban Development

# Introduction

## Project background

The Slovak Republic has requested support from the European Commission under Regulation (EU) 2021/240 establishing a Technical Support Instrument (TSI Regulation). The EC has agreed to provide technical support to Slovakia in the area of support to the implementation of the Just Transition Mechanism. The support is provided in relation to the ongoing efforts of the Slovak Republic in the area of the transition towards climate neutrality, in particular phasing out the coal mining and coal-fired power generation. It is a follow-up of similar support that was provided over the period of last three years, starting with the support to develop an Action plan for the transition from coal in the region of Upper Nitra (2018-2019), followed by the support to prepare a Land and asset rehabilitation plan for industrial sites of the mining company and power plant in Upper Nitra (2020-2021) and the support to develop the Territorial Just Transition Plan (TJTP) in Slovakia (2020-2021).

The **Project “Support to Project Preparation and Implementation of the Just Transition Mechanism in Slovakia”** is carried out by PricewaterhouseCoopers Advisory, s.r.o. (PwC) on behalf of the Directorate General for Structural Reform Support (DG REFORM) under a Specific Contract No. SRSS/SC2021/100 signed on October 12th, 2021.

The general objective of this service contract is to contribute to institutional, administrative, and growth-sustaining structural reforms in Slovakia, in line with Article 3 of the TSI Regulation. The specific objective of this service contract is to assist national authorities in improving their capacity to design, develop and implement reforms, in line with Article 4 of the TSI Regulation.

More specifically, in relation to this contract, PwC will provide its expertise to the Ministry of Investments, Regional Development and Informatization of the Slovak Republic (MIRRI) supporting them in the following areas: (1) provide assistance to the national authorities in improving the capacity to design, develop and implement reforms resulting in the successful implementation of the Just Transition Mechanisms activities in Slovakia, (2) improve the readiness of the projects in preparation, improve the absorption capacities and remove bottlenecks from the process of EU funds implementation, and (3) support the efforts to improve the overall uptake of financial instruments (under the Pillar 2 and 3 of JTM) as part of the just transition funding in order to avoid the funding gaps, which can be closed by various financial instruments.

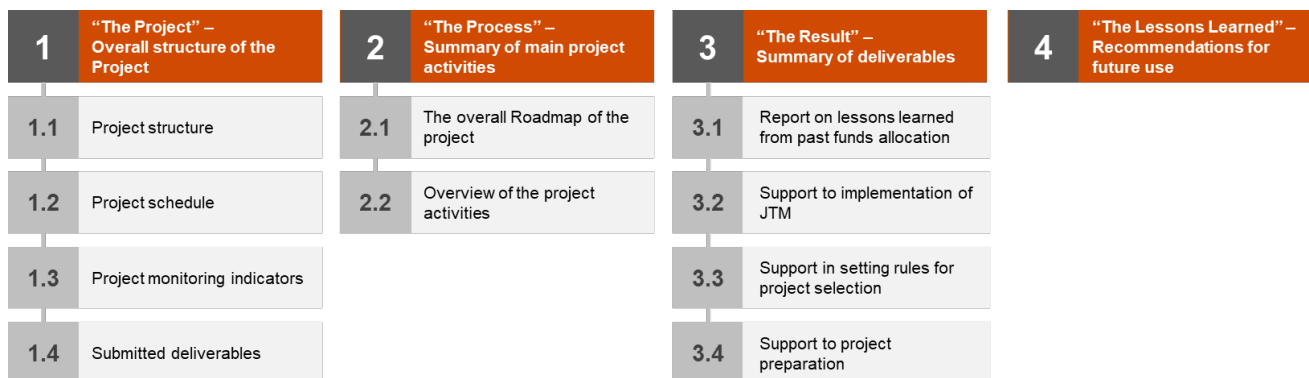
The achievement of the objectives is not solely the responsibility of the contractor and will depend partly, but not only, on Slovakia's action(s).

## Purpose of the document and scope

The purpose of the **Final report** of the project “Support to Project Preparation and Implementation of the Just Transition Mechanism in Slovakia” is to summarize project activities and evaluate its overall performance from the inception to its closure. Based on this, the Final report lists **lessons learned** during the project implementation that can be used as valuable input into similar future assignments. The report also **provides recommendations** to the Slovak authorities that could facilitate and complement the implementation of the project's results, increase the project's impact, and contribute to the success of the just transition agenda.

The Final report includes (1) a **general overview** of the project including project structure, schedule, and deliverables; (2) a **high-level roadmap of the project**, including the summary of main activities; (3) **outline of the results of project activities**, including the analysis of lessons learned from past EU funds implementation, support to MIRRI in preparing the calls for projects, project selection methodology and support to project promoters in preparing their project, and (4) **synthesis of the lessons learned** during the project implementation.

Figure 1 Scope of the report



The final progress report consists of 4 main sections, among them:

Section	Description
<b>"The Project"</b>	The section describes the final status of the project tasks and deliverables submitted, wrapping up the overall project and certifying that all the required tasks were performed, and deliverables submitted and approved.
<b>"The Process"</b>	The section describes the work process from reviewing the practices from the past, through support to launching JTM on the side of the beneficiary to the support provided to individual project promoters.
<b>"The Result"</b>	The section describes the results of the project in partial deliverables, such as a schedule and draft of the calls for projects financed from JTF, analysis of state aid implications, support to the implementation of Pillar 2 and 3 of JTM, organization of workshops, preparation of methodology for project selection and consultations for project promoters.
<b>"The Lessons Learned"</b>	The section summarises key obstacles, success factors and lessons learned in the project and for future implementation of JTM in Slovakia.



# “The Project” – Overall Structure of the project

## Project structure

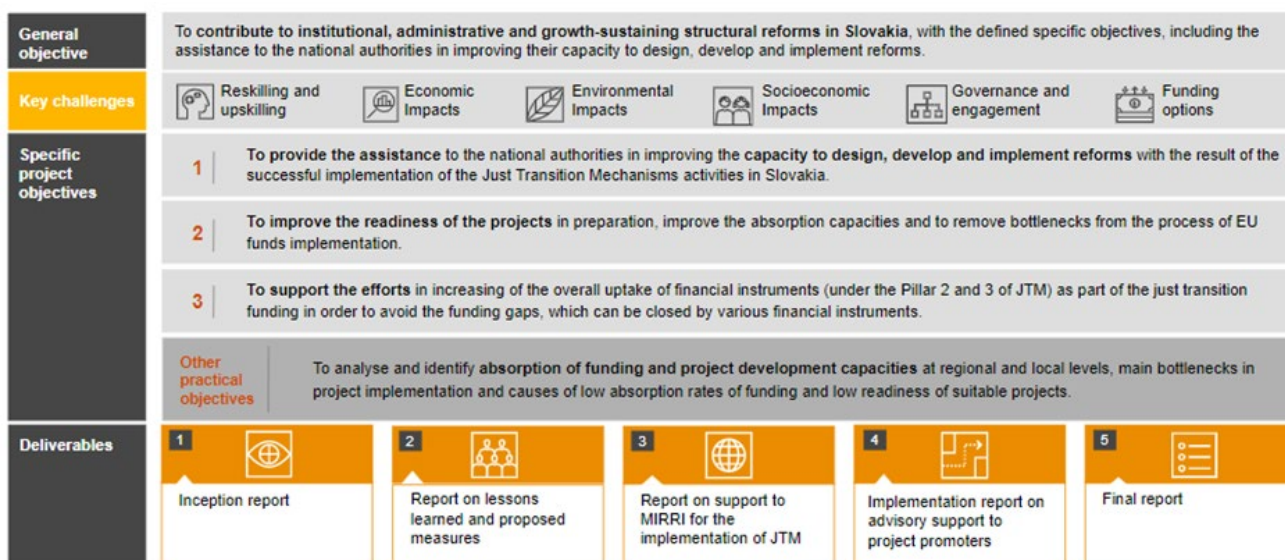
The overall project “Support to Project Preparation and Implementation of the Just Transition Mechanism in Slovakia” was exercised to **assist the Ministry of Investments, Regional Development and Informatization of the Slovak Republic** with the implementation of Just Transition Mechanism (JTM).

The project consisted of five deliverables with three main areas of focus: an analysis of the take aways from past implementation of EU funds in Slovakia, support to MIRRI in implementing JTF and Pillar 2 and 3 of JTM, and support to selected project promoters in project preparation. The latter two phases were running in parallel.

The main purpose of the project was to help MIRRI to **successfully launch implementation of the grants from JTF** in Slovakia. In order to secure smooth process of funds allocation and spending, while avoiding the mistakes made in the past programming periods, a thorough **research of lessons learned** was executed. This was followed by the analysis and proposal of the **topics for the calls for projects**, related state aid implications and a proposal of the **call schedule**. While the grant part of JTM is gaining traction in Slovakia, support was provided also in relation to **Pillar 2 and 3 of JTM**, including the discussions with EIB, preparation of support documents and analysis, organisation of workshops and train the trainer sessions. Finally, to ensure the timely implementation of JTF, it has to be ensured that the projects are **ready on time** to match the schedule of the calls for projects with the project preparation. Therefore, support was provided to project promoters to progress their project preparation.

The graphic below summarises in brief the **general and specific objectives, key challenges, and deliverables** prepared during the project implementation.

Figure 2 Overview of project objectives, challenges and deliverables



## Project schedule and activities conducted since the inception of the project

The contract for the technical assistance was signed and the project was **officially commenced** on October 12, 2021. The official **kick-off meeting** was organised on October 27, 2021, in the online format due to the COVID-19 pandemic restrictions. The kick-off meeting was attended by the representatives of EC, MIRRI and PwC. The project was expected to take 12 months (approximately 52 weeks).

All of the draft deliverables were delivered **according to the original schedule**, except for the assistance to project promoters in project preparation, which was in the scope of the *Deliverable 4 Implementation report on advisory support to project promoters under the Just Transition Fund (pillar 1)*. It was postponed due to specific issues in the project selection process to ensure that the project promoters are selected in an objective manner

## Support to project preparation and implementation of the Just Transition Mechanism Final report

and that there would not be any risks of unfair benefits provided to selected project promoters. Therefore, it was agreed with EC and MIRRI, that this specific activity will continue also after the submission of Deliverable 4 until the official end of the project.

The below project schedule summarises the key activities in the project and their timing up to the drafting of this Final Report.

**Table 1 Project schedule**

Main deliverables	2021			2022									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
<b>Deliverable 1. Inception report</b>													
Inception report submitted following the kickoff meeting													
<b>Deliverable 2. Report on lessons learned and proposed measures for the implementation of JTF</b>													
Task 2.1. Lessons learned in Slovakia and other EU states													
Task 2.2. "Voice" of the stakeholders and project promoters													
Task 2.3. Delivery of the draft and review													
<b>Deliverable 3. Support to MIRRI for the implementation of the pillars of the JTM &amp; organisation of workshops and trainings</b>													
Task 3.1. Support in the preparation of calls for projects													
Task 3.2. Support in issues related to state aid													
Task 3.3. Suggestions for the development of project pipeline for more complex sectors													
Task 3.4. Support to the implementation of pillars 2 and 3 of JTM													
Task 3.5. Preparation and organisation of training and workshops													
<b>Deliverable 4. Implementation report on advisory support to project promoters under the JTF (Pillar 1)</b>													
Task 4.1. Methodology for the selection of project promoters													
Task 4.2. Preparation of guidance documents for project preparation													
Task 4.3. Provision of individual consultations and webinars													
Task 4.4. Review of support scheme eligibility													
Task 4.5. Draft of the Implementation report on advisory support to project promoters under the JTF													
<b>Deliverable 5. Final report</b>													
Task 5.1 Analysis and summary of project activities													
Task 5.1. Preparation and submission of the final report													

A brief summary of the activities conducted after the release of the first draft of the Inception Report following the kick-off meeting are as follows:
















- › The draft version of the **Deliverable 1: Inception Report** was delivered on December 7, 2021. The comments were received on November 26, 2021, by MIRRI and on November 30, 2021, by DG Reform. The final version of the Inception Report was then completed and submitted on January 26, 2022.
- › The draft of the **Deliverable 2: The report on Lessons learned and proposed measures for the implementation of JTF** was submitted on February 11, 2022. The first comments were received on March 01, 2022, from DG Reform and on March 02, 2022, from MIRRI respectively. This was followed by several iterations and exchange of comments and updated versions of the report with MIRRI. The final version of the report was submitted on December 12, 2022.
- › The draft version of **Deliverable 3: Report on the support to MIRRI for the implementation of the three pillars of the Just Transition Mechanism, and organisation of workshops and training** was submitted on September 30, 2022. The final round of comments was received on December 9, 2022 and they were implemented in the final version of the deliverable submitted on December 12, 2022.
- › On September 30, 2022, the draft version of **Deliverable 4: Implementation report on advisory support to project promoters under the Just Transition Fund (pillar 1)** was submitted for the review to DG Reform and MIRRI. The final round of comments was received on December 9, 2022 and they were implemented in the final version of the deliverable submitted on December 12, 2022.
- › Two **Steering Committee meetings** were conducted in the project (on March 3, 2022, and June 22, 2022), where DG Reform and MIRRI were presented with the outcomes of the activities completed by the given dates. These activities are reported in Deliverables 2, 3 and 4. The final Steering Committee meeting was organised on November 10, 2022.


