



Slovakia

ESF project "Evaluation of the efficiency of public expenditure – public expenditure reviews"

Key facts

SPECIFIC OBJECTIVE OF THE OPERATIONAL PROGRAMME

'Improved systems and optimised processes of PA'

TARGET GROUPS



Society in general – the goal of the project is to improve the efficiency of public expenditure and to contribute to a balanced budget

BUDGET

EUR 6,432,604.15

Project financed from ESF funds



BENEFICIARY ORGANISATION

Ministry of Finance of the Slovak Republic

PROJECT DURATION

01/10/2015 – 31/03/2021

COORDINATOR

Štefan Kišš, Director, Value for Money Division, Ministry of Finance of the Slovak Republic



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PROJECT/ORGANISATION WEBSITE



<http://bit.ly/2GsYvpA>

<https://finance.gov.sk>



<https://sk-sk.facebook.com/uhp.hodnotazapeniaze/>

PARTNERS

International Monetary Fund, Implementation Unit at the Office of Government

Activities implemented

PROJECT IN NUMBERS



Public expenditure reviews carried out



Law on financial control amended (regular expenditure review introduced)



Evaluations of investment projects carried out



Methodology published for public expenditure reviews

MAIN PROJECT TASKS



Carrying out a minimum of 39 sectoral expenditure reviews. With the help of the Implementation Unit, translating the findings of these reviews into practical improvements in the efficiency of public expenditure in the country.



Developing a methodology for public expenditure reviews.



Incorporating regular expenditure reviews into the existing public finance legislation.

Project journey: from conception to delivery

INITIAL STAGE

CONTEXT OF THE PROJECT

The idea of measuring value for money in Slovak public administration was born in 2013. The ESF 2007-2013 project 'Capacity building of analytical staff' ('Budovanie kapacít analytických pracovníkov'), which ran from January 2014 to December 2015, provided training to high-level analysts for the Slovak government, including some of the future staff of the Value for Money Division (VFMD). In early 2016, the VFMD was created at the Ministry of Finance with the main goal of delivering expenditure reviews and ex-ante analysis of public investments over a certain value. Support for the full functioning of this division is the focus of the present project.

PURPOSE OF THE PROJECT

The main goal of the project is **to evaluate whether the taxpayers' money is used in the best possible way to achieve the goal of delivering high-quality public services**. Its specific goal is to improve analytical capacities at the Ministry of Finance. The project's core activity is the development of public expenditure reviews – evaluating the efficiency of selected public expenditures (including their impacts on the private sector) and comparing alternatives for the use of these finances.

MAIN CHALLENGES FACED, AND DIFFICULTIES ENCOUNTERED

The central (and ongoing) challenge facing the project is **the need to cooperate with branch ministries in order to implement expenditure reviews**. According to project staff, the level of such cooperation varies, depending on the objectives of the leadership within the branch ministries. In her interview, VFMD staff member Alexandra Bočeková characterised this challenge as follows: 'Good cooperation means that the Ministry understands the philosophy behind the expenditure reviews, understands that reviews are a necessary tool to achieve value for money (and through this, better quality of public services), and wants to learn.'

PROJECT PHASE

KEY DEVELOPMENTS AND EVENTS DURING THE IMPLEMENTATION PROCESS

Project implementation began relatively smoothly, thanks to **strong internal support at the Ministry of Finance** and the personal interest and influential position of one of the 'fathers' of the project, the late economist Dr. Martin Filko. The VFMD had already been created at the Ministry of Finance in early 2016, with Štefan Kišš appointed as its head. The VFMD carried out a first pilot public expenditure review during 2016 to test both the concept and its methods of implementation. Based on this, at the end of the year the team published a draft methodology for public expenditure reviews. The final output of this phase was the material prepared for the Slovak Government on ways to link public expenditure reviews with the national budgeting process.

KEY RESULTS AND SUCCESS FACTORS

The project is achieving its main goals. By May 2019, the **VFMD has already delivered 39 evaluations of investment projects and 19 sectoral expenditure reviews**. A set of guidelines has been prepared (as ongoing documents, open for revision). In addition, new paragraphs on expenditure reviews that are based on the project's results have been incorporated into the Law on Financial Control and Audit, which will enter into force from January, 2020.

RESULTS, IMPACTS

(EXPECTED) IMPACT ON THE ADMINISTRATIVE SYSTEM

The project is of undoubted fiscal importance. Slovakia's system of regular expenditure reviews is becoming a tool for identifying ineffective programmes or expenditures. These spending resources are expected to be reallocated to more effective choices. For example, the expenditure review carried in relation to health care identified potential savings EUR 124.5 million.

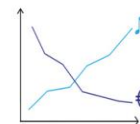
LESSONS LEARNT: THE ROLE OF ESF FINANCIAL SUPPORT

The main actors in the project are still learning how to deliver expenditure reviews in the best way possible, as well as how to work with branch ministries and especially how to convert into practice the results of the reviews that have already been implemented. **ESF funding is an important enabling factor in this process**, particularly from the point of view of providing a financial incentive to the group of experts involved to remain at the VFMD and deliver the best possible results. ESF support has enabled expenditure reviews and ex-ante investment audits to be carried out, on a much larger scale than would have been possible using funds from the national budget.

REFLECTIONS

VIAC MUZYKY ZA MENEJ PEŇAZÍ

SME VLÁDNI ANALYTICI A CHCEME, ABY ŠTÁT MÍNĀL VAŠE PEŇAZE ÚČELNE A EFEKTÍVNE



The title says 'More for less' (direct translation is More music from less money). The subtitle is 'We are government analysts and we want that the state spends your resources in effective and efficient way'.

Source: <https://sk-sk.facebook.com/uhp.hodnotazapeniaze/>

Personal experiences



'Successful countries of the 21st century may vary in terms of the size of the state, but they have one feature in common – effective public administration that focuses on results'.

Filko, M., Kišš, Š. Odor, L. (2016), *Najlepší z možných svetov: Hodnota za peniaze v slovenskej verejnej politike*. Bratislava: Ministry of Finance.

'The VFM project is one of the most useful projects carried out by one of the most useful public bodies in Slovakia. Its only limitation is imperfect follow-up at some branch ministries'.

Martin Klus, Member of Parliament from the main opposition party, SAS

The study "Progress Assessment of the ESF Support to Public Administration" (PAPA) aims to present specific cases of ESF-funded public administration reform and capacity building initiatives. The contractor prepared 30 case studies and factsheets on ESF supported projects funded in 17 beneficiary countries of Thematic Objective 11 during the programming period 2014-2020.

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PPMI

Find out more about the project by following the link <http://bit.ly/PAPA-PPMI> or scan the QR code using your smartphone camera.

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