The European Structural and Investment Funds (ESIF) in Slovakia

Management and implementation

Albania: National Convention on European Integration
WG IV Friday, 23 October 2020

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Content

- Introduction & General Context
- EU Funds in Slovakia: Short historical background
- Introduction to ESIF 2014-2020: Institutional set up, management, financial systems
- Case study of 2 Operational Programmes:
  - The IROP
  - The Rural Development Programme
- Q & A / Discussion
Slovakia

Capital: Bratislava
Population: 5,458 ths.
Membership: EU, NATO, OECD, UN, WTO
Currency: euro (€)
Area: 49,035 km²
UNESCO sights

- The village of Vlkolíneč
- Old mining town of Banská Štiavnica
- Attractive gothic town of Bardejov
- Medieval town of Levoča
- Fujara – folk musical instrument
UNESCO sights

- The Spiš castle - the largest medieval castle complex in Central Europe
- Wooden churches
- Caves of the Slovak Karst total (caves discovered 6,200, 18 caves available to public)
- Bukovské primeval forests
and a lot of more ...

- „Fairy tale castle“ Bojnický zámok
- 9 national parks
- 1,500 mineral springs & 20 healing spas
Slovakia – cars producing nation

More than 1.1 million vehicles produced in Slovakia in 2019. The top of the World ranking in the number of cars produced per 1,000 inhabitants: 202 vehicles.

- Car industry subcontractors location
Positive national convergence, but ...

- **GDP per Capita, Slovakia and EU Transition Economies, 2000–17**

- **Disparities in Regional GDP per Capita**
European Structural and Investment Funds (ESIF)

- The ESIF allocation represents approximately 70 percent of public investment in Slovakia.
European Structural and Investment Funds (ESIF)

- Slovakia is not the best example of the ESIF spending ....

**EU overview of implementation by Member State – total cost of selection and spending as % of planned (scatter plot)**

- The chart axes will dynamically update to fit the data range for that year when “fixed axes” is not selected.

*Period Covered: up to 30/6/2020*  
*Refresh Date: 22/10/2020*
Key problems and challenges of SK regional policy

- Huge regional differences, big disparities in unemployment → Key question: how to coordinate economic policies? → huge debate on priorities
- No money to realize regional policy – dependence on EU funds, but big troubles to use them (system set up, project preparation, corruption ...)
- New institutional set up (since 1999) – capacity problems even until today
- Centralization of decision making and finances in the ESIF, but competences and responsibility at regional level ...
- Wasting of money because of non-consistent policy making – each government different approach (e.g. public works)
Problems and longtime solutions

- **missing strategic political decision** (e.g. Finland 50-years strategy for innovations) + year-to-year changing approaches and strategies - **programming for the „drawers“**
- **chaotic institutional set-up of regional policy making** (plenty of institutions at each level, plenty of programmes and funds, bad coordination, problem of capacities ... This is improving slowly)
- **problematic territorial division and performance of public administration & small LGs** (??? 3 macroregions + 12/16 counties (zhupa), municipalisation ???)
- **bureaucracy of EU funds implementation caused by SK institutions**
Further problems...

- balance between the **knowledge economy** - vs. integration of a large part of unemployed to the labor market (Roma, young, 50+ age ... we still need **assembly plants**) + integration of regional policy to the economic policy based on long-term priorities (the balance between the **center** and **village**)
- questions relating to the support of the private sector (not to restrict competition and market economy – negative experience in the tourism sector) - support only of public sector projects?
- fulfillment of the obligations of the Accession Treaty to the EU and international agreements (esp. environmental issues ..)
- Roma - a comprehensive approach needed to address key development challenges in SR, especially in the Eastern Slovakia
Negotiations vs. Delivery – SK experience

- **Negotiations:**
  - Not being the EU member state – you just listen and have to deliver – almost everything has to be approved by the EC
  - Coordination between chapters is very important !!!
  - Mostly negotiations on sector/funds allocation

