



Increase ESIF Absorption, Eliminate Gold-plating and Provide Result-oriented Investments in the 2021-2027 Period

Project Kick-Off Meeting
19 September 2023, Bratislava, Slovak Republic

OECD Presentation





Outline of the presentation

- 1** Why governance and administrative capacity matter
- 2** Initial observations based on OECD analytical framework
- 3** Project design, organisation, timeline
- 4** Questions and answers



1. Why Governance and Administrative Capacity Matter



Public investment as a policy lever to address long-term development challenges

A mix of development challenges in the face of megatrends and shocks

- **Megatrends and shocks:** population ageing, climate change, globalisation, COVID-19 crisis, Russia's large scale aggression against Ukraine, inflation ...
- Economic activity **has rebounded** after 2020 and the recovery is set to accelerate
- Yet, facing long-term challenges such as increasing labour productivity and reducing socioeconomic and wellbeing gaps



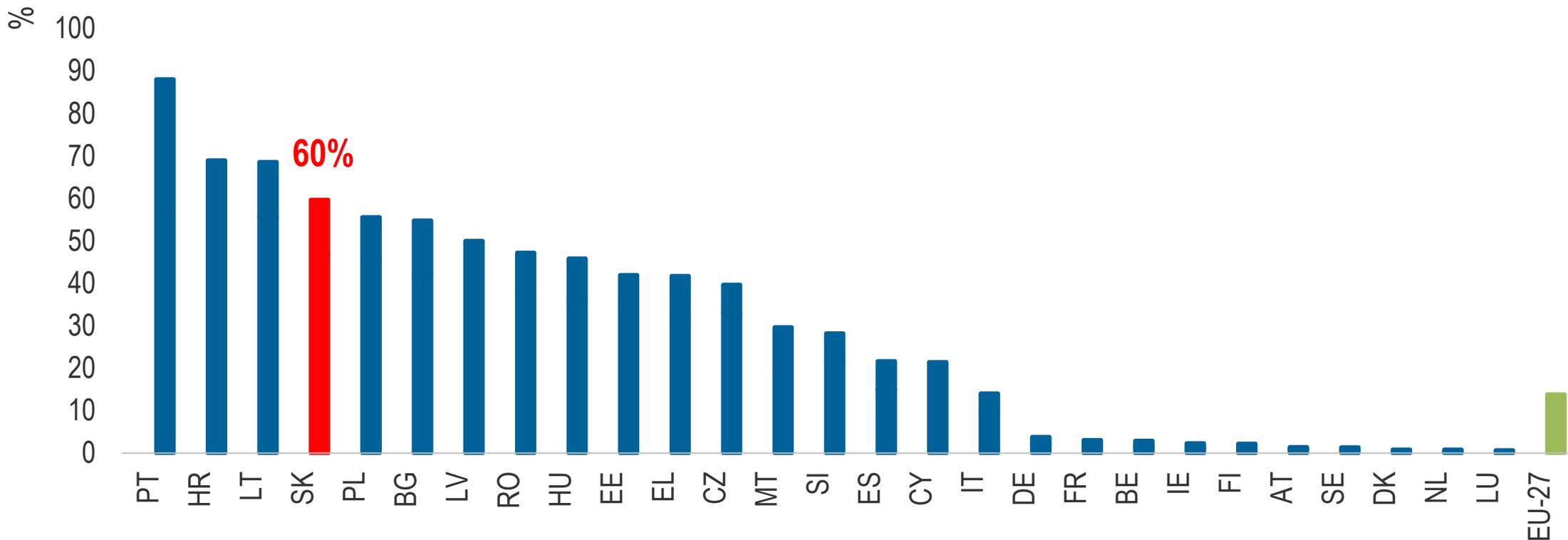
Significant investment needed to tackle the challenges

- **EUR 8 billion** – estimated investment costs for the National Energy and Climate Plan 2021-2030
- **EUR 960 million investment gaps** to implement the National Broadband Plan
- Health and long-term care for an ageing society
- Transport connectivity and mobility
- Digitalisation...



Cohesion Policy investment accounted for 60% of public investment in the Slovak Republic

Cohesion policy funding as percentage of government investment in EU Member States in the 2014-2020 period



Additionally, Slovakia's National Recovery and Resilience Plan has planned investment of EUR 6.3 billion (6.9% of its GDP).



