Comparison of the Evaluation of the European Structural and Investment Funds in Slovakia and the Czech Republic

Kristína Jánošková

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Abstract: The programming period 2014-2020 can be distinguished by the increased emphasis of the European Union on the evaluation of the European Structural and Investment Funds. The main goal of the evaluation is to increase the economic, social, and environmental impact on the lives of inhabitants. In the European Union countries, it is made by central coordination organs and managing organs of operational programs and is realized on national and regional levels. The main objective of the paper is to analyze the evaluation of ESIF in Slovakia and the Czech Republic and find its differences. The major methods used in the paper are the analysis and comparison of the evaluation process in both countries. The realization of the evaluation is based on the main evaluation document - Plan of the Evaluation and it is focused on similar areas.

1. INTRODUCTION

The European Union’s regional policy is characterized by financial solidarity in favor of less developed regions, and social groups and helps maintain regional competition. The fundamental aim of Cohesion policy is regional development through the economic and social reduction of regional disparities (Ďureje et al., 2007). The instruments for mitigating them include various financial supports, of which the European Structural and Investment Funds are an example. They aim to support the implementation of activities that increase the potential of regions and aim to bring about positive change in economic and social conditions. EU support has a positive impact on promoting economic growth, regional competitiveness, sustainable development, and job creation (Kováčik & Čajka, 2019). This is linked to the growing need for monitoring and evaluation of the activities supported and the related effectiveness and efficiency of the funds spent.

The ex-post evaluation of the European Cohesion policy focuses on examining the effectiveness and efficiency of the funds and their impact on economic, social, and territorial cohesion (Gagliardi & Percoco, 2016). There are several perspectives in the literature on whether the cohesion policy has delivered the expected results in terms of convergence processes between the regions of the European Union. The European Commission (2020) asserts the positive impact of the Cohesion policy in reducing the disparities in GDP per capita in the regions of the European Union. The authors Kyriacou and Roca-Sagales (2012) also claim that structural and cohesion funds have helped to reduce regional disparities within EU Member States during programming periods 1994-1999 and 2000-2006. The authors also point out “the existence of a maximum desirable level of transfers from the Structural Funds, approximately 1.6% of total funding from the national GDP, beyond which are structural regional disparities within countries”. The reasons may vary from moral hazard and substitution effects to diminishing returns.

1 University of Economics in Bratislava, Department of Tourism, Faculty of Commerce, Dolnozemská cesta 1, 852 35 Bratislava, Slovakia
Examining the achievement of convergence has significant importance. It gives answers about the effectiveness of the Cohesion policy in terms of meeting its main aim and provides a basis for future policy action. If a high degree of convergence is demonstrated, there is no need to direct a lot of public money into this area and, conversely, divergent tendencies call for more support (Kováč Gerulová et al., 2010). Tijanić and Obadić (2015) found that the EU’s Structural and Cohesion Fund positively impacted competitiveness overall. Badoiu (2018) evaluates the possibility of achieving real convergence in several states - Romania, Poland, and Bulgaria, by analyzing the factors directly influencing GDP including European financing. Authors Lovrinović and Nakić (2016) have analyzed ten transition economies over 14 years and found positive effects of analyzed EU funds.

Some authors Bachtler and Wren (2006), Mendez (2011, 2013), Bachtler and Gorzelak (2007), Mirošník et al. (2014), Enguix et al. (2012) found the opposite effect of EU funds. Research on the impact of EU funds has shown that structural funds are ineffective.

Evaluation is a qualitative management tool and a means of contributing to the improvement of quality, efficiency, and effectiveness of the implementation of the European Structural and Investment Funds and to strengthening not only the Cohesion Policy but also the European Union’s common agricultural policy and integrated maritime policy. The programming period 2014-2020 is characterized by an increased emphasis of the European Union on conducting evaluations that focus on the economic, social, and environmental impacts on citizens’ lives. According to authors Potluka et al. (2016), the EU Member States’ austerity and budget problems increase pressure on the need to find out how effective EU funds are. It also raises the question of what the real impact of this policy is.

2. DESCRIPTION OF RESEARCH AND METHODOLOGY

The paper aims to compare the evaluation of the European Structural and Investment Funds in Slovakia and the Czech Republic. The European Structural and Investment Funds are major financial instruments through which several areas are supported - education, transport, and environment. The contribution focuses on introducing the institutional arrangements for the evaluation of the European Structural and Investment Funds in Slovakia and the Czech Republic. In connection with the organizational arrangements, the article also focuses on the identification of the procedural organization of the evaluation in both countries. The last part of the contribution also compares regional differences in the mentioned countries.