- **Delivery:**
  - Legislation – harmonization with EU + national legislation (State Aid, Public Procurement, Fight against defraud and corruption ...)
  - Financial set up: co-financing
  - Institutional set up (implementation + steering bodies, certification authorities and monitoring committees ...)
  - Programming
  - Personal capacities
  - Information sharing and campaign
  - Program and project preparation
  → political continuity + pressure of lobbying groups
SK Delivery (pre-accession 1998-2004)

- Dec 1997 – first EC evaluation: „SK shows only limited basis of integrated regional development policy that could prospectively provide for harmony with regulations of the EU structural policy... SK thus needs to carry out significant reforms of her administrative and budget mechanisms in order to be able to adapt adequately to the EU rules and efficiently receive assistance from its structural funds.‟

- March 1998 – deal with Eurostat on NUTS classification

- Oct 1998 – appointment of Vice-Premier responsible for the regional development + creation of the Council of the Government of the SR for the Regional Policy (also with NGOs participation)

- Dec 1998 – decision on creation of the Ministry of Construction and Regional Development (was established in 1999)

- Beginning 1999 – Act on State Aid + start of works on the Integrated Plan of Regional and Social Development (IPRaSD), however in Oct 1999 Government decree No. 923/1999 on Priority Regions for IPRaSR implementation and PHARE assistance drawing → not in line with NUTS → EC did not approved IPRaSD
SK Delivery (pre-accession 1998-2004)

- Sep 2000 - the Principles of the Regional Policy of the Slovak Republic → later transformed to the Law on the Regional Development (Act No. 503/2001) – the key legislative act on regional policy & EU funds
- Beginning 2001 – huge corruption scandal at the Government Office (selection of projects) – Brussels terminated the pre-accession funds for several weeks > government dismissed responsible people + new anticorruption measures → until today we have big troubles with corruption + political pressure on project selection committees
- March 2001 – start of work on the National Regional Development Plan as a replacement of IPRaSD – again big troubles with preparation (esp. not including other actors → the National Convention on the EU started to play significant role since 2002)
- June 2002 - Decree No. 606 to the proposal of contentual and organizational arrangement of the National Development Plan (NDP) elaboration + Sectoral Operational Programs
- January 2003 – EC returned NDP for revising – final version in March 2003 → for EC approval
- June 2004 – final approval from EC > Community Support Framework (CSF)
2004-2006 Programming period

- Slovakia drew EUR 1.219 billion from the overall allocation of EUR 1.169 billion, this constituted 103.93 %. Drawing beyond the allocation was possible due to elimination of the negative impact of the gains reported by the Slovak currency vis-a-vis the euro.

- Additional resources from the Cohesion Fund: EUR 509,7 mil.

- The National Development Plan (NDP) – while respecting the sustainable development, to ensure such GDP growth that the Slovak Republic will have achieved a level exceeding 50% of GDP average in the EU countries by the year 2006.

- 4 OPs:
  - The Sectoral Operational Programme Industry and Services (EUR 134 mil.)
  - The SOP Human Resources (EUR 254 mil.)
  - The SOP Agriculture and Rural Development (EUR 252 mil.)
  - OP Basic Infrastructure (EUR 281 mil.)

- Specific programs for Bratislava region (EUR 72 mil.)

- Specific programs of the EC (EQUAL, INTERREG – EUR 57 mil.)
2007-2013 Programming period

- A key priority: to support the further shift of Slovakia to a more competitive and low-carbon economy by investing in sustainable, green and high-quality transport networks in research and innovation as well as supporting small and medium sized enterprises (SMEs) to become more innovative particularly in key sectors with a competitive advantage.

- A strong emphasis is placed on combating unemployment, but concentrating efforts on vulnerable groups and their access to the labour market (youth unemployment, low-skilled and long-term unemployed people, incl. Roma community)

- The eleven major operational programs in the National Strategic Reference Framework 2007 - 2013 from EU sources spent 11,146 billion. EUR, ie 97.07% of the commitment of EUR 11.483 billion, equivalent to 3.9 percent of GDP / 2,102 euro in per capita terms.