Quality governance and administrative capacity help optimise public investment

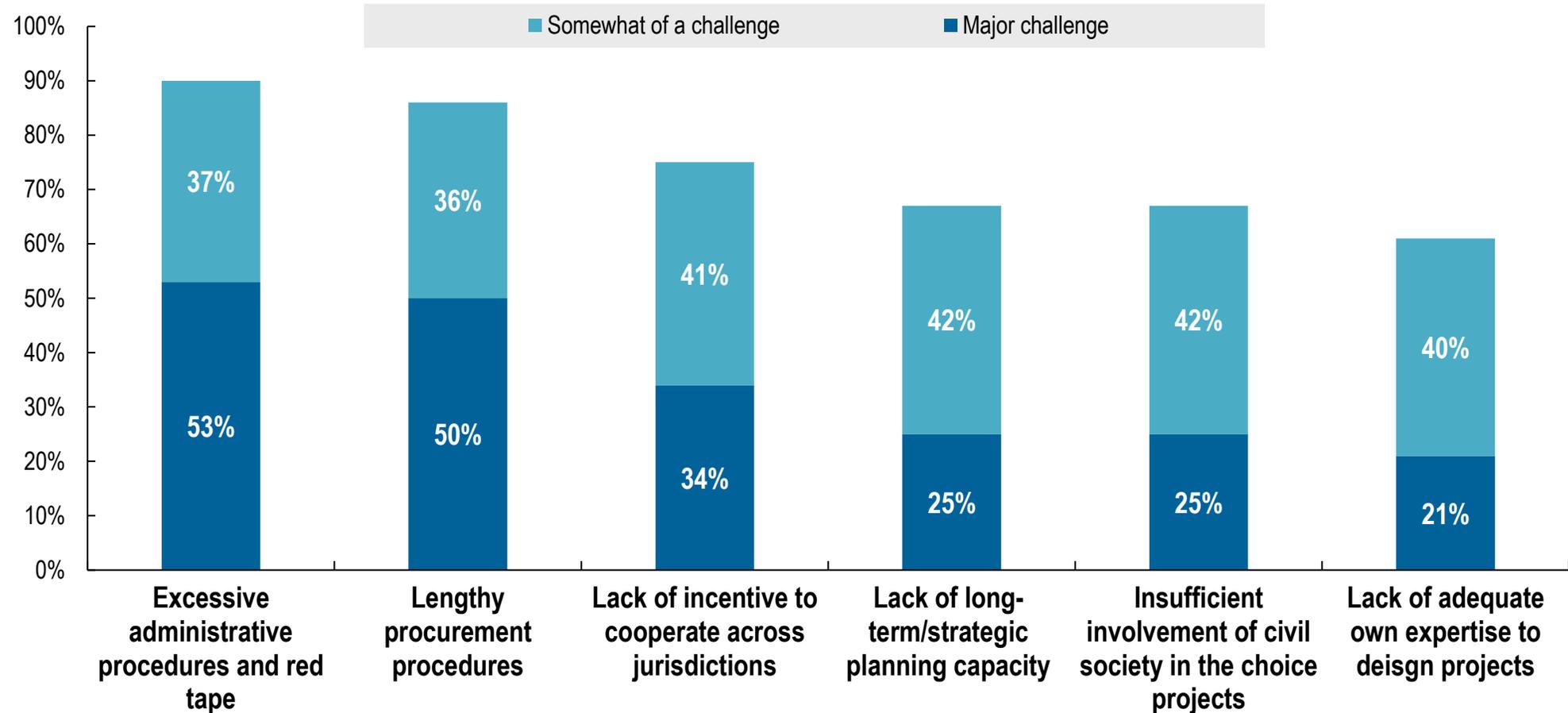


- **30%** potential gains from public investment are lost due to inefficiencies in public investment processes
- For infrastructure projects, effective project selection, delivery, and management of existing assets could generate up to **40%** savings
- The 2022 OECD Economic Survey of Slovak Republic calls for **enhancing public investment governance and streamlining public procurement** in the country