- › Regular **status calls** were organised with DG Reform and MIRRI throughout the project to discuss the progress of the project and any issues or open questions. The status calls with DG Reform and MIRRI were organised on a bi-weekly basis and a separate operational status calls with MIRRI were also organised on a bi-weekly basis.
- › Throughout the project, the project team conducted also numerous **discussions, interviews, as well as workshops and individual consultations** separately with stakeholders, project promoters and fund providers, including central and local government, local businesses and employers.
- › Finally, the project team elaborated this **Deliverable 5: Final report** to wrap up the project, which was submitted on October 12, 2022 and the final version submitted on December 12, 2022.

## Project monitoring indicators

The project was managed under intensive communication and follow-ups (status calls, steering committee calls, meetings and workshops and individual calls on an ad-hoc basis) with DG Reform, MIRRI and various other stakeholders. The project was not delayed, and all the deliverables were submitted on time as mentioned above. The below table summarises the **types and frequency** of various project meetings.

Table 2 Project governance and communication

 Meeting Purpose	 Participants	 Proposed Frequency and Type
PwC Project Team status update		Once a week, face-to-face or call
DG Reform PM status updates	  	Twice a month, conference call
MIRRI PM status update	  	Twice a month, conference call
Steering Committee status update	   	Quarterly basis, conference call
PwC Framework monitoring		Quarterly basis, conference call


 *Involvement of other team members if relevant*

In addition to the project oversight, steering and status meetings described above, **several quality indicators** (QI) were monitored throughout the project as part of our project management as defined in the Inception Report. The quality indicators included the following:



- › Quality indicator 1: **Timing of delivery of deliverables**
- › Quality indicator 2: **Interactions with the Beneficiary**
- › Quality indicator 3: **Adequacy of evaluation, scoping and recommendations provided**
- › Quality indicator 4: **Adequacy of support to project promoters**
- › Quality indicator 5: **Extent of support to stakeholders and project promoters**
- › Quality indicator 6: **Trainings and capacity building**
- › Quality indicator 7: **Adequate supply of personnel**
- › Quality indicator 8: **Timing of the replacement of staff**

The details of the above indicators, their target values and evaluation of actual results are provided in the following table:

Table 3 Overview of project quality indicators

Indicators	Measure	Formula	Description	Target and actual value
 <b>Services</b>				
<b>Timing of delivery of deliverables</b>	Deliverables delivered on time	$QI1 = \frac{NoD_{on\_time}}{NoD} * 100$	<p><i>NoD_on_time</i> = No of deliverables delivered on time</p> <p><i>NoD</i> = No of deliverables</p>	<p>Target: QI1=90%</p> <p>Actual: QI1=100%</p> <p>All draft deliverables were submitted according to the schedule.</p>
<b>Interactions with the Beneficiary</b>	Total number of interactions	$QI2 = NoI$	<p><i>NoD</i> = Number of interactions with the Beneficiary</p>	<p>Target: QI2=15</p> <p><i>As per the number and frequency of regular calls and meetings as proposed in the PwC's proposal</i></p> <p><b>Actual: QI2=60+</b></p> <p><i>The regular bi-weekly status meetings were organised, exceeding the original planned number of meetings.</i></p> <p><i>In addition, approx. 60 other meetings and interactions were organised. These included:</i></p> <ul style="list-style-type: none"> <li>• <i>Meetings of the regional working groups</i></li> <li>• <i>Meetings of the interdepartmental committee</i></li> <li>• <i>Steering committees</i></li> <li>• <i>Workshops with MIRRI on project call definition</i></li> <li>• <i>Workshops related to state aid</i></li> <li>• <i>Regional workshops on different topics</i></li> <li>• <i>Focus groups on lessons learned from EU funds implementation</i></li> <li>• <i>Meetings with EIB, SIH, other ministries and authorities</i></li> <li>• <i>Individual meetings with selected stakeholders</i></li> <li>• <i>Thematic workshops and train the trainer sessions</i></li> <li>• <i>Other meetings</i></li> </ul>






Indicators	Measure	Formula	Description	Target and actual value
<b>Adequacy of evaluation, scoping and recommendations provided</b>	Deliverables accepted with no critical comments	$QI3 = \frac{NoD\_no\_cc}{NoD} * 100$	<i>NoD_no_cc</i> = No of deliverables accepted by DG Reform / Beneficiary with no critical comments  <i>NoD</i> = No of deliverables	Target: QI3=95%  <b>Actual: QI3=80%</b>  <i>More substantial comments were provided for Deliverable 2, requiring re-work and restructuring of the report and incorporating various comments from MIRRI</i>
<b>Adequacy of support to project promoters</b>	Number of project applications completed	$QI4 = \frac{AC}{PPS} * 100$	<i>AC</i> = No of project applications completed  <i>PPS</i> = No of project promoters supported	Target: QI4=80% on average  <b>Actual: N/A</b>  As part of the project, no applications for calls for projects were submitted, since the TJTP is not yet approved and the calls for projects are not yet announced.
<b>Extent of support to stakeholders and project promoters</b>	Number of interviews/ meetings with stakeholders and project promoters	$QI5 = NoM$	<i>NoM</i> = No of interviews/ meetings with the stakeholders and project promoters	Target: QI5= 20  <b>Actual: QI5=20+</b>  <i>19 project promoters were consulted directly or through a dedicated meeting for project preparation support, additional project promoters attended one of the two online webinars.</i>
<b>Trainings and capacity building</b>	Number of training events organised	$QI6 = NoT$	<i>NoT</i> = No of training events organised	Target: QI6=6  <b>Actual: QI6=6</b>  <i>The organised trainings and capacity building events included:</i>  <ul style="list-style-type: none"> <li>• <i>Trainings on ELENA/TARGET, Pillar 2 and 3 of JTM</i></li> <li>• <i>Webinar on project preparation</i></li> <li>• <i>Train the trainer sessions</i></li> </ul>

Indicators	Measure	Formula	Description	Target and actual value
 <b>Team</b>				
<b>Adequate supply of personnel</b>	Number of resources replaced	$QI7 = \frac{NoR}{NoE} * 100$	<p><i>NoR</i> = Number of resources replaced by request of DG Reform / Beneficiary</p> <p><i>NoE</i> = Total number of active experts</p>	<p>Target: QI7&lt;5%</p> <p><b>Actual: QI7=n/a</b></p> <p><i>No resources were requested to be replaced throughout the project.</i></p>
 <b>Process</b>				
<b>Timing of the replacement of staff</b>	Number of days to source a new expert	$QI8 = \frac{St\_D - DoR}{QI7}$	<p><i>St_D</i> = Start day of the new expert</p> <p><i>DoR</i> = Date of request of a new resource</p>	<p>Target: QI8&lt;20 for SEs and &lt;10 for JEs</p> <p><b>Actual: QI8=n/a</b></p> <p><i>No resources were requested to be replaced throughout the project.</i></p>

## Submitted deliverables

The list and the status of the deliverables submitted during the project are provided in the table below.

Table 4 List of project deliverables

Deliverables	Status
 <b>Deliverable 1:</b> Inception report	Approved and finalised
 <b>Deliverable 2:</b> Report on lessons learned and proposed measures for the implementation of JTF	Approved and finalised
 <b>Deliverable 3:</b> Report on the support to MIRRI for the implementation of the three pillars of the Just Transition Mechanism, and organisation of workshops and training	Approved and finalised
 <b>Deliverable 4:</b> Implementation report on advisory support to project promoters under JTF (pillar 1)	Approved and finalised
 <b>Deliverable 5:</b> Final Report	Approved and finalised

# “The Process” – summary of main project activities

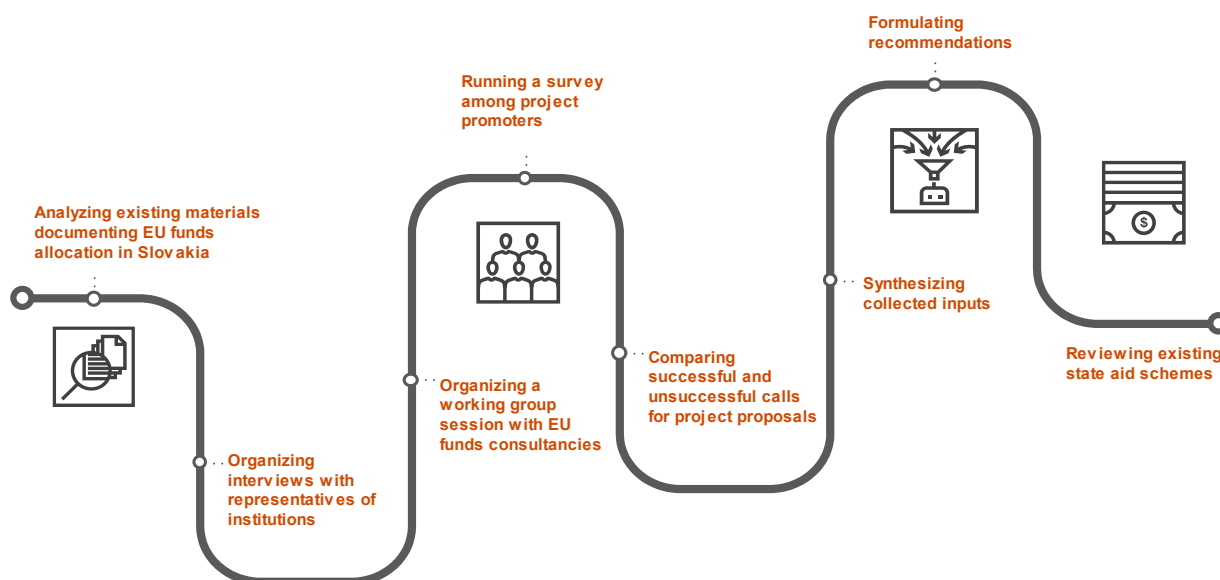


## The overall roadmap of the project

The practical objective of the project was to **analyse and consider the lessons learned** from past EU funds absorption in the set-up of JTF, to help with the **launch of the implementation of the JTM** and to **support project promoters** applying for the resources from the new fund. The roadmap can, therefore, be separated into three parallel lines along the three key deliverables in the project as follows.

The project started with the collection of information and insights about EU funds spending in Slovakia in the past programming periods summarized in the **Report on lessons learned**, which identified the obstacles and room for improvement in the system of funds implementation. The report listed a set of recommendations for the implementation of JTF as well as implementation of EU funds in general. The main milestones related to the Deliverable 2 are presented in the figure below:

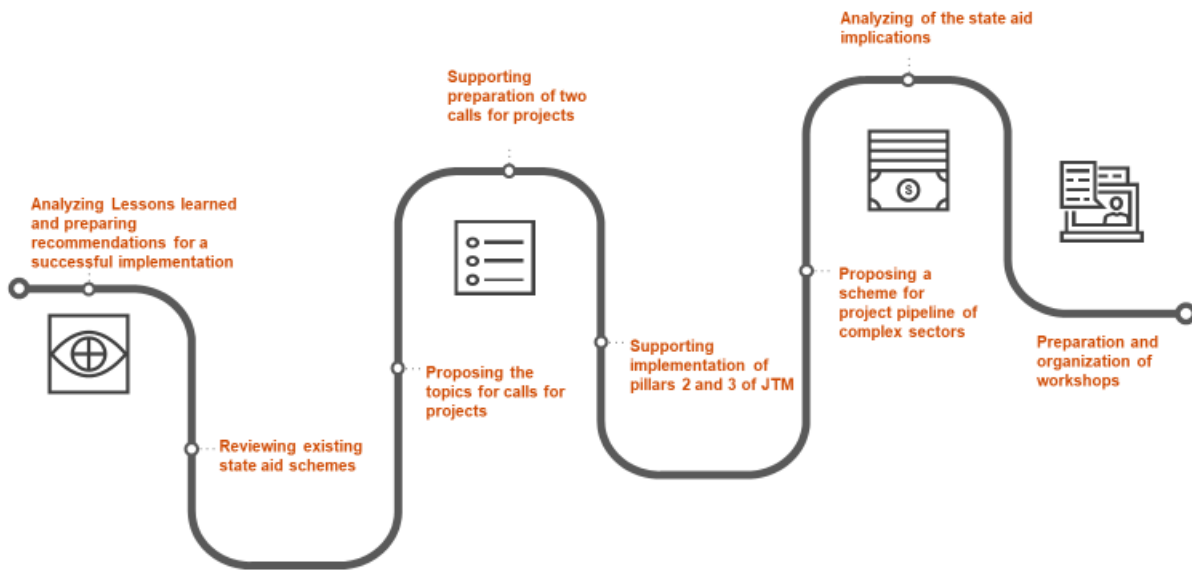
Figure 3 Roadmap of Deliverable 2



At the next stage, the project focused on supporting the preliminary preparation of JTM implementation. The efforts started with presentation of priorities by the beneficiary followed by a consolidated proposal of calls for projects including a proposed schedule of calls. Out of the list of proposed and approved calls, two were selected for the support in preparation. The selected topics cover the Support for the use of renewable energy sources (RES) and energy storage and the Support for changing the use of brownfields. In parallel, the team run an analysis of eligibility of the project promoters for state aid schemes, provided support to the implementation of pillars 2 and 3 of JTM and proposed schemes for project pipelines of a more complex sectors.