- The highest spending was within the OP Transportation that ended at 100% spending (EUR 3.16 bn), followed by the OP Competitiveness and Economic Growth (98.11%, EUR 0.95 bn), OP Research and Development reached spending at 97.79% level (EUR 1.20 bn), OP Informatisation of Society at 96.91% (EUR 0.82 bn), OP Employment and Social Inclusion at 96.51% (EUR 0.91 bn), OP Environment only at 95.71% (EUR 1.74 billion), as well as the Regional Operational Program at 95.33% (EUR 1.48 billion). The worst performers were the OP Education with spending at 92.49% level (EUR 0.50 bn) and OP Healthcare 87.45% (EUR 0.22 bn). Smaller programs: OP Technical Assistance 91.74% (EUR 89.54 million), Cross-border cooperation of the SR - CR 91.39% (EUR 84.75 million) and OP Fisheries 80.62% (EUR 10.38 million).
Programming documents 2014-2020

EU level

THE COMMON STRATEGIC FRAMEWORK
ERDF, ESF, CF, EAFRD, EMFF

POSITION PAPER

National level

THE PARTNERSHIP AGREEMENT
ERDF, ESF, CF, EAFRD, EMFF

Operational Programmes under the ERDF, SF and CF

Rural development programmes (EAFRD)

Operational Programmes for EMFF

National or regional level
11 thematic objectives for 2014-2020

1. Research and Innovation
2. Information and Communication technologies
3. Competitiveness of SMEs
4. Low-carbon economy
5. Combating climate change
6. Environment and resource efficiency
7. Sustainable transport
8. Employment and Mobility
9. Social inclusion
10. Better education, training
11. Better public administration
The method & funds & institutions: Programming, Partnership and Management

Institutional set-up:
A **managing authority** to implement the operational programme, and a monitoring committee to oversee it.
A **certification body** to verify the statement of expenditure and the payment applications before their transmission to the Commission.
An **auditing body** for each operational programme to supervise the efficient running of the management and monitoring system.

Five European Structural & Investment Funds (ESIF) working together:
- European Agriculture Fund for Rural Development
- Cohesion Fund
- European Social Fund
- European Regional Development Fund
- European Maritime and Fisheries Fund
How it works? – simple model

**Ministry responsible for the OP**

<table>
<thead>
<tr>
<th>Managing authority</th>
<th>Payment Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monitoring Committee</td>
<td></td>
</tr>
</tbody>
</table>

**SO/RO Implementation Agencies** (Calls for proposals, tenders, national projects)

| Project selection | Project implementation, invoices |

| Applicant – Recipient of funds | |

**Ministry of Finance**

- Request for payments and verified invoices
- Payments
- Request for certification, payments and audit
- Financial flow
- Information flow

Other Stakeholders involved:
- National Public Procurement Authority
- Antimonopoly Office (State Aid schemes)
- Audit / Criminal Justice Authorities
- Regional Development Agencies, LAGs and IPCs
- Consulting companies
- NGOs (watchdogs)
- Others

Implementation system: [https://www.itms2014.sk/](https://www.itms2014.sk/)
How it works? – detailed info
Management and implementation

- Entities Participating in Management and Control at Strategic Level
  - Deputy Prime Minister of the SR for Investments - Central Coordination Authority, Audit Authority, Certifying Authority, Coordinators of Horizontal Principles, Financial Interests Protection Body
  - Ministry of Foreign and European Affairs of the SR
  - National Monitoring Committee
  - Coordination Committee for Cooperation in Public Procurement Control

- Entities Participating in Management and Control at Programming Level
  - Managing Authority
  - Intermediate Body
  - Monitoring Committee

I will share the detailed description of their competences and roles with you – in English
Programming