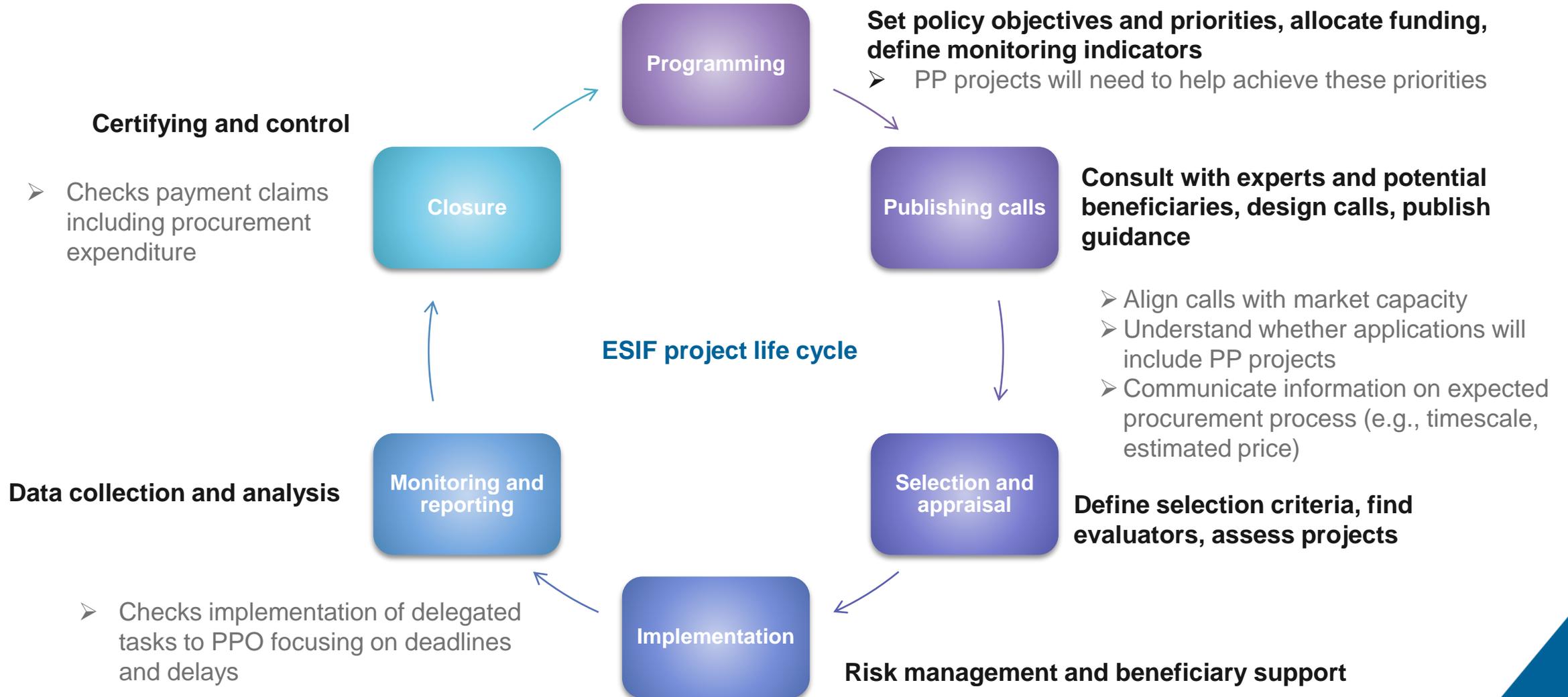
Capacity gaps in managing public investment