The activities and their results were summarised in the **Report on the support to MIRRI for the implementation of the three pillars of the Just Transition Mechanism, and organisation of workshops and training on the transition process towards climate neutrality**. The main milestones related to the Deliverable 3 are presented in the figure below:

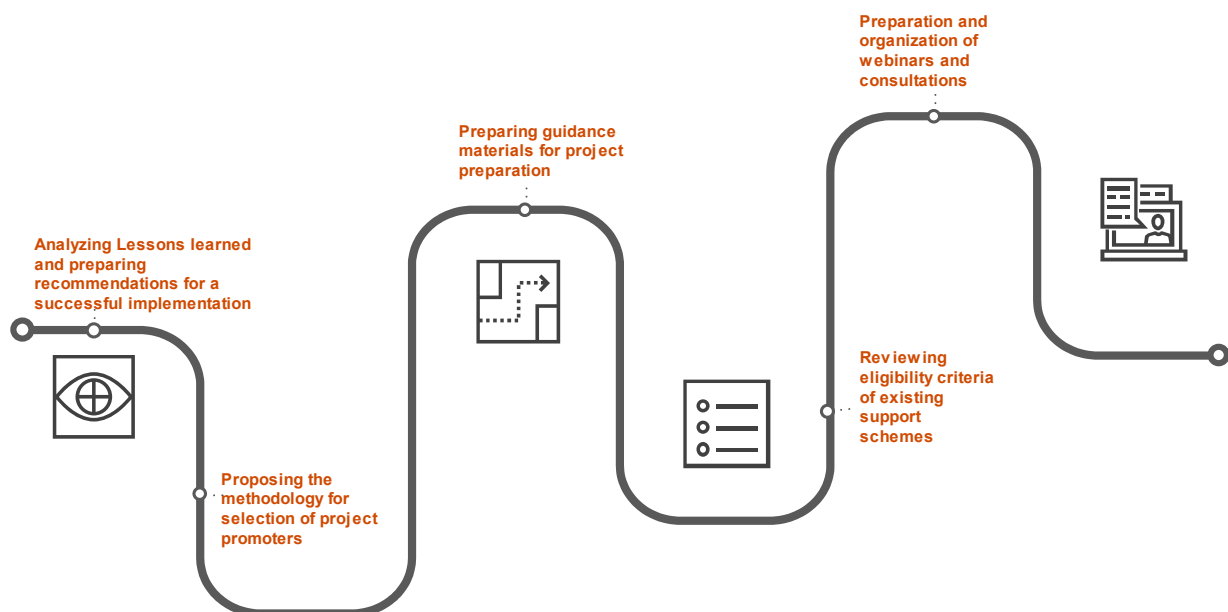
Figure 4 Roadmap of Deliverable 3



In parallel, the activities as part of the Deliverable 4 were conducted. These started with the development of the **methodology for their selection** of project promoters for the support in project preparation and the methodology for the selection of strategic projects. Following that a **guidance for project promoters** was developed, specifically focusing on the preparation of project concept, feasibility study and financial and economic analysis. The guidance was used in later stage of the assignment to **counsel the promoters** on their individual project ideas.

The support to selected project promoters was provided in the form of individual consultations and webinars that spread the guidance among a larger group of project promoters. These activities were documented in the **Implementation report on advisory support to project promoters under the Just Transition Fund (pillar 1)**. The main milestones related to the Deliverable 4 are presented in the figure below:





Figure 5 Roadmap of Deliverable 4










## Overview of the project activities

In order to complete the project tasks and achieve the objectives of the project, **several project activities** were conducted, including desk research and analysis, stakeholder interviews, specific data and information requests, online survey, working group meetings and workshops, train the trainer sessions and consultations with stakeholders. The below table summarises the main project activities and their **scope and outcomes**.

Table 5 Overview of project activities


Activity	Description
<b>Deliverable 2: The report on Lessons learned and proposed measures for the implementation of JTF</b>	
<b>Desk research</b>  	<p>The purpose of the desk research was to <b>gather information from various sources</b> describing adversities in the absorption of EU funding in Slovakia. The section identifies the key common factors, which have affected absorption performance in the past. Desk research was also the main tool used for the analysis of the <b>lessons learned from other countries</b>, namely Hungary, Latvia and Slovenia.</p> <p>The analysis covered the review of publications from different institutions (the list of the documents and data is included in the individual deliverables of the project). The reviewed documents and data included:</p> <ul style="list-style-type: none"> <li>• National publications by ministries, evaluating progress in absorption and pointing out shortcomings of the announced calls</li> <li>• European publications evaluating practices and pointing out shortcomings</li> <li>• Publications, reports and articles by independent bodies assessing the reasons for low absorption rate</li> </ul> <p>Positive and negative examples of project calls as identified by the interviewed managing authorities.</p>
<b>Stakeholder interviews</b>  	<p>The main purpose of the semi-structured interviews with the stakeholders was to <b>gather first-hand information about experience</b> from entities on the side of managing authorities, intermediary authorities, as well as project promoters, to <b>identify major obstacles and lessons learned</b> from the past programming period and discuss recommendations for the new programming period 2021-2027.</p> <p>Overall, <b>10 stakeholder interviews</b> were conducted. The interviews covered a range of stakeholders, including: national authorities (ministries in charge of operational programmes), regional authorities (self-governing regions), Implementation unit for Upper Nitra and large enterprises</p>
<b>Focus groups</b>  	<p>The purpose of the focus groups was to <b>collect additional insights</b> from the experts who are involved in the EU funding processes, specifically consulting firms that provide services to project promoters. This additional information was necessary in order to understand the challenges faced by those who <b>responded to calls for funding</b> in the past programming period and define the room for improvement.</p> <p>One focus group workshop was organized gathering EU funds consulting and public procurement consulting providers. Key takeaways pointing to the lessons learned and recommendations for a process improvement were summed up.</p>
<b>Online survey</b>  	<p>The online survey was used to get the perspective of the <b>wider range</b> of local and national stakeholders. It provided further insights on the absorption of EU funds in Slovakia and on any issues in EU funding processes. The survey also provided a view on the interest of the stakeholders in specific topics to be funded from JTF.</p> <p>The online survey was designed similarly to the structure of the stakeholder interviews, to <b>collect similar information</b> from a large number of stakeholders effectively in order to verify the hypotheses from interviews and desk research.</p>

Activity	Description
	<p>The survey was launched in February 2021. In total, 314 responses were collected from stakeholders from different regions, sectors and organisations. The questions included in the survey were focused on the evaluation of experience with the absorption of EU funds and on the recommendations for implementation of JTF in various areas.</p>
<p><b>Formulation of recommendations</b></p> 	<p>The recommendations are meant to serve as a guide for the improvement of funds absorption, specifically for the implementation of JTF. The recommendations focus on the measures that can be implemented by the responsible authority for JTF, i.e., quick wins and easy to implement measures that do not require wider legislative changes. They are formulated based on the lessons learned combined with the best practices from other analysed countries. The initial activities beginning with the desk research and complemented with stakeholder's input are used as a basis for the formulation of recommendations.</p>
<p><b>Deliverable 3: Report on the support to MIRRI for the implementation of the three pillars of JTM</b></p>	
<p><b>Proposal of calls for projects for JTF</b></p> 	<p>As part of this support, the informal <b>project database was analysed</b>, to identify the demand from project promoters for funding from JTF in various investment topics. Based on this analysis, and taking into account the draft of the TJTP, a <b>set of topics for future calls</b> for projects was developed.</p> <p>The topics were discussed in a <b>series of workshops</b> with MIRR, in order to refine them and to propose a <b>more concrete set of potential calls for projects</b>. These proposed calls for projects were then discussed also from the perspective of potential implementation bodies and a preliminary schedule of the calls was developed.</p> <p>The proposal of the calls for projects and schedule were then <b>summarised in a consolidated report</b>, which included short description of the calls, their objectives, link to proposed JTP priority area, interventions and activities, proposed implementation body, indicative demand for funding or applicable state aid regimes.</p>
<p><b>Analysis of state aid implications</b></p> 	<p>The support that was provided in relation to state aid included the <b>analysis of existing state aid schemes</b> relevant for various topics of the future calls for projects under JTF, in order to provide <b>understanding of different state aid regimes</b>, typical timelines for the preparation of state aid schemes and procedural steps in their preparation.</p> <p><b>The assistance focused on</b> the introduction to state aid and state aid regimes, analysis of General Block Exemption Regulation, analysis of the existing state aid schemes in Slovakia and mapping of different types of state aid schemes to topics of potential calls for projects under JTF.</p> <p>The analysis was <b>summarised in the form of a presentation</b> and an <b>Excel analysis</b> containing the different state aid regimes, existing state aid schemes and their mapping to potential topics of calls for projects under JTF. Further support was provided in relation to state aid focused on the <b>assistance with the preparation</b> of state aid schemes for two selected calls for projects.</p>
<p><b>Suggestions for more complex projects</b></p> 	<p>An analysis was performed using the data from the <b>informal database of project proposals</b> that were collected by MIRRI, to identify potential for more complex projects, i.e. projects that can be <b>implemented as packages</b> of projects, projects that have some potential for <b>mutual integration</b>, or projects that can <b>utilise the land and assets of the brownfield areas</b> of mines and power plant in Upper Nitra region, and thus should be closely coordinated.</p> <p>Based on the analysis of the project database, <b>seven groups of projects</b> were defined, which can be <b>considered for more complex projects</b> or programmes:</p> <ul style="list-style-type: none"> <li>• Identification of potential for more complex projects</li> </ul>

Activity	Description
	<ul style="list-style-type: none"> <li>• Utilisation of brownfields</li> <li>• Energy storage (Batteries)</li> <li>• Geothermal energy</li> <li>• Waste management</li> <li>• Rail transport projects (trains)<sup>1</sup></li> <li>• Hydrogen</li> <li>• Energy efficiency</li> </ul>
<p><b>Support to the implementation of Pillars 2 and 3</b></p> 	<p>The support in relation to the implementation of <b>Pillar 2 and 3 of JTM</b>, included the analysis of options and <b>recommendations</b> for the use of financial instruments from Pillar 2, organisation of <b>meetings</b> with relevant stakeholders (EIB, Slovak Investment Holding), preparation of a <b>handbook</b> for project promoters in relation to InvestEU Advisory Hub and support for the preparation of <b>ELENA application</b> for Upper Nitra region.</p> <p>The support also included the organisation of dedicated workshops related to Pillar 2 and 3, which are described below.</p>
<p><b>Trainings and workshops</b></p> 	<p>In order to <b>disseminate information</b> and to <b>improve capacities</b>, a series of workshops was organised, focusing on financial instruments under Pillars 2 and 3 of JTM, as well as train the trainer sessions targeting the Implementation unit for Upper Nitra and similar regional implementation centres in Kosice and Banska Bystrica regions.</p> <p><b>The workshops and sessions included:</b></p> <ul style="list-style-type: none"> <li>• Workshop on the support from ELENA and TARGET assistance</li> <li>• Workshop on the Pillar 2 of JTM</li> <li>• Workshop on the Pillar 3 of JTM</li> <li>• Train the trainer sessions</li> </ul>
<p><b>Deliverable 4: Implementation report on advisory support to project promoters under JTF</b></p>	
<p><b>Methodology for the selection of projects</b></p> 	<p>As part of this activity, a <b>methodology for the selection of strategic (or flagship) projects</b> was developed, followed by a simplified methodology for a simplified procedure of strategic project selection.</p> <p>The process started with the <b>revision of the project selection methodology</b>, which was already prepared by MIRRI, to which PwC prepared a <b>brief recommendation note</b>. Then an analysis of project selection methodologies was conducted to <b>identify good practices</b> from other programmes. Following that, a <b>new project selection methodology</b> was drafted, including the <b>selection and evaluation criteria</b>, the selection process and timelines, which was then discussed and amended through a series of iteration with MIRRI.</p> <p>The methodology was intended to be used to select both – strategic (flagship) projects and focus projects (project that will receive the advisory support in project preparation from PwC).<sup>2</sup></p>

<sup>1</sup> Please note: later in the process of the preparation of Slovak TJTP, rail transport projects were excluded from the priorities and will not be eligible to be supported from JTF. Therefore, it is mentioned only for reference and the funding for railway-related projects will have to be identified elsewhere.

<sup>2</sup> Please note: the proposed project selection process was intensively discussed with MIRRI and with the working groups, however, due to the practical limitation, organization and time constraints, the identification and selection of strategic projects was eventually not included to the final version of the Slovak TJTP.

