

Slovakia Value for Money Reviews: Context, Progress and Considerations

International Monetary Fund
European Commission

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Background to spending review

- **Very happy to be involved in this key initiative in providing technical support on design and management of the review**
- **Countries increasingly recognizing important role of PERs to create fiscal space to address rising fiscal pressures**
 - Deficit targets, increasing spending pressures (ageing; spending gaps), and new policy initiatives (education)
- **EC & IMF experiencing increasing demand**
- **Slovakia now moving to forefront with this PER initiative**



Design of Slovak PER

- **Very sensibly started with reviewing experience with PERs in the countries that do this regularly**
- **Decision to gradually roll out spending reviews reflected need to build up capacity (institutional infrastructure and human capacity)**
- **Gradual approach has also enabled incorporation of lessons learned into “new” reviews**

Key lessons

- **Effective spending review (analysis versus actions) requires**
 - High-level political commitment supported by institutional framework (Implementation Unit) and public awareness
 - Most effective when line ministries are committed to the PER (e.g., health review)
 - Ministry of Finance (especially Budget Office) plays a key role in realizing and monitoring efficiency gains
 - Everything much more transparent if have clear spending baseline projections so that stakeholders visibly see results



Overview of progress to date

- **PER pilots (education, ALMPs, revenue) helped build up institutional and human capacity**
- **Despite resource and time pressures, first-round of reviews generated results**
 - Health: strong commitment from health ministry and collaboration with VfM unit, with clear measures incorporated into the budget
 - Transport/IT: good progress in strengthening investment project selection process (“Green Book”)
- **Second-round of reviews incorporated lessons from first-round (env, edn, social/labor)**
 - Stronger collaboration between VfM and line ministries
 - Stronger stakeholder involvement



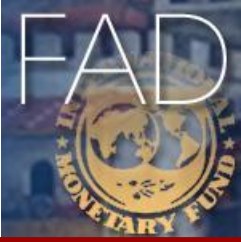
Ongoing issues

- **Need to keep focus also on realizing (and building on) successes from first-round**
 - Important to quickly get Implementation Unit operational
 - Important to ensure strong monitoring of commitments by Budget Office in MoF
- **Need to focus attention on policy recommendations in second-round**
 - Environment: policy focus already strong
 - Education: ensure spending commitments (wages) are linked to quality improvements and reallocations
 - Social & Labor: recognize need to improve spending efficiency to finance future spending pressures (ageing) and address remain “poverty” gaps



Where to next?

- **Maintain focus on realizing gains from first-round of reviews**
- **Switch focus of second-round of reviews to identifying clear efficiency savings and VfM**
- **Start planning for third-round of reviews**
 - Expand to incorporate other ministries
 - Cross-cutting issues: public wage bill management?
 - Issues raised in previous rounds (Roma; Social Care; Pension System)
- **Importance of medium-term budget framework and baselines**



THANK YOU