

# Slovakia Value for Money Reviews Progress and Considerations

**International Monetary Fund  
European Commission (SRSS)**

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# Outline of Presentation

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## **I. Initiation of the Third Round**

- a. Agriculture and Rural Development
- b. Public Wage Bill
- c. Marginalized Groups

## **II. Progress from Previous Rounds**



## II.a Public Wage Bill

- Strong international benchmarking
  - Aggregate wage bill not high but rising: reflecting mainly wage levels and trends
  - But employment higher in some areas (public administration, police) and lower in others (army, health/social work)
  - Substantial variation in wage levels across sectors (seem high in central government, budgetary organizations, local government)
  - .....and possibly within?



## II.a Public Wage Bill

- Challenge is to identify savings to contribute to financing wage increases (especially low wages)
  - Need to understand differences in wages across government...
  - ....and think of ways of reducing employment in some sectors (up-front costs)
  - Will require consolidating (collecting) data from various sources/sectors (administrative, LFS, PIAAC) and careful analytical analysis
  - Need deeper understanding of constraints created by indexing of some wages to average wages.
  - Construction of careful baseline will help calculation of “savings”



## II.b Agriculture and Rural Development

- Strong initial diagnostics
  - Issue seems to revolve around inappropriate mix of agricultural activities/crops
  - National value added would increase with greater emphasis on labor intensive crops
  - Unclear why existing emphasis on cereals etc. with “agribusiness”



## II.b Agriculture and Rural Development

- Challenge is to redirect to high-value added activities
  - Does this require greater emphasis on rural development (Pillar II)?
  - Consider scaling back number of RD activities to reduce administrative cost (away from direct payments)
  - Can direct support be more progressively linked to farm size (e.g., capping absolute benefits, support linked to size)?
  - Advance planning for reform of CAP, e.g., greater emphasis on RD components
  - Need to identify share of discretionary spending in total, which can be influenced by spending review

## II.c Marginalized Groups

- Broad understanding of key issues
  - Clear understanding of nature of challenges (income poverty, education, health, housing etc)
  - Clear understanding of need to clarify the components of “disadvantage” that need to be addressed
  - Motivation also comes from need to plan for next round of EU funding

## II.c Marginalized Groups

- Range of issues need to be addressed
  - Generate consensus on overall conceptual and analytical approach (focus on “gaps” or “groups”)
  - Identify key indicators of disadvantage: benchmarking across countries, population and time
  - Integrate various data sources for strong quantitative diagnostics (international and national benchmarking)
  - Start mapping spending (from various sources) to programs/instruments relevant for addressing “gaps”





## III Progress from Previous Rounds

- Continued improvement in outputs:
  - More detailed measures
  - Measures provided relative to baseline
- Good progress in strengthening institutional framework to ensure results
  - Implementation Unit started in June 2017 (Office of DPM); key for ensuring “impact”
  - Now 2 senior staff plus 2 junior analysts to come
  - Progress in developing implementation framework (Implementation Plan; Quarterly Dashboard; Implementation report)



## III Progress from Previous Rounds

- Issues to be addressed going forward
  - Implementation Unit has started to take on tasks that would ideally be taken on by Budget Department and Line Ministries (potential overreach/overextension)
  - Need to be more granular on measures, timelines, indicators during the review; and focus on value for money as well as savings (“Experimentation”)
  - Need for IU to provide feedback to VfM team and sector reviews:
    - What types of measures work in practice
    - Step in at three quarter mark to provide input to steps and indicators



**THANK YOU**