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a priority.

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## SETTING THE AGENDA

## EU FUNDS

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knowledge a priority

EU funds  
can be an effective  
tool for easing  
regional disparities

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Spectator staff

ACCORDING to a number of EU fund experts, Slovakia should concentrate on projects geared to long-term economic and social strategies. The experts especially recommend focusing on funds that will upgrade the knowledge-based economy, infrastructure and culture.

"More money should be directed to the knowledge-based economy, creating public private partnerships in education and joint research and development between universities, research and companies," said Patrik Zoltvány, EU consulting and lobbying service practice leader and head of AJG European Office.

According to Beatrix Kormančíková, head of the project management department at Castor & Pollux Group consulting, infrastructure in fields such as transportation, and environment, information technologies should be the strongest absorber of the EU funds.

"I would emphasize improving the citizens' infrastructure such as education, health care, culture, and social affairs.

"In culture it concerns mainly historical objects (Slovakia has about 9,500 national cultural monuments), memory and fund institutions such as libraries, museums, galleries and archives as well as cultural centres," Kormančíková said.

Ján Trgala of S&K Management Systems believes the EU funds can help with the difficult problem of Slovakia's regional disparities. Trgala believes it is a matter that will take cooperation between the ruling coalition and the opposition. And he adds that short-term strategies will not work. He says that there must be "strategies which go beyond the 4-year governmental election period ... where the EU funds could be a significant complementary financial resource".

Additionally, Trgala says, the EU funds could play a major role in building a long-term transportation infrastructure in the more remote parts of Slovakia. At present, according to Trgala, existing state funds are inadequate to finance such projects effectively: "We would definitely see a higher interest of foreign investment in eastern Slovakia if the infrastructure was more developed there."

Skills in EU  
funds are growing

EU fund experts think Slovakia has made a progress in the know-how of using the funds during the last four years although some mistakes still remain.

Kormančíková of Castor & Pollux Group listed major "kids' diseases" that the system had to face at its beginning.

The capacities of the EU fund managing and implementing bodies in Slovakia were not created quickly enough according to Kormančíková. She ran down a list of the problems in the system during its early stages: the organisations were inexperienced and not well trained; the central IT monitoring system was introduced only gradually and, in some areas, new domestic legislation had to be adopted meaning that in some bodies rules were created after they had already begun operations; decisions were not always made in line with the intended long term goals.

Kormančíková noted that the EU structural fund assistance was administered exclusively by the state bodies which were the only ones with experience with the EU pre-accession fund drawing procedures. According to Kormančíková, problems of those managing and implementing bodies can be documented by checking the results that are monitored by the Cabinet's Office.

"While the interest of applicants, as measured by the number of submitted projects, surpassed the volume of resources by a large margin, the number of concluded contracts was much lower and the actual drawing of funds was very weak. From the point an applicant's view, this was reflected in an extraordinarily long waiting period before the managing and implementing bodies responded to the submitted projects and paid the [project's] costs," she said.

However, despite the "diseases" she characterized the first period of utilizing the Structural Funds in Slovakia (2004 - 2006) as successful.

Trgala of S&K Management Systems believes that during the last four years Slovakia has succeeded in developing a functional system of EU fund management on the public administration level.

"After a beginning period when few barriers were observed on the side of the administration, the ministries have adopted measures to avoid misunderstanding between the beneficiary and the donor and, especially in the last two years, we have begun to really take advantage of using funds in all their range," he explained.

Trgala thinks the EU funds administrators have gained valuable experience while working on a daily basis with the funds programmes and implementation.

There is still a room for  
improvement

The experts agree that the potential applicants for EU funds have improved in the design of their projects but they also agree that assistance to the applicants from the state managing and mediating bodies could still be improved.

"There should be a larger focus on building and improving the administrative structures that are responsible for the management of the programmes. There is still a high turnover of the employees - young and talented people come, start working there and then once they learn the process they leave because they are frustrated by the working conditions. Effective monitoring of projects is also missing," Zoltvány of AJG explained.

Additionally, Zoltvány says that difficulties also appear with the recipients themselves who get into trouble after they have been awarded the grant funds and are suddenly faced with cost and project management complications for which they are unprepared.

Zoltvány also suggests that a better system of selection criteria for projects be developed so that nobody feels discriminated against in any way.