Activity	Description
<p data-bbox="140 275 419 365"><b>Provision of advisory support to selected project promoters</b></p> 	<p data-bbox="459 275 1455 365">As part of this task, a <b>guidance document</b> was developed to provide basic information for project promoters in relation to the development of project concept, feasibility study and economic and cost-benefit analyses.</p> <p data-bbox="459 376 1455 528">It was expected that <b>approx. 20 project promoters</b> will receive this advisory support. Initially, there was a <b>limited number</b> of project promoters interested to receive this advisory support, therefore, it was agreed with MIRRI and EC that the advisory support to project promoters <b>will continue</b> until the end of PwC's technical assistance.</p> <p data-bbox="459 539 1455 692">Overall, <b>34 project promoters were approached</b> with the offer to provide them the advisory support. By the time of this report, <b>19 project promoters/projects</b> expressed interest and the advisory support was provided to them. The remaining project promoters were approached with several reminders, but they did not express their interest or did not respond.</p> <p data-bbox="459 703 1455 819">In addition to advisory support to selected project promoters, <b>2 webinars</b> open to various project promoters from JTF database were organised to present the approach to the development of feasibility studies and economic and cost-benefit analyses.</p>
<p data-bbox="140 887 440 976"><b>Existing support schemes and their eligibility requirements</b></p> 	<p data-bbox="459 887 1455 1039">Already as part of Deliverable 2, available <b>consultation and technical assistance</b> schemes were analysed that are available to project promoters for the preparation of projects. As part of activities of Deliverable 4, <b>additional review</b> of these support schemes was conducted to identify further information on their <b>objectives, focus and eligibility</b> requirements.</p> <p data-bbox="459 1072 1455 1243">The most promising support available to various types of project promoters is the support through the <b>Innovation voucher scheme</b>, which is available in the current programming period and is expected to continue also within the Recovery and Resilience Plan and Programme Slovakia. <b>Other national instruments</b> available for the project preparation include Environmental fund and the support programmes of the National Business Centre (Slovak Business Agency).</p> <p data-bbox="459 1274 1455 1328">At the EU level, there are several support instruments available for project preparation – namely <b>ELENA, TARGET</b> and <b>JASPERS</b>.</p> <p data-bbox="459 1359 1455 1525">There were also additional support schemes analysed as part of Deliverable 4 – including the grants from state budget provided by <b>Ministry of Economy, Ministry of Culture or Ministry of Finance</b>. Although they are not explicitly designed to provide project preparation support, they can be partially utilised, as similar support to project preparation and feasibility studies were funded from these grants in the past.</p>

# “The Result” – Summary of deliverables

The main project activities described in the previous section were conducted in the process of providing support to the implementation of JTM. These activities of the project were documented in the **key deliverables** of the project:

- > **Deliverable 2:** Report on lessons learned and proposed measures for the implementation of the JTF
- > **Deliverable 3:** Report on the support to MIRRI for the implementation of the three pillars of the Just Transition Mechanism, and organisation of workshops and training
- > **Deliverable 4:** Implementation report on advisory support to project promoters under the Just Transition Fund (pillar 1)

**The results** of the project activities are described in the following subsections in a form of **short executive summaries** for each deliverable providing an overview of the key results and sub-deliverables of the project.



Deliverable 2 – Report on lessons learned and proposed measures for the implementation of the Just Transition Fund

The purpose of the document - **Report on lessons learned and proposed measures for the implementation of the Just Transition Fund (JTF)** – is to analyse the obstacles and issues from the absorption of EU funds in Slovakia in the programming period 2014-2020 and to identify recommendations for the implementation of JTF to ensure an improved absorption of the support from JTF.

Historically, Slovakia belongs to countries **with the slowest** absorption of EU funds. By the end of 2021, only **50% of the funds** from the programming period 2014-2020 were spent<sup>3</sup>. Given the need to ensure the **accelerated absorption** of the funds from JTF in the initial period of JTM implementation by 2023, the experience and **lessons learned** from the past implementation of EU funds in Slovakia were analysed and **measures are suggested** to improve the absorption rate of JTF.

The analysis of lessons learned was conducted from **October 2021 to January 2022** and covered the programming period 2014-2020. It covers the views of **various types of stakeholders**, such as managing and intermediary authorities of various operational programmes, project promoters (from public and private sector) and EU funds consulting professionals.

**The analysis included** the desk research, review of the past EU funding programmes and calls, analysis of the international practices from selected countries, stakeholder interviews, focus groups and online survey.

## Analysis of absorption of EU funding in Slovakia

According to the European Semester Country Report 2020 Slovakia's "limited level of implementation below the EU average" is "stemming from poor **performance of the implementation structure** in Slovakia". The report states that there is "a need for **simplification, streamlining** and better **coordination** of the EU's investment support instruments".

The analysis identified **up to 40 lessons learned or obstacles** in the absorption of EU funds. The main ones can be summarised under the following **three headings**, each containing 5 subcategories:

### **Simplification:**

- Unnecessary administrative burdens and requirements, complicated documentation
- Unnecessary information and documents requests
- Complexity of the public procurement process
- Need for higher application rate of simplified implementation processes
- Need for simplified schemes for the SMEs

### **Streamlining:**

- Non-compliance with deadlines at the side of managing authorities
- Insufficient staff capacities and quality at the authorities and project promoters
- Low standardization of processes across programmes and authorities
- The evaluation process perceived from the perspective of project promoters may be a potential weakness
- Lack of continuity, organizational learning and strategic planning at the central government level

### **Coordination:**

- Insufficient coordination with local stakeholders
- Insufficient coordination among central-level stakeholders
- Scheduling and logical order of the calls for projects
- Delays in the process of the finalisation of operational programmes
- Relevancy of the project calls

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<sup>3</sup> Information on the implementation of the EU funds by 31.12.2021, report prepared and issued by MIRRI, [https://www.partnerskadohoda.gov.sk/data/files/5405\\_implementacia-esif-k-31122021.pdf](https://www.partnerskadohoda.gov.sk/data/files/5405_implementacia-esif-k-31122021.pdf)

*Simplification will reduce administrative burden and will speed up processes*



The project promoters indicated the issues with **project calls being too complicated** and difficult to understand. They are also difficult to prepare for the authorities. Administrative burden can be decreased by **simplifying the project calls documentation** and by **reducing the unnecessary content** of the project calls.

Project promoters are also often requested to submit information that is **already available** to the authorities or is **deemed unnecessary** for the evaluation of the projects, which prolongs the project preparation and evaluation process.

Further, **lengthy and complex processes** for public procurement are among the most criticised barriers for the absorption of EU funds in Slovakia. In the past, the public procurement procedures **were too complicated**, regardless of the type and size of the project promoters, which created a **major bottleneck** for them, affected were specifically those from the private sector, when they were granted by more than 50 % of the eligible costs for the provision of services, delivery of goods or construction of works.

It is expected that the amended Public Procurement Act will **help to address** some of these issues.

Nevertheless, there is a **need to adjust the complexity** of certain procedures to reflect the size of the project and of the project promoter. In particular, this concerns the cost reporting, types of financing (advance payments, pre-financing, re-payments) or simplified grant schemes for SMEs (voucher schemes, smaller grants).

*Streamlining will improve the capacities, increase standardization and remove obstacles*



Another major obstacle to the speed of the absorption of funds is the **lengthy process** of the project submission, evaluation and contracting and some inconsistencies in some of the predefined process and decision deadlines.

This problem has **several roots**. **First**, the project calls and requirements that are perceived as rather complicated and lacking clarity often result in additional **amendments to call documentation**, and lengthy information exchange between authorities and project promoters - sometimes leading to additional call changes.

**Second**, there have been **insufficient staff capacities** for some of the authorities (administrative, expert evaluators), which are overwhelmed by their standard agenda and by the additional agenda generated by the **issues mentioned above**. There are capacity shortages also in the peak times (for example where multiple project calls are announced in parallel).

**Third**, there have been inconsistencies between processes across programmes and authorities, **using different approaches**, procedures and basis for decisions, which may confuse project promoters that have experience across various operational programmes.

Therefore, **streamlining of the processes** could also help the promoters of potentially valuable projects, who have limited administrative capacities to prepare and implement more than one project, and who have difficulties to deal with multiple approaches to EU funding processes.

*Coordination will help to achieve synergies, complementarities and better target the needs of the regions*



In order to better **reflect the needs** of the regions and stakeholders and to ensure that the project calls are relevant and meet with demand, the **stakeholders should be engaged** at various stages of the process, starting from the identification of the **topics for the calls** for projects, **preparation of the calls** for projects, **consultations on the requirements** and evaluation criteria in the calls and etc.

Also, the analysis identified a **lack of coordination, communication and information sharing** between the relevant authorities. This leads to problems with coordinating the calls for projects related to similar topics, ensuring sufficient

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**synergies** among them and, in the most extreme cases, can result in mutual “**cannibalisation**”, especially in terms of the target groups for different calls.

In addition, in the current programming period, there were issues with the **scheduling of project calls** and with **adherence** to the schedule. The delays in the project call scheduling create problems at the side of the project promoters, who are then **not able to plan** their project preparation activities and **cannot rely** on the timeliness of the funding support from the EU funds.

The better coordination between authorities could also lead to **improved scheduling** of the calls, so that, where relevant, the calls complement each other and do not collide with each other.

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## Best practice examples in other Member States

*Analysis of other countries shows that they addressed similar weak points that can be found also in the Slovak ESIF system*

The three analysed countries – Latvia, Hungary and Slovenia – are **among the best** in Central and Eastern Europe from the perspective of the EU funds absorption (% of the funds spent) in the programming period 2014-2020. In order to speed up the absorption process they implemented various measures, many of which **addressed similar issues** as those identified as weak points of the EU funds implementation in Slovakia.

All three countries have several characteristics in common:

- Relatively **centralised system** of EU funds management with **unified processes** across operational programmes and authorities
- Emphasis on the **digitization** and automation of the processes and utilisation of **electronic form of communication**
- **Simplification** of processes (public procurement, process of application submission, use of simplified cost options)
- **Stakeholder engagement** and **consultative approach** towards the project promoters

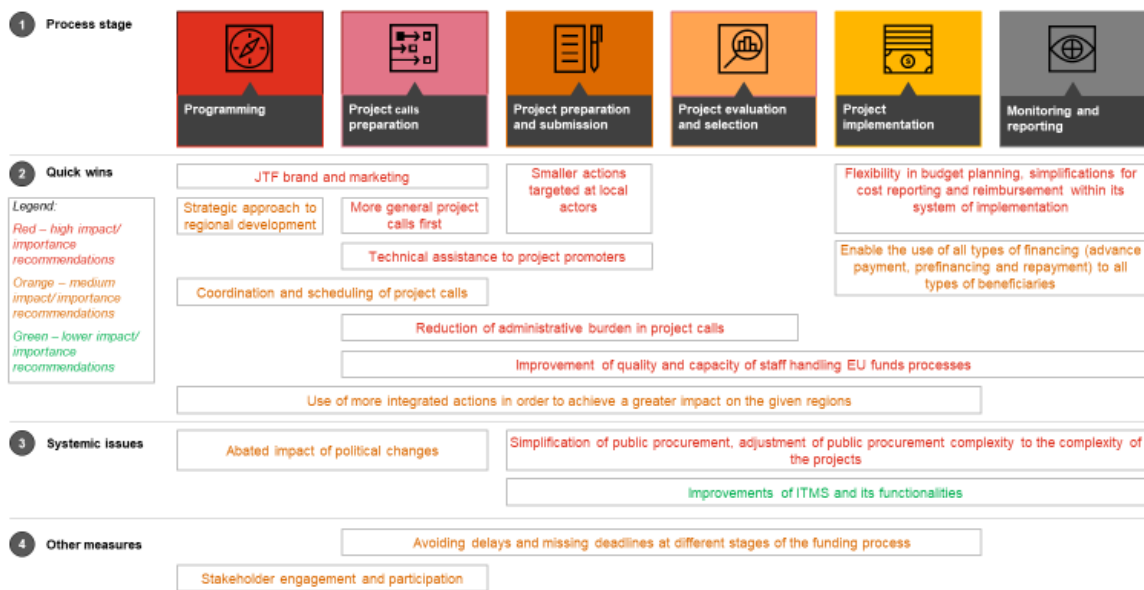
## Measures to support the implementation of JTF in Slovakia

The section “Recommendations” **concludes key takeaways** from the analysis of lessons learned, merging inputs from the conducted analysis and suggests possible solutions. The recommendations focus on common obstacles that are relatively easy to put into practice while having a potential to speed up the absorption of funds from JTF (or absorption of EU funds in general). The recommendations are suggested based on the results of the desk research, stakeholder interviews, focus group, analysis of lessons learned from other countries and online survey. The **recommendations are grouped** into three categories:

1. **Quick wins** – measures that can be implemented operationally for JTF and do not require systemic changes
2. **Systemic changes** – measures that require legislative changes, changes in the overall system of management of EU funds, or other measures, which cannot be easily implemented at the discretion of the managing authority for JTF
3. **Other measures** – any other recommendations that may be implemented in the short or long term

The recommendations are summarised in the following scheme and explained in detail in the Deliverable 2.