- The Partnership Agreement
- Preparation and Amendment of Operational Programmes
- Adoption and Amendment of Operational Programmes
- Steering Documentation at Operational Programme Level
  - Manual of Procedures
  - Management and Control System Description
  - Support Schemes (rules for state aid or de minimis aid)
- Steering Documentation for Project Selection and Implementation
  - Project Charter Form
  - Application for Grant Form
  - General conditions for provision of a grant (Legal form/Concrete eligible applicant, No tax, health and social insurance debts, etc.)
  - Project Description & Handbook for Applicant
  - Project Selection Criteria & Handbook for Evaluators
  - Handbook for Beneficiary
  - Measurable Indicators at Programme & Project Levels
  - Other Documentation at Project Level (Eligible activities, Conditions of eligibility of expenditure, etc.)
- Selection of Evaluators in the Evaluation Process
Implementation

- Calls – Common Provisions, Modification and Cancellation
- Approval Process – Administrative Verification, Evaluation and Selection of the Application for Grant
  - Procedure for Issuing of Decisions – a decision on approval of the AG, a decision on rejection of the AG, a decision on termination of proceedings
  - Approval Process when Using Two-round Selection Process
  - Remedies, Appeal and Appeal Procedure
  - Final Report on a Call
- Project Implementation
  - Drawing up & Conclusion of the Grant Contract
  - Monitoring of Projects (during project implementation & at the end of project implementation & during project sustainability period)
  - Project control (an administrative control or an on-the-spot control)
- Special Forms of Implementation: National Projects, Major Projects, Technical Assistance Projects, Community-Led Local Development (CLLD), Global Grant, ITI - Regional Integrated Territorial Strategies, Financial Instruments (SIH, SZRB)
Implementation – other important issues

- Eligibility of Expenditures

- State Aid & De Minimis Aid concept & rules

- The European Territorial Cooperation Programmes:
  - a) cross-border cooperation
  - b) transnational cooperation
  - c) interregional cooperation
Monitoring, Evaluation & Publicity/Communication

- Monitoring
  - Report on ESI Funds Implementation Status (CCB);
  - Progress Report (CCB);
  - Annual Review Meeting (MA);
  - Annual/Final Report on OP Implementation (MA);
  - Outlook Plan of OP Implementation (MA);
  - Information on OP Implementation (MA).

- Evaluation
  - a qualitative management tool and shall contribute to improvement of the quality, efficiency and effectivity of the ESIF implementation and to achievement of the ESIF goals
  - CCB & MAs - ex ante evaluation, ongoing evaluation and ex post evaluation

- Publicity and Communication
  - Communication Strategy (NAT, OP and project level)
  - Integrated Network of Information and Advisory Centres
## ESIF for Slovakia 2014-2020

<table>
<thead>
<tr>
<th>Operation Programme</th>
<th>Managing Authority</th>
<th>Allocation for 2014-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>OP Research and Innovation</td>
<td>Ministry of Education, Science, Research and Sport</td>
<td>2 266 776 537 €</td>
</tr>
<tr>
<td>OP Integrated Infrastructure</td>
<td>Ministry of Transport, Construction and Regional Development</td>
<td>3 966 645 373 €</td>
</tr>
<tr>
<td>OP Human Resources</td>
<td>Ministry of Labour, Social Affairs and Family</td>
<td>2 204 983 517 €</td>
</tr>
<tr>
<td>OP Quality of Environment</td>
<td>Ministry of Environment</td>
<td>3 137 900 110 €</td>
</tr>
<tr>
<td>Integrated Regional Operational Programme</td>
<td>Ministry of Agriculture and Rural Development</td>
<td>1 754 490 415 €</td>
</tr>
<tr>
<td>OP Effective Public Administration</td>
<td>Ministry of Interior</td>
<td>278 449 284 €</td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>Government Office of the Slovak Republic</td>
<td>159 071 912 €</td>
</tr>
<tr>
<td>Rural Development Programme of the SR</td>
<td>Ministry of Agriculture and Rural Development</td>
<td>1 545 272 844 €</td>
</tr>
<tr>
<td>OP Fisheries</td>
<td>Ministry of Agriculture and Rural Development</td>
<td>15 785 000 €</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td></td>
<td><strong>15 329 374 992 €</strong></td>
</tr>
</tbody>
</table>
Integrated Regional Operational Programme  2014-2020