Kormančíková thinks decisions which take into consideration the priorities of the EU are most crucial in terms of correct application of the EU funds. "More complex projects reflecting long term needs and trends must get more room."

She also suggests better preparation and training for the bodies involved in fund management - administration at the ministries and territorial units. She thinks better schemes for rewarding their employees could also help increase the efficiency of their work.

The procedures of managing and implementing bodies should be revised to facilitate drawing of the EU structural funds.

Kormančíková thinks that in order to increase the transparency of the EU fund distribution, closer attention should be paid to the composition of various monitoring and managing committees that are made up of representatives from the public and business sectors and non-governmental organisations (NGOs). According to Kormančíková the higher territorial units, municipalities, and the NGOs should have more representation on these committees.

Trgala is convinced that the transparency of EU funds distribution has improved in the last couple of years. There have been various multi-stage evaluation controls implemented and thus the system should work. "However there are always questions of personal integrity when someone breaches moral and financial standards and causes instability in any system," he summarised.



AS of July 7, about Sk10.2 billion (€270 million) of the EU Structural Funds were spent at 2,808 currently running projects, SITA news wire wrote. Basic Infrastructure programme swallowed the largest volume - Sk3.5 billion. Of this amount Sk1.6 billion was spent on the projects of the transportation infrastructure and Sk1.2 billion on the projects of the local infrastructure.

## UNDP: In search for delicate balance

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deals with the Roma and the displaced in an important neighbouring region, and many of the recommendations apply to Slovakia as well. Some of the key recommendations include:

Development programmes should not focus on particular groups per se but rather address the needs of the whole community. This is the best way to integrate the Roma into the social and economic mainstream. In order for development policies and programming to succeed, they must take into account local and territorial specifics.

Such area-based community-focused approaches have the highest potential to integrate - and not segregate - vulnerable groups. A good example of such programmes is "The Cserehát Programme" that we have launched with the Hungarian government in north-eastern Hungary.

**TSS: Deputy Prime Minister for National Minorities Dušan Čaplovič said the government plans to apply temporary balancing strategies to help the community. Can balancing strategies and affirmative action help the community to get closer to the mainstream? Can you give us some positive examples from other European countries?**

**BS:** Various forms of positive discrimination have been employed successfully in many countries, both in Europe and elsewhere. In the United States, the creation of a large Black middle class since the 1960s has been due in part to affirmative action programmes, particularly in education, employment, and contracting.

However, in many countries even the beneficiaries of these special programmes resent the



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■ Ben Slay.

"onus" that sometimes accompanies them, and the suggestion that success is due to government favouritism rather than individual accomplishment.

In Slovakia, policy makers and communities must strike a delicate balance between targeting special assistance for Roma and other vulnerable groups on the one hand, versus creating ethnic-based entitlements that are resented by both non-recipients and, in some cases, recipients as well. The focus should be on vulnerable groups and poor regions, not ethnicity or skin colour.

**TSS: The new government declared an effort to fill the gap between the underfed eastern parts of the country and the wealthy West. What, in your opinion, are the greatest challenges the new government will face in this area?**

**BS:** The reforms introduced by the Slovak government suggest that a consistent, ambitious set of tax, labour market and social policy reforms can significantly reduce unemployment and raise incomes

for many low- and middle-income households in a relatively short period of time.

This particularly applies to Slovakia's depressed eastern regions, where most of the Roma communities are located, and where solutions to development problems could take decades. What we are seeing now is that in spite of the growth in employment and household incomes, some low income households no longer receiving social benefits have not benefited correspondingly from Slovakia's employment growth, and have thereby fallen deeper into poverty. Integrated area-based development programmes can help with eradicating disparities.

**TSS: What were the most important steps that the past government took to lift the less developed regions to the level of the Bratislava region? What were the most important developments of the past four years?**

**BS:** The set of tax, social policy, and labour market reforms introduced by the Slovak government during 2002-2006 were intended to boost economic and employment growth in Slovakia by strengthening the role of market forces and work incentives.

They succeeded in accelerating growth in GDP and employment, strong increases in foreign direct investment, declining unemployment rates and improvements in Slovakia's fiscal position. Importantly, these measures were supplemented by initiatives targeted at high-unemployment regions.

Opponents claim that these measures have exacerbated problems of inequality and regional disparities, and this can not be ruled out. However, the data currently available generally do not support such charges.