Figure 6 Recommendations for future implementation



## Existing advisory support instruments

*Several instruments can be utilised for project preparation to speed up the project readiness for JTF*



Regarding the last recommendation mentioned above, an analysis was done to identify any **potential support schemes** available to project promoters for the assistance with **project preparation**. This is due to the fact that the project readiness is one of the key success factors for a fast absorption of funds. The analysis revealed that there are limited schemes available; however, some of them could be adjusted or replicated, so that they can be used to fund or assist with the project preparation, such as:

- Use or adjustment of the existing **innovation voucher system** to be used to fund project preparation (to be verified with the Ministry of Economy)
- Consulting support to be funded **from Program Slovakia** that is already established or should be established by the end of 2022 (especially different types of vouchers)
- Use of other instruments funded **from state budget** (various subsidy schemes funded from the Environmental fund or aimed at regional development)
- Use of **EU-level advisory instruments** provided by the European Commission and the European Investment Bank

Deliverable 3 - Report on the support to MIRRI for the implementation of the three pillars of the Just Transition Mechanism, and organisation of workshops and training

The **support within the Deliverable 3** consisted of the support of the preparation of **calls for projects** under the JTF, **state aid issues**, support with design of **funding schemes** (Pillar 2) and with **loan applications** (Pillar 3) and an overall support with the information dissemination, **trainings and workshops** to promote different instruments of JTM.

In Slovakia **most of the effort** in relation to JTM focused on Pillar 1 so far, including the preparation of the TJTP, identification of potential projects that can be funded from JTF and preparation of the calls for projects. However, funding available under Pillar 2 (the dedicated transition scheme under InvestEU) and Pillar 3 (Public sector loan facility with the EIB) of the JTM is **yet to be fully explored**. The available funding from the JTF may not be sufficient to fund all the measures and projects to ensure a just transition, therefore the **support focused also** on the provision of information, guidance and workshops on Pillar 2 and 3.

Overall, the support that was provided, focused **on the following areas**:

- Proposal of calls for projects for JTF
- Analysis of state aid implications
- Suggestions for more complex projects
- Support to the implementation of Pillars 2 and 3
- Trainings and workshops

## Proposal of calls for project proposal, schedule of calls and preparation of two calls

A multi-step effort of analysing the priorities of the JTF and binding legal framework resulted in a **consolidated document** on proposal of calls for projects. This document summarised the details of the proposed calls for projects and included the following details:

- Short description of the call and its objectives
- Mapping to proposed JTP priority area, interventions and activities
- Proposed execution body (managing/intermediary authority)
- Indicative demand for funding based on the data from the JTF project database
- Applicable state aid schemes
- Type of call (open, closed)
- Proposed schedule
- Eligible participants

The document was prepared in **Slovak language only**. The following list represents the proposal for calls for projects mapping to JTF priority areas, measures, activities and interventions<sup>4</sup>:

- Call 1. Support for the development of existing and the creation of new SMEs
- Call 2. Support for social economy
- Call 3. Support for education and skill development
- Call 4. Support for the linking of formal education with labour market needs
- Call 5. Support for the introduction of innovations in enterprises
- Call 6a. Support for research and development and research cooperation – public research institutions
- Call 6b. Support for research and development and research cooperation – private sector
- Call 7a. Support for changing the use of brownfields – industrial purpose
- Call 7b. Support for changing the use of brownfields – cultural purpose
- Call 8a. Support for decarbonisation in public transport
- Call 8b. Support for the infrastructure for alternative fuels



<sup>4</sup> Please note that the originally proposed Call 2: Support for social economy was later excluded from the proposed list of calls and the Call 5: Support for the introduction of innovations in enterprises was merged into Call 1: Support for the development of existing and the creation of new SMEs

- Call 9a. Support for the use of RES and energy storage
- Call 9b. Investments in the renewal and modernization of the heating network
- Call 10a. Support for increasing energy efficiency and reducing energy poverty – grants
- Call 10b. Support for increasing energy efficiency and reducing energy poverty – financial instruments
- Call 11. Support for the circular economy through waste prevention, reduction, resource efficiency, reuse, repair and recycling
- Call 12. Support for innovation and incubation programs
- National project 1: Increasing the employability and employment in transition regions

Further to the list of the proposed calls for projects a **preliminary schedule** of calls was drafted. The proposed time frame reflects the time required for the **preparation** of individual calls, the time required for the **evaluation** of submitted proposals and the time required for **implementation**. The calls will be prepared and announced by MIRRI, or a designated intermediary body that has capacities and expertise in the required area.

In the last step, based on the proposed list and schedule of the calls for projects, **two calls were selected** for further support in preparation. The two selected calls are:

- Call 7a/7b. Support for changing the use of brownfields
- Call 9a. Support for the use of RES and energy storage

The support consists of the assistance with the **preparation of the state aid scheme** under the General Block Exemption Regulation (GBER) regime and the **assistance with the other aspects** of the call for projects.

The support to the preparation of state aid schemes consisted, among others, of drafting the **following parts/sections** of the scheme:

- Introduction and definitions
- Scope of the scheme
- Eligible entities
- Eligible projects
- Eligible costs
- Form of the support
- Aid intensity
- Other

## Analysis of GBER and state aid schemes in Slovakia

The **existing GBER regulation was analysed**, including the draft changes to be introduced in the updated GBER regulation. The analysis was prepared as an Excel file summarising all the **relevant categories of aid**, specifically providing information on the Sections 1 to 16 of Chapter III of GBER regulation – Specific provisions for different categories of aid. The document provided the **breakdown of GBER regulation by section** – i.e. the category of aid – which is relevant from the perspective of the mapping to the topics of potential calls for projects under JTF.

Further step in the support related to state aid was the **analysis of currently valid state aid schemes** in Slovakia and their **relevance** to proposed JTF themes and calls. The purpose of this analysis was to match the existing state aid schemes to the proposed topics of the calls for projects under JTF, in order to check, whether any of the existing state aid schemes could eventually be **utilised or reused**, or to identify examples of state aid schemes that can be **replicated** for the

Kategória pomoci	Typ	Identifikačná špecifických informácií	FILTER	Špecifická podmienka	Operatívny nástroj / subjekty	Strany ohodnotené podľa stavu na prenosov / oblasťovú úroveň	Operatívny nástroj
Investičná pomoc na energetickú infraštruktúru	oprávnená	odd. 7, čl. 48	áno	<p>2. Pomoc sa poskytuje na energetickú infraštruktúru, ktorou sú:</p> <p>2.1. Energetická infraštruktúra (pne) alebo podstatná časť ňu tvoriaca v oblasti: - prípravy a výroby - prevádzky a údržby - iných súvisiacich činností</p> <p>2.2. Pomoc sa poskytuje na: - inštaláciu alebo modernizáciu energetických zariadení - inštaláciu alebo modernizáciu energetických zariadení v rámci a súčasťou IOP alebo v rámci iných energetických zariadení podľa článku 102 ods. 2 IOP na základe predpisov EÚ</p>	<p>Operatívny nástroj / subjekty</p>	<p>Strany ohodnotené podľa stavu na prenosov / oblasťovú úroveň</p>	<p>Operatívny nástroj</p>
Pomoc na environmentálne štúdie	oprávnená	odd. 7, čl. 49	áno	<p>3. Pomoc sa poskytuje na: - environmentálne štúdie - štúdie o možnostiach obnoviteľných zdrojov energie - štúdie o možnostiach obnoviteľných zdrojov energie - štúdie o možnostiach obnoviteľných zdrojov energie</p>	<p>Operatívny nástroj / subjekty</p>	<p>Strany ohodnotené podľa stavu na prenosov / oblasťovú úroveň</p>	<p>Operatívny nástroj</p>



purpose of JTF or can be used as a **source of useful information** for the preparation of the specific state aid schemes for JTF.

## Presentation and workshop on state aid

As described earlier in Section 3, a **series of workshops** was organised with MIRRI to discuss the setup of the topics for the calls for projects under JTF.

As part of these workshops, also the **analysis of state aid implications** was presented, providing the details of different state aid regimes and applicable limits of funding and aid intensity for specific topics.

The presentation also included **further information specific to each of the topics covered**, such as specific definitions relevant for the topic, specific conditions that applies under different regulations for different topics (categories of aid) and summary of proposed changes in state aid regulations (specifically addressing the proposed changes in the GBER regulation).

The presentation also provided an **overview of the procedural steps** for different state aid regimes and whether a notification of the state aid scheme is required. Finally, **details of the notification procedures** were discussed in cases where notification of state aid to the EC is required. This included the **individual procedural steps**, as well as the **expected timelines** of these procedures. The picture below provides a high-level summary of the procedural steps for the notified state aid schemes:



## Suggestions for the development of project pipeline for more complex sectors

In the first step, the projects in the informal project database were analysed to identify projects that can be **potentially identified as more complex projects** from the perspective of the following criteria:








- **Importance** of the given topic of the project for the **development of the region** (such as projects that can bring new jobs or develop new sectors of economy)
- **Significance** in terms of **transformational potential** (such as projects that can help with energy transition)
- **Number of projects** in the similar topic (such as projects in the area of energy efficiency)
- Potential for **integration** and **complementarity** of projects (such as projects of renewable energy in combination with hydrogen production and hydrogen use)
- Projects that can help **utilise the existing assets** (such as brownfield redevelopment projects and projects that can be located in the brownfield)

A more complex projects were defined as a **groups of projects** that can be logically, geographically or economically **interconnected** and their joint implementation may generate **synergies** or **economies of scale**. A complex project may also benefit from existing resources in the region (land, assets, workforce, etc.).

The purpose of the analysis was to **identify such possible more complex projects**, which, if implemented in **a coordinated manner**, can help to maximise the transformational potential of the regions and to bring stronger transformational impulse to the regions. It can also have a potential to increase the competitiveness of projects through more efficient implementation or greater specialisation.

The **seven defined groups of projects**, or areas of more complex projects, are as follows:

Table 6 Defined areas of the potential more complex projects

	Area of projects	Brief description
	<b>Utilisation of brownfields</b>	This area includes projects located or able to be located in areas that will remain unused after the end of mining, respectively after the end of other carbon intensive activities.
	<b>Energy storage (Batteries)</b>	This area includes projects in the field of electricity storage, battery production and/or battery recycling.
	<b>Geothermal energy</b>	This area includes projects related to geothermal energy and its infrastructure and related research.
	<b>Waste management</b>	This area focuses on projects related to waste management and circular economy.
	<b>Rail transport projects</b>	<b>Please note:</b> later in the process of the preparation of Slovak TJTP, rail transport projects were excluded from the priorities and will not be eligible to be supported from JTF. Therefore, it is mentioned only for reference and the funding for railway-related projects will have to be identified elsewhere.
	<b>Hydrogen</b>	This area includes projects in the field of hydrogen technology, hydrogen production, hydrogen utilisation and related research.
	<b>Energy efficiency</b>	This area includes energy efficiency projects in the form of insulation systems, replacement of lighting and other energy efficiency measures, including smart solutions.

## Support to the implementation of Pillars 2 and 3 of JTM

The main part of this support consisted of the **dissemination of information** on the possibilities of the utilisation of the financial instruments available from JTM – i.e. the financial instruments under Pillar 2 and public sector loan facility under Pillar 3. Given the currently non-existent demand for the public sector loans, **it was agreed** with the EC and MIRRI, that the support to the preparation of loan applications will be **replaced with the support for the preparation of the application for ELENA** in the Trenčín region, where the Trenčín self-governing region together with the municipalities in Upper Nitra region expressed their interest to request such support.

The dissemination of information was **performed in two ways**:

- Organisation of **thematic workshops** covering Pillars 2 and 3 of JTM (more details on the workshops are provided in Section 7)
- Preparation of the **InvestEU handbook**

The InvestEU handbook is intended to be a **practical communication document** introducing different types of support available from InvestEU programme to the regions in transition. InvestEU programme should help to provide **additional funding to support the investments, innovations and job creation** in the EU in the programming period 2021-2027. It is based on its predecessor, Investment Plan for Europe (i.e. the Juncker Plan) which mobilised more than 500 billion EUR in the period 2015-2020.