Perceived challenges of infrastructure investment





Project life cycle and public procurement

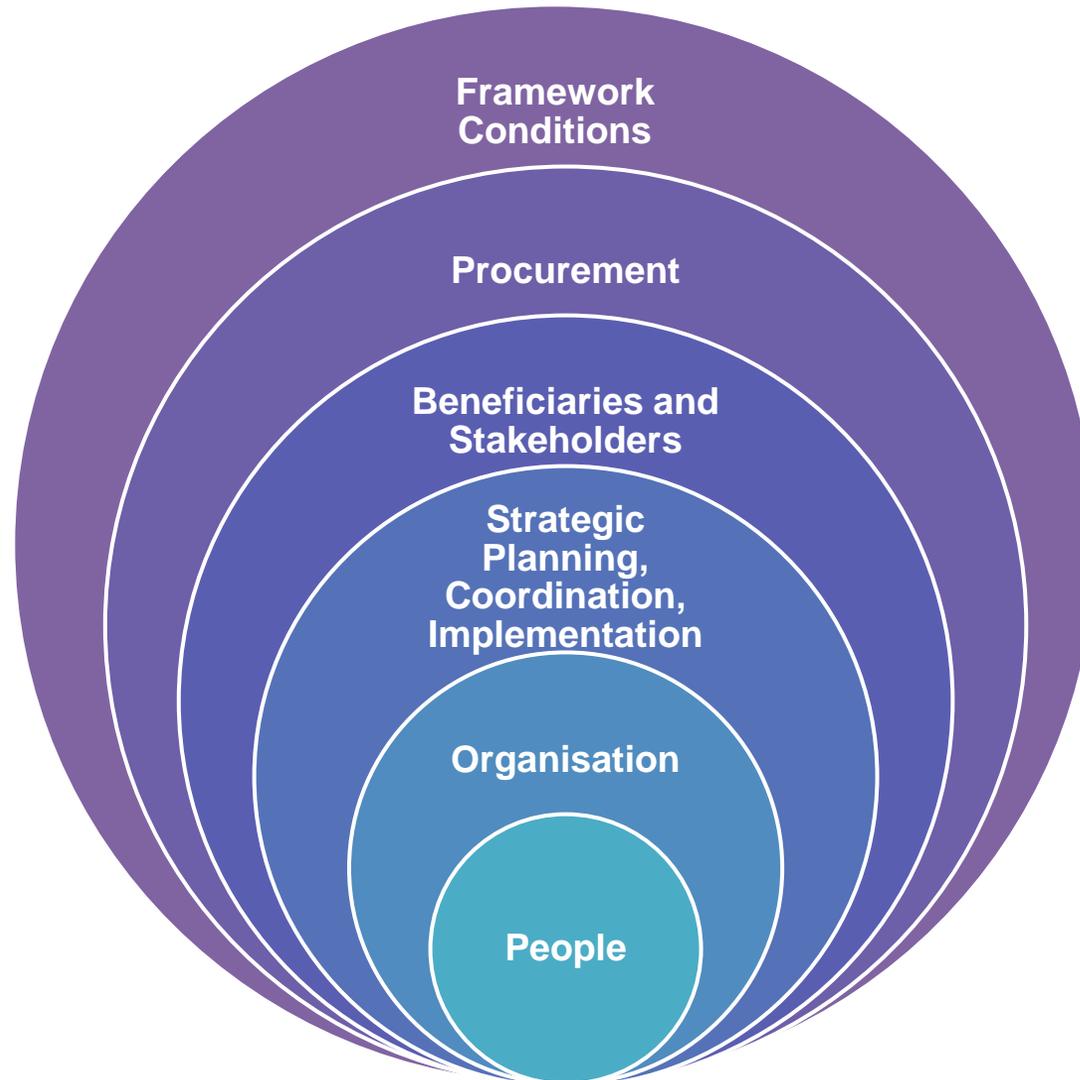




2. Initial observations based on the OECD analytical framework



OECD Analytical framework – Six areas





1. People: Are the right people in the right place to implement a new Management and Control System?

What we observe

- Structural changes in the MCS will have impact on who does what
- Need for new skills, competencies, mindsets, and strategies
- Common job classification as a good starting point
- TA as performance incentive – an innovation with challenges



Areas of further investigation

- Urgent need to map the impact of structural changes on the workforce
- A change management and capacity building strategy
- Aligning incentives and working methods



2. Organisation: How to optimise the benefits of organisational reform?

What we observe

- Restructuring to improve flexibility, reduce overhead costs, increase absorption
- Require careful consideration of process standardisation, and management optimisation
- Coordination in the MCS
- Common IT system upgrade is not sufficient