- The global objective: to contribute to the promotion of the quality of life and to ensure sustainable provision of public services with impact on balanced and sustainable regional development; as well as economic, territorial and social cohesion of regions, cities and municipalities.
- Designed for regional and local self-governments, covers the whole territory of Slovakia
- Allocation € 1,754,490,415 from the European Regional Development Fund (ERDF)

**IROP structure / Priorities :**

- Priority Axis No. 1: Safe and Ecological Transport in Regions (24 %)
- Priority Axis No. 2: Easier Access to Effective and Higher Quality Public Services (43 %)
- Priority Axis No. 3: Mobilisation of Creative Potential in Regions (12.3 %)
- Priority Axis No. 4: Improving the Quality of Life in Regions with the Emphasis on the Environment (11.4 %)
- Priority Axis No. 5: Local Development Lead by Community (5.7 %)
- Priority Axis No. 6: Technical Assistance (3.5 %)
IROP: management and implementation

- Regional Integrated Territorial Strategies, but the ITIs not fully implemented in the Slovakia
- Specific regional allocations
- Complicated dividing lines with other OPs
- Community-led local development (CLLD) / Local Action Groups (LAGs)

<table>
<thead>
<tr>
<th>Authority/body</th>
<th>Name of the authority/body, and department or unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Coordination Authority</td>
<td>Government Office of the SR</td>
</tr>
<tr>
<td>Managing authority</td>
<td>Ministry of Agriculture and Rural Development of the SR</td>
</tr>
<tr>
<td>Intermediate bodies under managing authority</td>
<td>Ministry of Culture of the SR</td>
</tr>
<tr>
<td></td>
<td>Ministry of Healthcare of the SR</td>
</tr>
<tr>
<td></td>
<td>8 High Territorial Units</td>
</tr>
<tr>
<td></td>
<td>8 Municipalities – Regional Capitals</td>
</tr>
<tr>
<td>Certifying authority</td>
<td>Ministry of Finance of the SR, section of EU funds</td>
</tr>
<tr>
<td>Audit authority</td>
<td>Ministry of Finance of the SR, section of audit and control</td>
</tr>
<tr>
<td>Body to whom payments will be made by the Commission</td>
<td>Ministry of Finance of the SR</td>
</tr>
</tbody>
</table>
Slovakia's Rural Development Programme for 2014-2020

- Formally adopted by the European Commission on 13 FEB 2015
- Allocation of EUR 1,545 million from the EU budget and EUR 534 million of national co-funding
- to increase the competitiveness of agriculture and forestry (by supporting investments to app. 1,250 farms and app. 400 food enterprises) and creating 2,000 jobs via implementation of innovative cooperation projects, projects on infrastructure, human resources via training, advisory services and local services (including integration of marginalized communities)
- Objectives:
  - increase the competitiveness of agriculture and forestry by supporting the investments bringing the higher added-value to the primary production and increasing the efficiency of the organisation of supply chain.
  - the protection and maintenance of high nature value of agricultural and forestry areas, and thus, providing more opportunities for high quality food production and creation of rural tourism activities including diversifying products and services outside from agricultural towards a variety of economic activities in rural areas.
  - improve the economic and social life conditions of rural citizens through investments in better and new infrastructural network, including the broadband infrastructure.
Slovakia's Rural Development Programme for 2014-2020

- 6 Rural Development Priorities (Priority 1 - knowledge transfer and innovation is incorporated into remaining 5 priorities), the main priority if no 4.