The InvestEU handbook includes the following content:

Figure 7 Content of InvestEU handbook

Content	Brief description
 <b>Introduction of InvestEU fund</b>	This section of the handbook describes the background of the fund, its predecessor and how it consolidates the previous centrally managed EU funds under one umbrella.
 <b>Supported policy areas</b>	This section describes four main policy areas of InvestEU, their sub-areas and overall financial allocations. The four policy areas are Sustainable infrastructure, Research, innovation and digitisation, Small and medium sized companies and Social investment and skills.
 <b>How does the InvestEU fund work</b>	This section describes the functioning of Invest EU fund, financial allocations, for investments and advisory support, combination with other grants and financial instruments, as well as explanation of EU vs. national component.
 <b>How to apply for funding</b>	This section describes how the project promoters can contact the relevant implementing partners who can help tailoring the financing to the specific needs of the project promoter.
 <b>Who is eligible for funding</b>	This section describes what types of entities can apply for funding, such as private companies, public entities, mixed entities (public-private partnerships), not-for-profit entities and social enterprises.
 <b>Types of financial instruments from EIB</b>	This section describes the types of financing available from EIB, such as corporate loans, project financing and venture debts, and in which areas and sectors they are applicable.
 <b>Types of financial instruments from EIF</b>	This section describes the types of financing available from EIF, such as bank guarantees and private equity, and in which areas and topics they are applicable.
 <b>Introduction of InvestEU Advisory Hub</b>	This section introduces the InvestEU Advisory Hub and InvestEU portal, entities to which the advisory support can be provided and how to apply for the advisory support.
 <b>Types of advisory and technical assistance</b>	This section provides the types of advisory and technical assistance that is available, such as project identification advisory, support to project preparation, support in planning and implementation of projects, financial structuring and capacity building.

**Thematic workshops** organized as a part of this activity were the following:

1. Workshop on the support from ELENA and TARGET assistance
2. Workshop on the Pillar 2 of JTM
3. Workshop on the Pillar 3 of JTM
4. Train the trainer sessions

Deliverable 4 - Implementation  
report on advisory support to  
project promoters under the Just  
Transition Fund (pillar 1)

The finalisation of the Slovak TJTP and JTF **is progressing**, with the expected final approval by the EC in Q4 2022. In parallel, MIRRI already prepares the **first calls for projects**, which are expected to be announced from Q1 2023 onwards.

In the light of this progress, the project promoters that will be submitting their applications for funding under JTF should **speed up the project preparation** to have their projects prepared once the calls for projects will be announced and at the same time to be able to implement the projects within tight deadlines imposed on JTF.

Based on the analysis of the projects submitted as part of the informal project database for JTF, **many of the projects are in early stage** of development, lacking further progress in project preparation, lacking feasibility studies and economic analysis, or other more detailed project documentation.

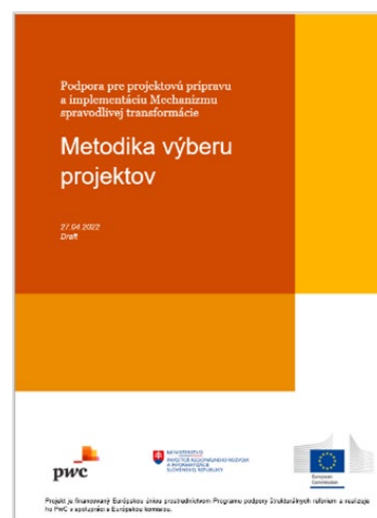
Therefore, further support is needed to assist the project promoters in project preparation. As part of the Deliverable 4 of this technical assistance, **PwC provides support** to MIRRI and to selected project promoters, specifically through:

- ➔ Support to MIRRI in the **revision and further development** of the methodology for the selection of strategic projects and the selection of focus projects (i.e. projects that can benefit from technical assistance of PwC)
- ➔ **Support to selected project promoters** in project preparation, specifically providing recommendations to their projects and guidance for the development of feasibility studies and financial and economic analysis (cost-benefit analysis) of their projects
- ➔ Analysis of **other advisory support schemes** that can be utilised by project promoters for project preparation

## Methodology for the selection of project promoters

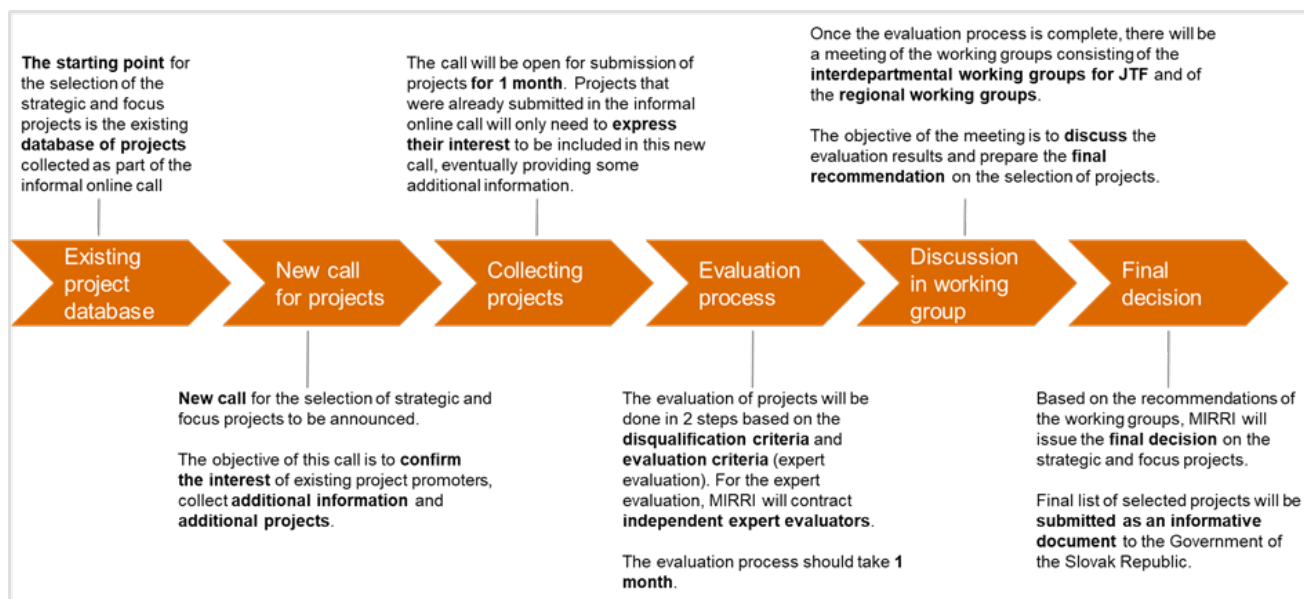
PwC prepared the **first draft of methodology** defining the criteria and guidance for the selection of project promoters that will be eligible for the advisory support for project preparation (focus projects) and for the selection of the strategic project in January 2022.

**The aim of the methodology** was to provide a selection mechanism that will be **transparent, fair and justifiable**. Such methodology shall also follow any applicable EU or national legislation and cannot be disputable by the project promoters.



The following is the **summary of the process of the project selection** from the first draft of the methodology for project selection. The overall process was expected to be conducted in six steps:

Figure 8 Proposed project selection process



The project selection and evaluation criteria were **grouped into the following groups**:

- **Disqualification criteria:**
  - A. Relevancy criteria
  - B. Impact criteria
  - C. Quality criteria
  - D. Size of the project
- **Evaluation criteria:**
  - E. Impact criteria
  - F. Quality criteria
  - G. Excellence criteria

More details on the selection and evaluation criteria are provided in Deliverable 4.

Disclaimer: the proposed project selection process was intensively discussed with MIRRI and with the working groups, however, due to the practical limitation, organization and time constraints, the identification and selection of strategic projects was eventually not included to the final version of the Slovak TJTP.

## Development of guidance for project preparation

PwC prepared guidance document for project promoters, which included information on the required content of the documentation, specifically feasibility studies, financial projections and cost-benefit analyses (other project documentation was out of scope).





The purpose of the guidance document for project promoters and of the simplified financial model developed as part of it, is to provide project promoters (potential applicants for funding from JTF) with all **key information they need** to further prepare their projects. It enables applicants to familiarise themselves with the objectives of JTF and Slovak TJTP and it also provides an overview of the eligibility and project development requirements.

It should assist with **main phases of project preparation**, starting with the formulation of the core **project idea** and its description, continuing with **supporting documents** (feasibility study, cost-benefit analysis, financial analysis and project risk analysis) and subsequently the completion of the **Application form for grants**. Each chapter deals with the essential questions and information that will be needed in the preparation of the project.

Individual sections of the document are arranged **according to the chronology** in which the steps of preparation are to be drawn up. It assumes that the project **starts with an idea** and continues with the **shaping of the idea** into a business plan, which includes the **project concept**, its timeline and financing. The methodology for developing such a project description is inspired by the "**Project Cycle Management**" method.

Based on the inputs and outputs, the manual further offers guidance and a template for developing supporting documents. Finally, it guides the applicant to using the prepared supporting documents when filling in the application form.

**Main chapters** of the guidance document are:

 <p><b>Basic information on JTF</b></p> <p>Just Transition Mechanism</p> <p>Pillars and priorities of JTF</p>	 <p><b>From project idea to project proposal</b></p> <p>What to do before the call for projects</p> <p>Refining the project concept</p>	 <p><b>Key support documents of a project</b></p> <p>Feasibility study</p> <p>Economic analysis</p> <p>Risk analysis</p>	 <p><b>Application for funding</b></p> <p>Where to use key support documents in the application</p>
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**Chapter 1** provides **background information** on the JTF, describes the Just Transformation Mechanism and priorities of the fund.

**Chapter 2** guides project promoters through the steps of formulating the **Project Description**, which transforms the conceptual idea into a **coherent project concept**. The project idea formulation guide helps to **meet the basic requirements**: eligibility, feasibility and effectiveness of the project. **Eligibility** is enshrined in the **Programme Slovakia** and the call conditions. **Feasibility** and **effectiveness** should be confirmed by the results of more complex analyses.

**Chapter 3** explains in detail how the promoter should prepare the different parts of the supporting documentation.

**Chapter 4** serves to **ease the filling** of the Grant Application Form in case the applicant has prepared the project documentation and can use its individual parts. In case the applicant does not need to attach the documentation to the application, he/she can help himself/herself in filling in the form by following the steps in Chapter 3 of the guidance document.



## Provision of advisory support to selected project promoters

**34 project promoters were approached** with the offer to provide them the advisory support. By the time of this report, **19 project promoters/projects** expressed interest and the advisory support was provided to them. The remaining project promoters were approached with several reminders, but they did not express their interest or did not respond. The table below serves for illustration of advisory support progress to the date of this report:

Table 7 Progress of advisory support

Project promoter	Type of promoter	Status	Selected project / comment	Contacted	Interest confirmed	Project selected	Initial recommendations	Consultation	Follow-up review	Ad-hoc consultation
Trencin region	Self-governing region	Done	Clean hydrogen - public bus transport							
National Forest Center	Budgetary organisation	Done	LignoTech: Living Lab for advanced wood processing							
Kosice region	Self-governing region	Done	Innovative centre of Kosice region							
Kosice region	Self-governing region	Done	Hydrogen public bus transport							
Handlova	Municipality	Done	Mining museum in Handlova							
Prievidza	Municipality	Done	Sport centres energy efficiency - state aid implications							
Partizanske	Municipality	Done	No suitable project, general guidance provided							
Raztocno (MAS Ziar)	Municipality	Done	No suitable project, general guidance provided							
Bojnice	Municipality	Done	No suitable project, general guidance to be provided							
University of Zilina	University	Done	Support of education, R&D and innovations in Upper Nitra region							
Sebedrazie	Municipality	Done	No suitable project, general guidance to be provided							
Sutovce	Municipality	Initial consultation	Social services - senior house, general guidance provided							
Kúpele Bojnice	Private company	Request for information	Information on EIB funding options requested							
Kanianka	Municipality	Initial response received	No further response, the mayor has changed							
Banska Bystrica region	Self-governing region	No response	No response after 3 reminders							
Novaky	Municipality	No response	No response after 3 reminders							
Diviacka Nova Ves	Municipality	No response	No response after 3 reminders							
Jalovec	Municipality	No response	No response after 3 reminders							
Kechnec	Municipality	No response	No response after 3 reminders							



Project promoter	Type of promoter	Status	Selected project / comment	Contacted	Interest confirmed	Project selected	Initial recommendations	Consultation	Follow-up review	Ad-hoc consultation
Kos	Municipality	No response	No response after 3 reminders							
Lehota pod Vtchnikom	Municipality	No response	No response after 3 reminders							
Nitrica	Municipality	No response	No response after 3 reminders							
Oslany	Municipality	No response	No response after 3 reminders							
Zemianske Kostolany	Municipality	No response	No response after 3 reminders							
Mestský sociálny podnik Jelsava	Municipal enterprise	No response	No response after 3 reminders							
Ministry of Defence	Ministry	No response	No response after 3 reminders							

In addition to the above **26 project promoters from public sector**, it was agreed with MIRRI and Trenčín self-governing region that the support will also be provided to **8 vocational schools** from the Upper Nitra region. **A workshop was organised** for these schools to discuss their **project proposals** that could be funded under a specific JTF call aimed at improvement of formal education in regions in transition. The workshop also included the presentation of the **methodical guidance** for the preparation of feasibility studies and **walk-through presentation** of the financial and economic model.

## Review of the existing support schemes and their eligibility requirements

As part of Deliverable 2, available consultation and technical assistance schemes were analysed that are available to project promoters for the preparation of projects. It **summarised the available advisory support instruments** that were identified.

Some of the identified schemes are only potentially to be utilised for project preparation after some adjustments of their statutes, or, if an existing scheme is replicated specifically for project preparation support under JTF.