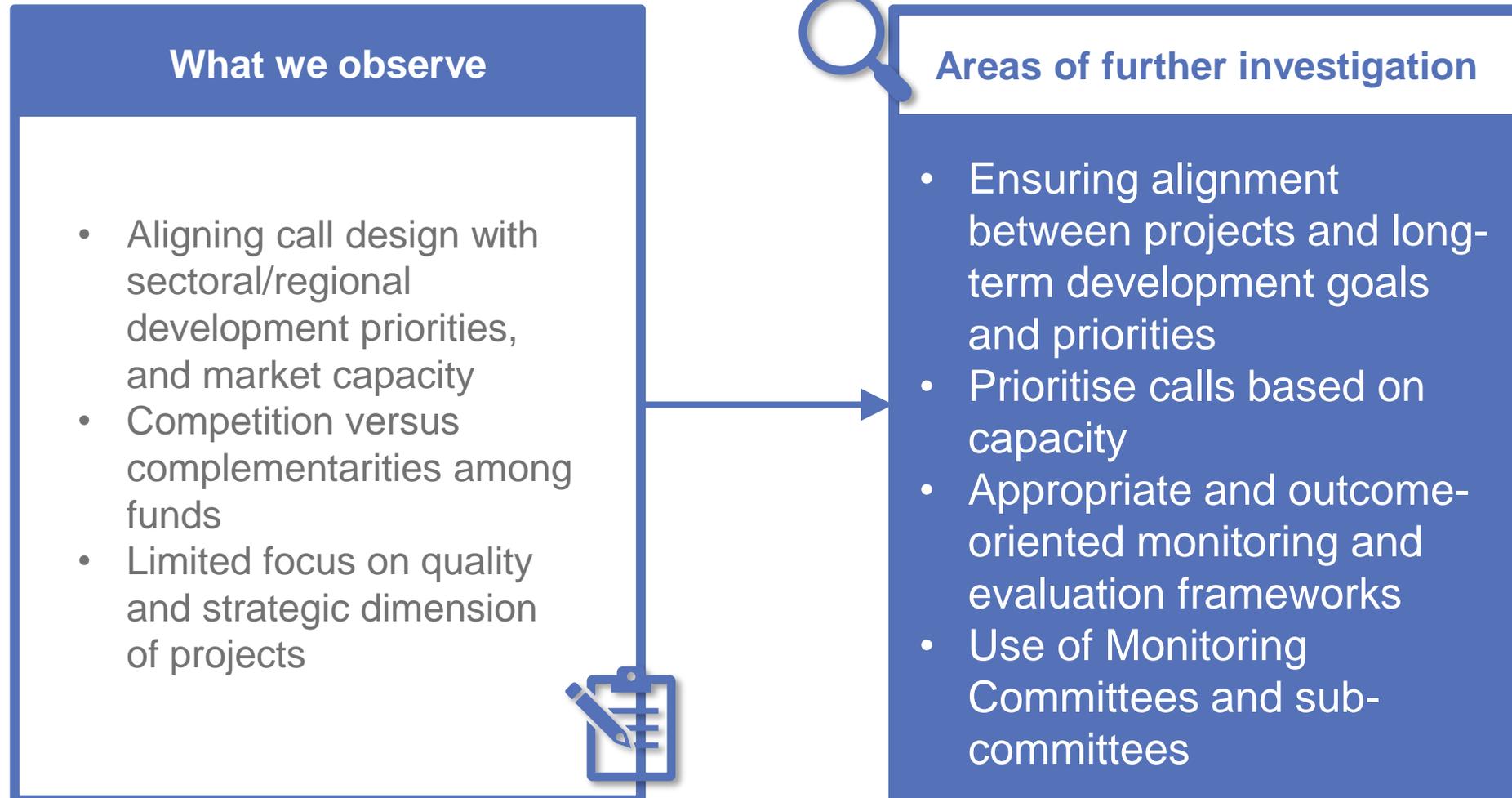


Areas of further investigation

- Effective design and implementation of the standardised processes
- Track the impact of standardisation
- Determine the IT requirements for system re-design
- Allocation of roles and coordination mechanisms in the MCS