<table>
<thead>
<tr>
<th>Priority</th>
<th>Allocation in EUR</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>P2: Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests</td>
<td>374 294 740</td>
<td>18,00</td>
</tr>
<tr>
<td>P3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture</td>
<td>400 390 000</td>
<td>19,25</td>
</tr>
<tr>
<td>P4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry</td>
<td>896 538 000</td>
<td>43,11</td>
</tr>
<tr>
<td>P5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors</td>
<td>19 223 650</td>
<td>0,92</td>
</tr>
<tr>
<td>P6: Promoting social inclusion, poverty reduction and economic development in rural areas</td>
<td>310 093 019</td>
<td>14,91</td>
</tr>
<tr>
<td>- of which: LEADER</td>
<td>197 283 019</td>
<td>9,49</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>79 055 720</td>
<td>3,80</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2 079 595 130</td>
<td>100,00</td>
</tr>
<tr>
<td>Criterion</td>
<td>Score</td>
<td>Yes or not</td>
</tr>
<tr>
<td>-----------</td>
<td>-------</td>
<td>------------</td>
</tr>
<tr>
<td>1. The project is being implemented in the district with the <strong>average registered unemployment rate</strong> at 31.12. year preceding the year of call:</td>
<td>14</td>
<td>Not</td>
</tr>
<tr>
<td>– Up to 15 %, including</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>– Over 15%</td>
<td>16</td>
<td>Yes</td>
</tr>
<tr>
<td>Rural status (population density per km²):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The project is located in the village with the following population density per km²:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Up to 50, including</td>
<td>3</td>
<td>Not</td>
</tr>
<tr>
<td>– Over 50 up to 100, Including</td>
<td>2</td>
<td>Yes</td>
</tr>
<tr>
<td>– Over 100</td>
<td>1</td>
<td>Not</td>
</tr>
<tr>
<td>3. The project is administered <strong>and implemented in the village of less than 500 inhabitants</strong> or project has an impact on more municipalities and is administered by the association of municipalities</td>
<td>2</td>
<td>Yes</td>
</tr>
<tr>
<td>The declared <strong>eligible expenditures</strong> by the applicant in connection with the project are:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Villages up to 500 inhabitants, including</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) max. of 100 ths. EUR</td>
<td>19</td>
<td>x</td>
</tr>
<tr>
<td>a) max. of 150 ths. EUR</td>
<td>17</td>
<td>x</td>
</tr>
<tr>
<td>a) more than 150 ths. EUR</td>
<td>15</td>
<td>Not</td>
</tr>
<tr>
<td>5. The project is <strong>related to economic development</strong> or project combines a number of actions/approaches forming the specific conditions for the economic development of rural communities (i.e. that the aided investments will have a positive impact on employment, business development, etc.), in compliance with the environmental protection and rational use of natural resources</td>
<td>8</td>
<td>Yes</td>
</tr>
<tr>
<td>6. The project addresses also facilitate the access of marginalized groups or contain elements of green infrastructure</td>
<td>5</td>
<td>Yes</td>
</tr>
<tr>
<td>7. Municipality or an association of municipalities has not been approved any projects under other calls, e.g. in sub-measures 7.2, 7.4 and 7.5 of the RDP 2014-2020 or under this open call has not been submitted more than 1 grant application, in parallel</td>
<td>4</td>
<td>Yes</td>
</tr>
<tr>
<td>Quality of the project - <strong>qualitative assessment by APA selection committee</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) the appropriateness, effectiveness and complexity of the project</td>
<td>max 40</td>
<td>x</td>
</tr>
<tr>
<td>a) project methodology – how project will be implemented</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) the budget and cost-effectiveness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) administrative, professional and technical capacity of applicant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) sustainability of the project</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Useful links

- **ESIF in Slovakia:**
  - [http://www.nsrr.sk/](http://www.nsrr.sk/)

- **Ministry of Agriculture and Rural Development of the Slovak Republic**
  - [http://www.mpsr.sk/](http://www.mpsr.sk/)
  - and on the IROP and the RDP:
    - and [https://www.apa.sk/](https://www.apa.sk/)

- **Ministry of Investments, Regional Development and Informatization of the Slovak Republic**
Thank you for your attention