Thus, this activity provided **details of selected advisory support instruments** in the level of detail as illustrated in the picture to the right. More details are provided directly in the respective section of the Deliverable 4. The following list presents the **identified and reviewed advisory support schemes** that can be potential utilised for support to project promoters for project preparation:

National Business Centre	
<b>Funded by</b>	Operational Programme Integrated Infrastructure / ESIF 2014-2020, State budget
<b>Provided by</b>	Slovak Business Agency
<b>Objectives</b>	→ Comprehensive support to small and medium-sized enterprises (SMEs) and those interested in starting their business
<b>Focus areas</b>	<ul style="list-style-type: none"> <li>→ One-stop-shop offering a wide portfolio of information and supplementary services to all starting and established businesses in different stages of their life cycles</li> <li>→ Providing various consulting and project advisory services</li> <li>→ Specific project advisory to preparation of projects that want to apply for funding from the EU's funding programmes (such as Horizon, Erasmus+, Creative Europe)</li> </ul>
<b>Eligibility and conditions</b>	<ul style="list-style-type: none"> <li>→ Eligible entities: Small and medium businesses less than / more than 3 years old (depending on specific call)</li> <li>→ Up to 80 hours of free project consulting services</li> </ul>

- Innovation Vouchers
- Digital vouchers
- MIRRI Regional Counselling Centres

- Self-governing regions - Integrated Territorial Strategy Implementation Units
- Sustainable Urban Development (UMR) Territorial Strategy Implementation Units
- Methodological support to national projects at the level of ministries
- Environmental fund
- National Business Centre (Slovak Business Agency)
- Project of Creative Centres
- JASPERS (Joint Assistance to Support Projects in European Regions)
- ELENA (European Local ENergy Assistance)
- TARGET (Technical Assistance for a Green Energy Transition)
- InvestEU Advisory Hub
- Grants in the scope of the Ministry of Economy
- Grants for the support of cycling transport and cycling tourism
- Grants in the scope of the Ministry of Culture
- Grants in the scope of the Ministry of Finance
- Technical assistance for the preparation of projects for Guaranteed Energy Services (Energy Performance Contracts) for public sector

# “The Lessons Learned” – Recommendations for further implementation

During the implementation of the project, **several lessons learned** were identified, which might be useful for further implementation of the JTP/JTM in Slovakia, for the ongoing stakeholder engagement and public participation in the process, for the communication between different stakeholders or for the identification of further support to project promoters and stakeholders.

The key lessons learned and recommendations are **summarised into 5 groups**:

› **Project preparation**

- Closer support to project preparation to fewer project promoters
- Continuing webinars on project preparation and use of EC's/EIB's guidelines
- Tailor support to project promoters to their specific needs
- Further exploration of other advisory support for project preparation

› **Promotion of Pillars 2 and 3 of JTM**

- Direct discussion on availability of funding from Pillar 3 to eligible applicants
- Promoting Pillar 2 and 3 and InvestEU Advisory Hub on online channels

› **Facilitation of various interactions between stakeholders**

- Facilitation of communication between potential applicants for funding under Pillar 3 and EIB
- Facilitation of discussion on the future revitalisation of brownfield areas
- Facilitation of contacts between project promoters of more complex and interrelated projects

› **Calls for projects**

- Timing of the national project to support employability and employment in transition regions
- Exploration of innovative models for brownfield revitalisation

› **Information dissemination and stakeholder engagement**

- Keeping stakeholders updated
- Follow and share the developments from other regions in transition

**The details** of these lessons learned and further recommendations are provided in the following sections.

## Project preparation



### Closer support to project preparation to fewer project promoters

The technical assistance included the support to **selected project promoters** in project preparation, focusing on aspects such as the project concept, feasibility study and financial and economic (cost-benefit) analysis. **One of the issues** experienced during the project was a **fair selection** of project promoters and potential projects that would receive this advisory support. A methodology for the selection of the project promoters and projects was developed, however, the process of selection and evaluation of projects **revealed to be complicated** and time-

consuming, with expected involvement of the regional working groups that **lacked the technical capacities** to conduct such project evaluation.

Therefore, in order to avoid arbitrary selection of private project promoters that would receive the benefit of advisory support, it was decided that the support will be provided **only to public sector project promoters** – mostly self-governing regions and municipalities. The pre-selection from the public sector promoters was done taking into account the eligibility of projects to be funded from JTF and excluding the projects that may receive or were already receiving other advisory support (for example from JASPERS or ELENA).

Based on this pre-selection, **more than 20 project promoters were approached**. However, the interest of these project promoters was limited at first. There were several reasons for that – some of the project promoters **decided to postpone** their project plans due to other priorities, some of the smaller municipalities lack the capacity to receive guidance on project preparation and to subsequently work on the project preparation documents themselves and would rather prefer a **“turnkey” preparation of these documents** by an external consultant.

In addition, some of the consulted project promoters were only **at the very beginning** of the project preparation, with only a basic description of the project concept and no drafts of any parts of feasibility study or financial and economic model. **On the other hand**, the extent of the project preparation support within the technical assistance to ~20 project promoters is limited to review of the project concept and draft documents, providing recommendations, methodological guidance and consultations on project preparation. When the project promoters are only at an early stage of project preparation, **they need more time** to develop the drafts of the project preparation documents that could then be reviewed and consulted.

Therefore, it may be beneficial in the future, to **focus the support** to project preparation to a **smaller number of project promoters**, with larger projects, with already more developed project preparation documents and with a narrower focus of the advisory support, allowing a **more intensive work** with the lower number of project promoters.

## Continuing webinars on project preparation and use of EC's/EIB's guidelines

As part of the project, a **webinar was organised** to present the approach to the development of project concept, feasibility study and financial and economic analysis. The objective of the webinar was to **approach larger number of project promoters** with the support in project preparation and to provide the initial methodological guidance and to present the resources that are **freely available to project promoters** – specifically the financial and economic model that was developed by the EC in cooperation with JASPERS that can be used as a tool by the project promoters when developing the financial and economic models for their projects.

The webinar is a relatively **easy way to present** the project preparation concepts to a large number of project promoters, who may have limited experience with the development of feasibility studies and financial and economic models. A **walk-through presentation** of the model functionalities, the data input needs, ways on how to populate the model and explanation of how the model works and calculates the results may be useful for the project promoters who **would like to take the first steps** in the development of the financial and economic analysis of their projects by themselves.

However, a single webinar only allows to present the basic information and the attendees need to digest it first, so **the discussion** during a first such webinar **is usually limited**. Therefore, it would be beneficial to extend such webinars in the future. One option is to **repeat the webinar** several times to allow more project promoters to participate. Alternatively, the webinar can be **organised as a series of events** (for example in the sequence of every 2 months), to allow the project promoters to continuously develop their project preparation documents and models, so that they can discuss practical questions and issues from their specific cases during the subsequent webinars.

Finally, the aforementioned financial and economic model developed by the EC and JASPERS, and related *Economic Appraisal Vademecum* methodology<sup>5</sup> are useful tools that are available to project promoters for free use. Therefore, it may be **beneficial to promote these tools** on the website of MIRRI in the JTF section and through other available online channels used for the promotion of JTF and regions in transition.

In the future, the project promoters may also benefit from the **preparation of the Slovak version** of the methodology and model (as they are currently only available in English). However, the preparation of the Slovak version of the model may be a more substantial task, which should be coordinated with the developers of the model, as the model itself is an **automated macro-enabled Excel with programmed scripts**, and not just a basic Excel template.

## Tailor support to project promoters to their specific needs

As mentioned above, different project promoters may **be at a different stage** of the project preparation. Based on the consultations provided as part of this technical assistance, the project readiness among the project promoters ranged between the **very early stage**, when only a project ideation was conducted, resulting in a basic description of the project concept, through some level of project feasibility, to the projects for which drafts of feasibility studies and financial and economic models **were already elaborated**.

Thus, the needs of the project promoters for the support in project preparation varied. For the project promoters that are in a very early stage of project preparation, a **guidance on the project preparation is useful**, so that they can start with the preparation of feasibility studies themselves, or, based on the understanding of all the elements of a feasibility study, they can decide, if they will partially or completely outsource the preparation of the feasibility study.

For the project promoters, that already have the drafts of the feasibility study and financial and economic model, the advisory support should be tailored to the **provision of a critical review and further recommendations** on the finalisation of the project preparation documents or the provision of an **independent due diligence** of the drafted documents.

Other project promoters **may not require any support** for the preparation of the feasibility study – either their project does not require an elaborated feasibility study (because the project is of a small size, is a simple straight-forward project, or is of a type of non-investment project for which a feasibility study is not required), or the feasibility study is already finalised and approved. Such project promoters **may however have other needs** that may require advisory support. They may need an assistance in relation to the state aid implications, consultations in terms of the funding options (grants from different funds/calls for projects as well as financial instruments), preparation of the applications for funding and similar.

Therefore, **when designing further advisory support** to project promoters for project preparation, the support may not be focused only on the development of the feasibility studies and financial and economic models, but should take into account **also these other specific needs** of the project promoters.

## Further exploration of other advisory support for project preparation

As analysed as part of the Deliverables 2 and 4, there are **numerous options available** that can be utilised to provide advisory support or funds for project preparation. Many of these are **not yet fully exploited** and although some of them are not specifically tailored to be used for project preparation, there may be an opportunity to adjust them to allow to use them also for project preparation.

For example, the system of so called **Innovation vouchers** that is currently in place and will be available also in the future, can be used to fund various types of smaller project activities (usually from 2 000 to 50 000 EUR

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<sup>5</sup> Economic Appraisal Vademecum 2021-2027 - General Principles and Sector Applications, [https://ec.europa.eu/regional\\_policy/en/information/publications/guides/2021/economic-appraisal-vademecum-2021-2027-general-principles-and-sector-applications](https://ec.europa.eu/regional_policy/en/information/publications/guides/2021/economic-appraisal-vademecum-2021-2027-general-principles-and-sector-applications)

depending on a specific call for projects), including preparation of project implementation plans for innovative projects. Although it is not specifically aimed at project preparation of the projects to be funded under the JTF, the scheme could be adjusted to also include project preparation under the JTF.

Another option available to **small and medium businesses** is the utilisation of advisory support from the **National Business Centres** – a programme of the Slovak Business Agency. This can provide **various consulting and project advisory services**, including specific project advisory to preparation of projects that want to apply for funding from the EU's funding programmes (such as Horizon, Erasmus+, Creative Europe). The project promoters can up to 80 hours of free project consulting services.

Another option worth to be further explored is the **grant support from various ministries and agencies**, such as Ministry of Economy, Ministry of Transport, Ministry of Culture, Ministry of Finance or Slovak Innovation and Energy Agency. These entities provide **grants funded from the state budget**, usually through calls announced on an annual basis. They may not be tailor-made to support the project preparation, but offer general grants that were used in the past to support also project preparation and feasibility studies, and therefore could be used also in the future for a similar purpose.

Finally, there are various types of advisory support and technical assistance available to project promoters from the EU level. Such support can be now accessed through the **InvestEU Advisory Hub**, which provides a single entry point for project promoters and intermediaries seeking advisory support, capacity building, and technical assistance related to centrally managed EU investment funds. Therefore, it would be beneficial to **further promote this option** through the available online channels and regional working groups for JTF.

## Promotion of Pillars 2 and 3 of JTM



### Direct consultations on availability of funding from Pillar 3 to eligible applicants

As part of the technical assistance it was expected that a support will be provided to selected project promoters in the **preparation of loan applications** for the Pillar 3. It was expected that loan applications will be prepared for up to 15-20 projects. However, up to date, the demand for public loans from EIB under the Pillar 3 is practically **non-existent**. One of the reasons is that there is **a limited number of potentially eligible applicants** for the public sector loan, given the minimum limit of the size of the loan (12,5 million EUR per individual project or a combination of projects within a framework loan), which limits the potential applicants to self-governing regions or large municipalities.

Nevertheless, the municipalities and self-governing regions **have experience from utilising EIB's loans** from the past, so many of them have experience with this type of financing and with the related processes. Therefore, in order to **stimulate the demand** for funding from Pillar 3, it would be beneficial to target several potential applicants that may have **large enough portfolio of projects** that could benefit from EIB's public loan funding – specifically the **regional government** of Trenčín, Kosice and Banská Bystrica self-governing regions and **larger cities** in JTF-eligible districts, such as Kosice and Prievidza.

The direct consultations can thus be open with these potential applicants for loans under the Pillar 3 to understand the **funding needs and project potential** (other than the projects and funding needs expected to be funded from JTF) and to present the options, conditions and eligibility requirements of the public sector loan facility under the Pillar 3. The consultations should be conducted directly with the representatives of EIB. Direct consultations will be specifically useful for the municipalities that **do not yet have experience** with public loan funding from EIB.

## Promoting Pillar 2 and 3 and InvestEU Advisory Hub on online channels

As part of the technical assistance, several activities were conducted to **promote the financial instruments** under Pillars 2 and 3 of JTM. These included dedicated **webinars** to provide information about the financial support that the project promoters can get from Pillar 2 and 3, to introduce financial instruments of EIB and EIF, to provide information about the new InvestEU programme and to introduce the InvestEU Advisory Hub. The funding options from Pillars 2 and 3 were also presented **as part of the train the trainer sessions** for implementation units in Upper Nitra, Kosice and Banska Bystrica region. In addition, a **handbook on InvestEU Programme** was prepared, providing key information on the funding options and advisory support that is available from InvestEU Advisory Hub.