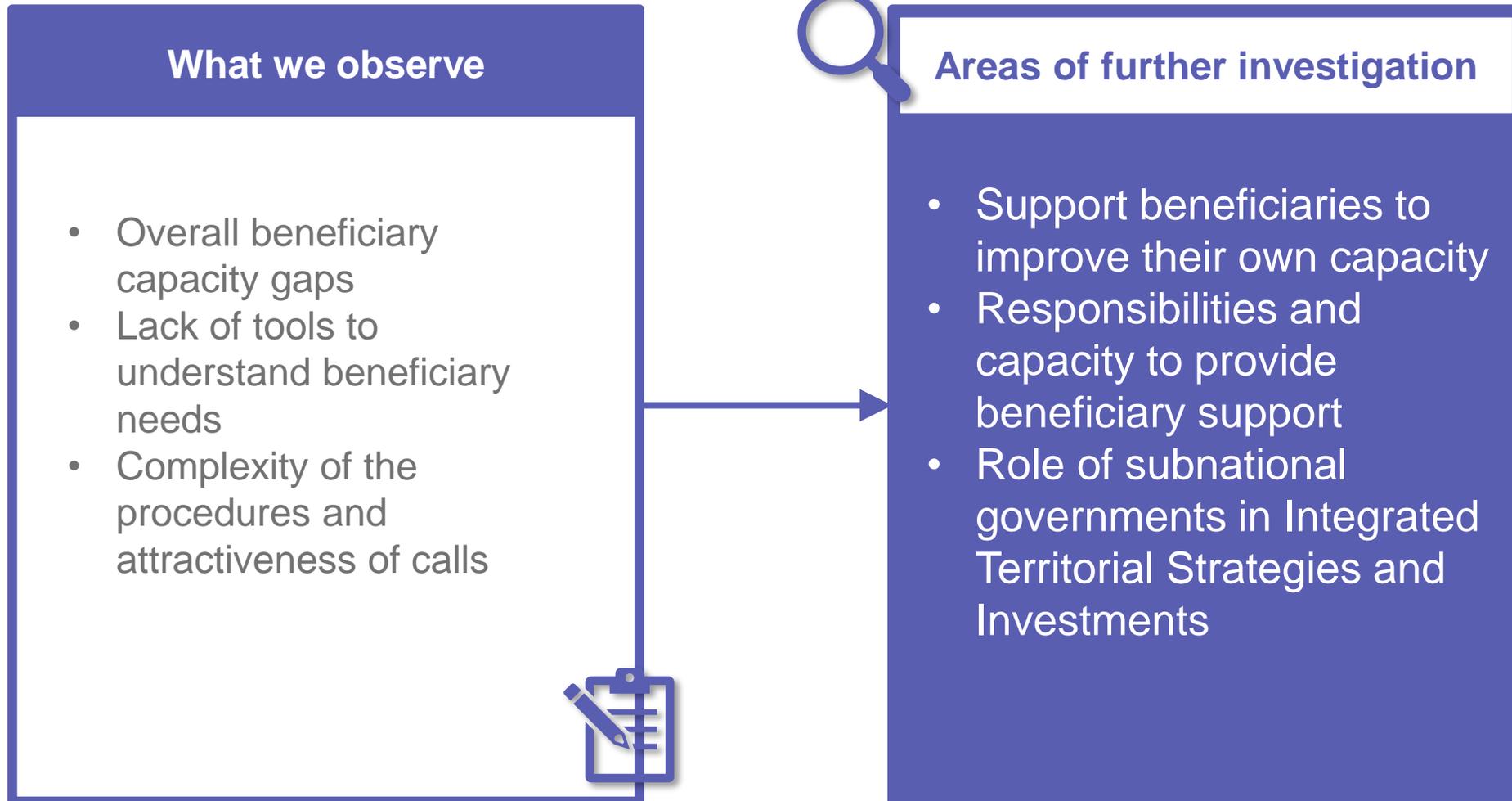


3. Strategic planning, coordination, implementation: Are investments supporting long-term goals?





4. Beneficiaries and stakeholders: Is there sufficient capacity to build beneficiary capacity?





5. Procurement: Is procurement used strategically?

What we observe

- Several simplification measures have been adopted but not implemented (e.g. creation of a price database)
- Many procurement dimensions not taken into account when selecting projects (e.g. duration, market capacity, concurrent projects)
- Workforce capacity for preparing projects and conducting public procurement as well as on training programs

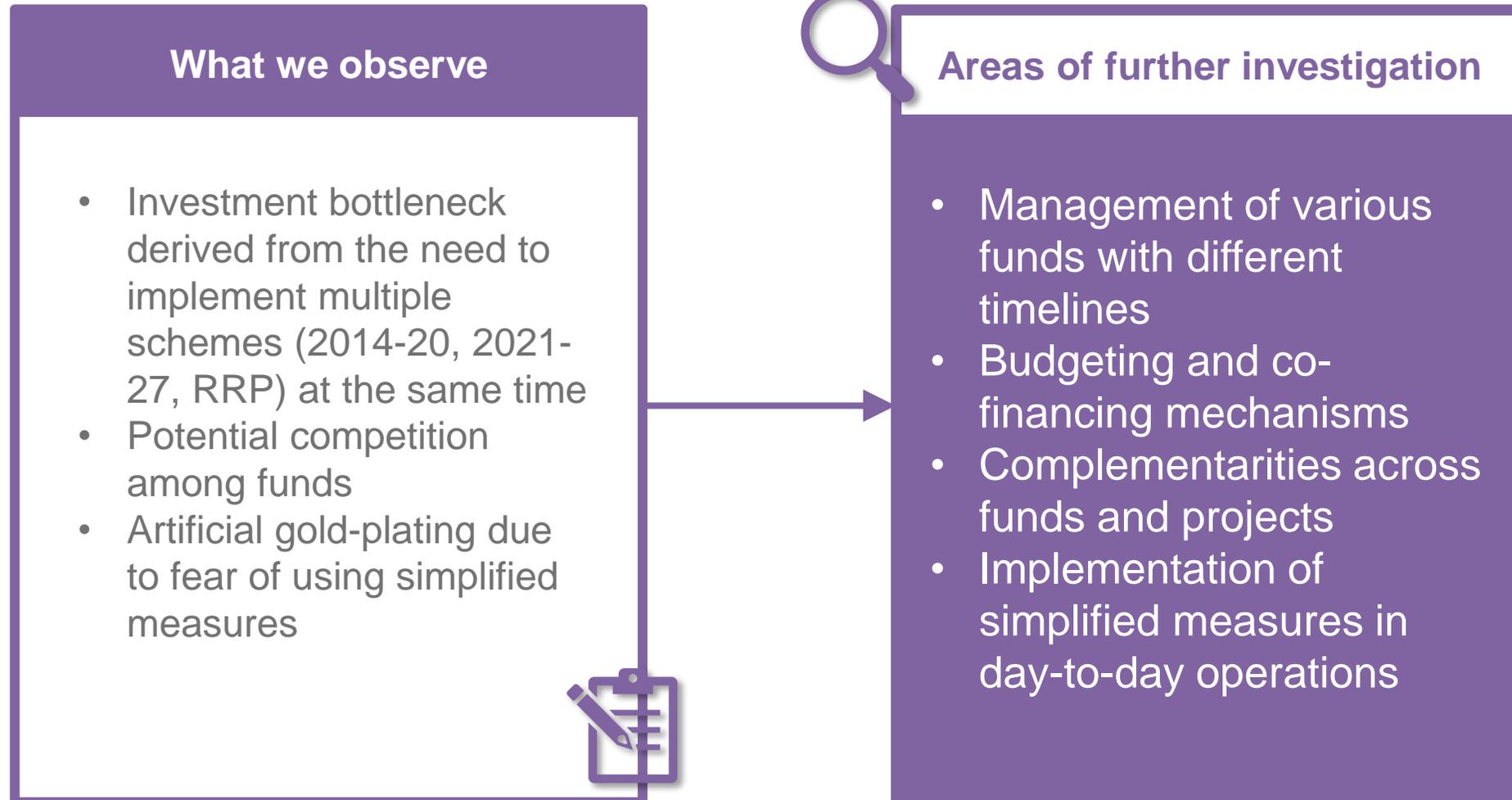


Areas of further investigation

- MIRRI's visibility on PP process during the different stages of the project, including before the procurement is launched
- Impact of co-development of project applications on the efficiency of the process
- Guidance on the whole procurement process beyond controls
- Roles of MIRRI and PPO on compliance of the PP process with the PPA
- Capacity of PPO to act on its new role
- Collaboration between MIRRI, PPO and MoF on capacity building



6. Framework conditions: To what extent do these parameters hinder the absorption of funds?





Recap and feedback

1. Are the right people in the right place to implement a new MCS?
2. How to optimise the benefits of organisational reform?
3. Are investments supporting long-term goals?
4. Is there sufficient capacity to build beneficiary capacity?
5. Is procurement used strategically?
6. To what extent do these parameters hinder the absorption of funds?

Feedback on these findings areas for further investigation:

- Which areas are most relevant to your work?
- What are the biggest opportunities for improving the MCS and the quality of investment and absorption of EU funds?