However, given **still a low interest in Pillar 2 and 3 funding** among the project promoters, the promotion activities should continue to build and keep awareness about these funding and advisory options. One of the suggestions is to **expand the information** provided on MIRRI's website related to JTF, where a separate section can be created, summarising the support available from Pillars 2 and 3, providing information on how to request more **information and assistance**, and providing direct **contacts** and **links** to InvestEU Advisory Hub.

Also, the InvestEU handbook that was prepared as part of the technical assistance can be **published and also printed and distributed** to regional implementation units to be used as a marketing and information material to project promoters. Also, as mentioned earlier, the methodologies and sample financial and economic models that were prepared by EC and JASPERS can be published online (or links to the source material) for the use by project promoters.

Finally, the webinars on the funding and support from Pillars 2 and 3 **may be repeated in the future**, to remind the project promoters about these options, ideally engaging the representatives of EIB, Slovak Investment Holding and other entities that will be involved in the implementation of EIB's financial instruments in Slovakia.

## Facilitation of various interactions between stakeholders



## Facilitation of discussion on the future revitalisation of brownfield areas

One of the areas proposed for the calls for projects under JTF as well as one of the main challenges in the transition of the coal regions is the **revitalisation** of mining sites and industrial parks of the mining company and coal-fired power plant. These sites represent a large area with the potential of repurposing but will also require a **substantial investment**. At the same time, the revitalisation and repurposing of these areas includes **mixed interests** of the current owners, municipalities, businesses, state authorities and public.

In order to create successful solutions for repurposing of these areas and implement projects that will provide value to the region, the interests of various stakeholders have to be aligned. Therefore, a discussion **should be facilitated by MIRRI** or other relevant state authority (depending of the type of repurposing, for example Ministry of Economy or Ministry of Culture), to ensure a constructive dialogue a continuous progress of project selection and preparation that takes into account various interests.

On the one hand, the current owners have plans with their own industrial sites. On the other hand, should the revitalisation be partially funded from public funds, the **interests of other parties should be considered** and funding of the revitalisation of these industrial areas should also bring benefits to the region and the public. There are several difficult topics to be discussed prior to the revitalisation and repurposing investments – such as the **functions** that the stakeholders would like to place in individual industrial sites, questions of change of the **ownership** of the sites or **long-term lease** of the sites, set up of **memorandums** of understanding and **contracts** on future cooperation, or even a set-up of **joint ventures** and **public-private partnerships** for the revitalisation projects and future operations in the sites.



Therefore, a team or a **separate working group** should be set up specifically to **regularly meet and discuss** the options and progress of the preparation for revitalisation and repurposing of these sites. The working group **should include at least** the owners of the sites, impacted municipalities and representatives of the relevant ministries and state authorities.

## Facilitation of contacts between project promoters of more complex and interrelated projects

The analysis of the database of projects that were submitted as part of the informal call for projects to be potentially funded from JTF allowed to identify projects proposals, that can be **logically, geographically or economically interconnected** and their joint implementation may generate synergies or economies of scale. Such projects can include cases where the projects can be **related to each other** along the value or supply chain, projects that are of a **similar nature** and may benefit when **implemented jointly**, or projects that can be implemented in the industrial sites of the mining company and coal-fired power plant, and thus can become a **part of the brownfield revitalisation efforts**.

The potential of such combination of projects may not materialise if they will be implemented individually, or in different periods of time. Therefore, it would be beneficial to **facilitate the contacts and networking** between different project promoters where potential for synergies are identified, so that the project promoters can discuss potential **cooperation, coordination** of activities or eventually a preparation of **joint projects** and joint funding applications.

The coordination of the projects, where reasonable and beneficial, will be important also from the perspective of the **planning of the calls for projects** under JTF, as in the cases where interrelated projects will have to apply for funding from different calls for projects, then these calls should also be timed in a coordinated way.

The facilitation of contacts between project promoters and potential investors can also be done through the **promotion of the InvestEU Portal**, where project promoters can register their projects and be matched with interested investors.

### Calls for projects



## Timing of the national project to support employability and employment in transition regions

One of the projects to be funded from JTF is the project to **support employability and employment** of the people who will lose jobs in the industries that are expected to be phased out or transformed in the regions in transition. It is expected to be a **continuation of a project** that is currently running in Upper Nitra. The project - **Support of the employment in the Upper Nitra region** - is being implemented by the Trencin self-governing region in cooperation with HBP (mining company) and municipalities of Prievidza, Handlova and Novaky and is funded from the Operational Programme Human Resources. The project should **continue until November 2023**.

The follow-up project funded from JTF should continue to provide support in Upper Nitra region and **most likely will be extended** to Kosice region and potentially also to Banska Bystrica region. The timing of this project will be important, as it should start once the current project is closed at the end of next year, to make sure that there is a **continuation of the personnel** staffed in the project (mentors, trainers, administrators) and also to ensure that it is **coordinated with the expected lay-offs** at the mining company.

**Significant job losses** at HBP as a result of mine closure are expected specifically in the years 2024-2025 when **up to 900 jobs** will be lost and the project should target those employees to provide them with mentoring, reskilling and job search assistance. As the project is likely to be extended also into Kosice region, the timing should be adjusted specifically to the **expected timing of job losses at U.S. Steel Kosice**. According to the

latest employment forecasts provided by U.S. Steel Kosice, a significant number of jobs are expected to be cancelled in 2026, **more than 2 000**. Therefore, the timing of the project in Kosice region should be align in a way that it is prepared to be rolled out in 2025.

Finally, there may be a **need for a similar project in Banska Bystrica region**, specifically connected with the current interruption of production at **aluminium producer Slovalco**. The company is reducing its operations as a result of current high energy prices, with the expectation to **cut down more than 200** jobs in 2023-2024, with a majority of the lay-offs already in 2023. The specific job losses will depend on the future development of energy prices. The company may scale up the production if the prices decrease and stabilise.

## Exploration of innovative models for brownfield revitalisation

As discussed earlier as part of the need to facilitate the discussion on the brownfield revitalisation, there are many **open questions** and **possible models** of how to revitalise and repurpose the industrial sites of the mining company and power plant. One option is that the owners of the site will seek for available funding and will **revitalise the sites by themselves** and thereby decide on its future use. Another options can be the **sale of the sites** to potential investors and developers who will revitalise the sites and prepare them for future use. Yet another option is that some of the sites will be **purchased by the state or municipalities** that will then repurpose to either to industrial parks or some other use, potentially with public function.

There are, however, also **some innovative models** for brownfield revitalisation that can be explored for their potential for supporting fair transition in the region and ability to **generate income** that can be used to fund further transition activities, and thus ensuring that the funds generated from these industrial sites **remain in the region** to support the transition.

One of such models is a **cooperation of public and private sector** on the revitalisation of brownfields. In such a model, a not-for-profit organisation or social enterprise is set up, to which the selected sections of the brownfield sites are transferred, and the organisation then takes responsibility for the revitalisation of the site. The repurposed site can have different functions – **combining profitable and non-profitable activities** – while the profit from the profitable activities is then used to **fund other transition priorities**. These can include social activities, reskilling programmes, job assistance, and other.

Such innovative models should be **analysed in more detail**, including the examples of successful cases from abroad and their applicability in the Slovak environment. The discussion on the possibility of the introduction of such a model for brownfield revitalisation can then be part of the facilitation activities with the main stakeholders in the region.

## Information dissemination and stakeholder engagement



### Keeping stakeholders updated

The transition towards climate neutrality has a significant impact on the regions, their economies and social situation. At the same time, the introduction of JTF **increased hopes and expectations** of stakeholders in the regions for a smoother process of transitioning, especially in connection to funding that will be available. There is a lot of activities being conducted in the finalisation of the Slovak TJTP and in the preparation for the implementation of JTF and stakeholders keep demanding the latest developments and updates.

Although the members of the regional working groups **are regularly informed** through the workgroup meetings, other stakeholders, and specifically the project promoters that submitted their projects as part of the informal call for projects to be funded from JTF, **may not have all the most recent information** and may not be aware of the plans for the implementation of JTF for the upcoming years. This may **affect their project plans**, as the project promoters may put the project preparation process on hold, may seek other funding options or may eventually abandon their projects.

Therefore, it would be beneficial to **expand the provisioning of information** beyond the regional working groups and **publish key updates** from the TJTP preparation and implementation process also through other channels, including the website of MIRRI and through the regional implementation units. Also, once specific information on the implementation of TJTP is approved and ready to be made public, it can be shared with the project promoters through a **direct mail**, or an **information webinar**.

As a response to this demand, MIRRI began with the preparation of regular newsletters to ensure that all the latest information and updates reach the broadest possible number of stakeholders in eligible territories. The first newsletter was released in the summer of 2022.

## Follow and share the developments from other regions in transition

Different countries and regions in the EU are **finalising their TJTPs** and starting with the **implementation of JTF**. The experience of other countries from the preparation and implementation of JTF may be useful to the Slovak government, as well as to the regional and local stakeholders. Specific experience that may be useful includes how different countries approach the **question of state aid** for various types of project calls, how they plan to utilise and promote **financial instruments** from Pillar 2 and 3, how they will set up the **calls for projects** and their eligibility and evaluation criteria, how they **promote** and **communicate** the JTF, what activities they conduct with stakeholders, and what specific **lessons learned** they have from the process so far.

**Several projects of technical assistance** funded by DG Reform were launched recently in several countries to support the preparation and implementation of JTF, for example in Czech Republic, Croatia, Hungary or in Sweden. The scopes of these projects **vary in some aspects** compared to the technical assistance in Slovakia, reflecting specific issue that these countries need to address in the implementation of JTF. These needs may be similar to those that were already experienced in Slovakia. Mutual sharing of experiences can thus be beneficial to all the countries.

In the past, **several online workshops** and **information sharing webinars** were organised in 2021, connecting transitioning coal mining regions in Slovakia, Romania, Poland, Italy or Czech Republic, where governments and companies shared their plans, and regional stakeholder also participated to share their experiences. As the countries progressed with the finalisation of TJTPs and preparation of implementation of JTF, it may be **beneficial to conduct a follow-up** online events to share the latest information.

The right contacts in some of the countries to continue to and follow-up on the previous discussions can be provided by PwC, or eventually through DG Reform for all the countries where TJTP-related technical assistance was conducted.

## Proposal of indicators to monitor the outcome and impact of the project

The following section contains **proposed indicators** for the Commission and the Slovak authorities to monitor the **outcome and impact** of the project after the conclusion of the contract. The proposed indicators should be **related to the objectives** of the project as outlined in the Request for Service.

Overall, the project should have **contributed** to institutional, administrative and growth-sustaining structural reforms in Slovakia, in particular to **assist the beneficiary** in improving their capacity to design, develop and implement reforms, resulting in **successful implementation** of the Just Transition Mechanisms activities in Slovakia.

**Specific objectives** that the project should help to address can be **summarised as follows**:

- Speeding up the absorption of funds from JTF to ensure full absorption by the end of 2026
- Improving of adherence to the call schedule
- Ensuring the relevance of call for projects to the needs of the regions in transition
- Decreasing the complexity of the calls for projects
- Improving the project preparation to ensure the readiness of projects at the time of the announcement of calls for projects
- Increasing the use of financial instruments and repayable forms of funding
- Increasing the awareness of all three pillars of JTM and of different advisory support instruments

In order to **ensure and monitor** the achievement of the above-mentioned specific objectives, the **following indicators are proposed** to be monitored after the conclusion of the project. Please note that the indicators and their proposed target values **are only indicative** and subject to **review and consideration** by the beneficiary:

Indicator	Formula	Description	Proposed target
% of absorption of funds from JTF	$I1 = \frac{JTF_{impl}}{JTF_{tot}} * 100$	$JTF_{impl}$ = Amount of funds from JTF implemented $JTF_{tot}$ = No of deliverables	Target: I1=100% by the end of 2026
% of calls announced according to schedule	$I2 = \frac{CfP_{ot}}{CfP_{tot}} * 100$	$CfP_{ot}$ = Number of calls for projects announced on time $CfP_{tot}$ = Number of total planned calls for projects	Target: I2=90%
% of fully allocated calls for projects	$I3 = \frac{CfP_{fa}}{CfP_{tot}} * 100$	$CfP_{fa}$ = Number of calls for projects with full allocation of funds before the closure $CfP_{tot}$ = Number of total planned calls for projects	Target: I3=90%
Number of financial instruments implemented	$I4 = No\_FI$	$No\_FI$ = Number of financial instruments implemented	Target: I4=3
Amount of support provided through advisory support instruments to project promoters	$I5 = A\_ASI$	$A\_ASI$ = Amount of support provided through advisory support instruments to project promoters	Target: I5=To be defined Depends on the available advisory support instruments



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