3. Project design, organisation, timeline



Overview of the Project: Aims and Means

- Competitiveness, reducing disparities
- Resilience and recovery
- Strengthening capacity
- Increasing absorption and results-oriented investment

Aims



- Documentation and questionnaire
- Focus group interviews
- Multi-stakeholder workshops
- Joint Working Commission (JWC) + thematic working groups

Inputs



- Kick-off meeting
- ESIF system review
- Report and action plan
- Implementation report
- Workshop/seminars for simplification measures

Outputs



- Establish JWC and working groups
- Regular meeting with JWC
- Interview stakeholders and synthesise findings
- Identify recommendations and draft action plan
- Design and organise workshops and seminars
- Develop reports
- ...

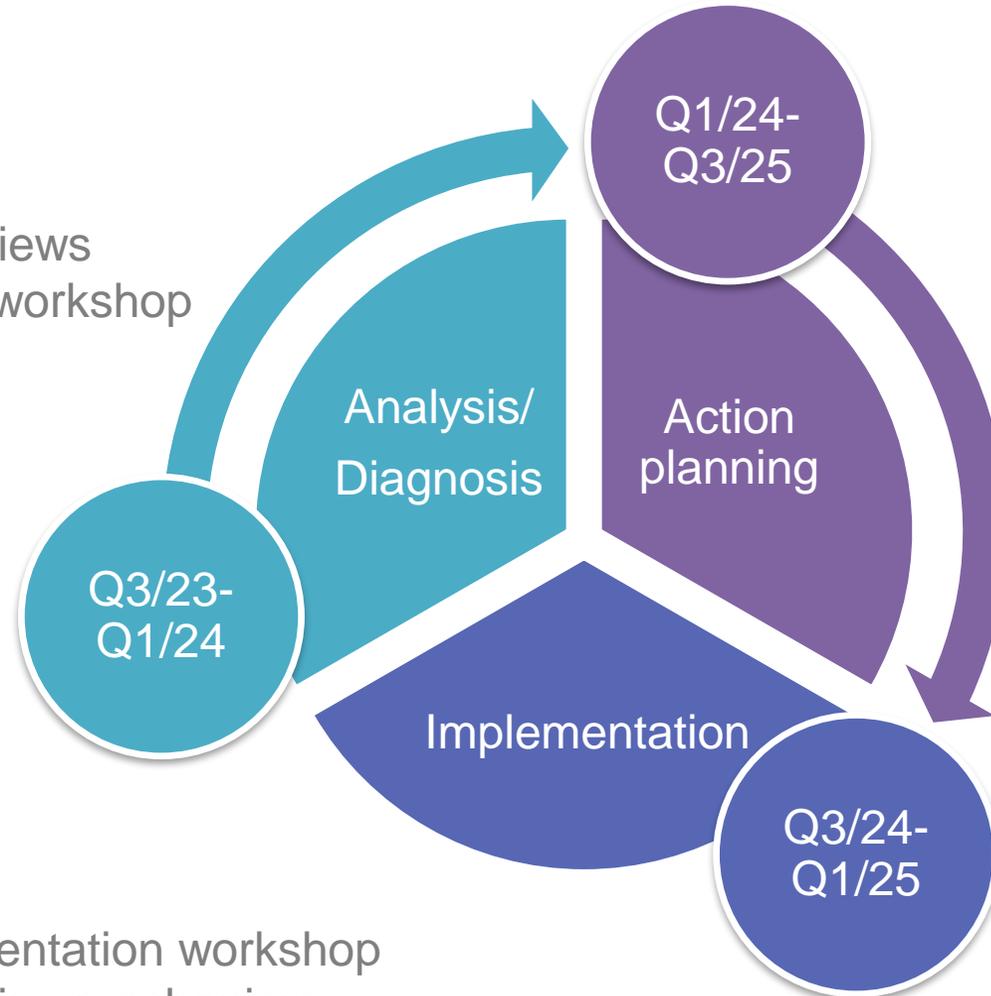
Activities





Methodological approach and timeline

- Document review
- Stakeholder interviews
- Multi-stakeholder workshop



- Recommendations and action plan
- Joint Working Commission
- Working groups

- Implementation workshop
- Monitoring mechanism
- Seminars



4. Questions and Answers

- What are your expectations for this project?
- Any concerns or questions?



THANK YOU

Daniel Gerson (daniel.gerson@oecd.org)
Matthieu Cahen (matthieu.cahen@oecd.org)
Varinia Michalun (mariavarinia.michalun@oecd.org)