Information about institutional and procedural arrangements in the countries in question was drawn from secondary sources, namely the websites of the institutions responsible for the evaluation of the European Structural and Investment Funds and the official documents of these institutions. The source of information about the planned and realized evaluation on a national level was the “Summary Report on evaluation activities and Results of the ESIF Evaluations” in Slovakia and the Plan of Evaluation and Summary Report in the Czech Republic. Data about the regional gross domestic product and number of inhabitants in self-governing regions in Slovakia and the Czech Republic were taken from official statistical documents and institutions – the Statistical Office of the Slovak Republic and the Czech Statistical Office.

The research question is: What is the difference in the evaluation of the European Structural and Investment Funds in Slovakia and the Czech Republic? The hypothesis was also established:
3. RESULTS AND DISCUSSION

The evaluation of the European Structural and Investment Funds (ESIF) is the responsibility of the national coordinating authorities, whose activities are determined by European and national legislation. For the programming period 2014-2020, the Office of the Deputy Prime Minister of the Slovak Republic for Investment and Informatization was designated as the Central Coordinating Authority (CCA). Since the year 2020, the Ministry of Investment, Regional Development, and Informatization of the Slovak Republic has taken over the role of the Central Coordinating Authority. In the Czech Republic, the National Coordination Authority is the Ministry of Regional Development of the Czech Republic. The central management and coordination are strengthened in the programming period 2014-2020 thanks to the experience from the previous programming period and due to the performed evaluation of the efficiency of the EU funds management. The strengthening of this role is also down to EU regulations relating to cohesion policy, which feature elements that require much stronger management and coordination at the central level for the achievement of the aims and priorities of the Partnership Agreement.

The common task of the Central Coordinating Authority in the field of evaluation of the European Structural and Investment Funds in both countries is the preparation of the European Structural and Investment Funds Evaluation Plan for the programming period 2014-2020 and its updating in each calendar year.

Other activities falling under the CCA are the development of methodological guidance for evaluation processes at the national level, ensuring data sources, collecting and processing data necessary for the evaluation of the ESIF in cooperation with the Statistical Office of the Slovak Republic, the Social Insurance Institution, and other relevant institutions, preparing the Summary Report on evaluation activities and results of the ESIF evaluations for the previous calendar year. During the programming period, CCA evaluates the implementation of the ESIF, assessing the relevance, efficiency, and effectiveness of the implementation of the ESIF, and submits to the members and the EC partners a report on the implementation of the evaluation plan and the outputs of the individual evaluations in the form of final evaluation reports at least once per calendar year (Ministry of Investment, Regional Development, and Informatization of the Slovak Republic, Ministry of Regional Development of the Czech Republic, 2023).

In Slovakia, a National Monitoring Committee is set up by the Central Coordination Authority. The main tasks of the National Monitoring Committee include monitoring the implementation in achieving the target values of the measurable indicators, and sub-objectives within the performance framework, and proposing measures related to increasing the efficiency and effectiveness of the implementation of the European Structural and Investment Funds. At the same time, it also approves the ESIF Evaluation Plan and the updates of the planned evaluations (Ministry of Investment, Regional Development, and Informatization of the Slovak Republic, 2023).

Ministry of Investment, Regional Development, and Informatization of the Slovak Republic states that the European Commission is also an institution that can conduct evaluations of the
ESIF in Slovakia. The key role of the European Commission in this area is methodological support for evaluation, and support for administrative capacity building for evaluation.

According to information from Central Coordinating Authority, the realization of the evaluations each year should proceed from the updated Evaluation Plan. Graph 1 shows the discrepancy between the planned evaluations based on the Evaluation Plans and the actual evaluations of the European Structural and Investment Funds conducted by the Central Coordinating Authority in Slovakia and the Czech Republic. The realization of evaluations started late in Slovakia. That was linked to the slow start of implementation in the programming period 2014-2020. The graph also shows that the evaluations in Slovakia are not in conformity with the Plan of evaluations. Only 34 % of planned evaluations were realized in the years 2014-2019. The number of realized evaluations is lower in every programming year. Given the small number of completed projects, as well as the changes in their implementation context because of and in response to the pandemic, the implementation of planned external evaluations has been postponed during the pandemic.

In the Czech Republic, the evaluation follows the Evaluation Plan because the percentage of realized evaluation stands for more than 80 % of planned evaluations. The evaluation proceeds from reality and can be pointed out as a good example of a correctly set plan of evaluations.

Graph 1. Planned and realized evaluation of ESIF in the years 2015-2019 by Central Coordinating Authority

Source: processed based on the data of the Ministry of Investment, Regional Development and Informatization of the Slovak Republic, 2023; Ministry of Regional Development of the Czech Republic, 2023.

In Slovakia, the external type of evaluation of the European Structural and Investment Funds has been significantly more prevalent. External providers conducted 89 percent of evaluations. The internal evaluation was conducted by the Evaluation Unit of the Central Coordination Authority and represented 11 % of all evaluations.

The evaluation of the European Structural and Investment Funds in the Czech Republic is conducted by the European Funds Coordination and International Relations Section, for which the Department of EU Funds Publicity and Evaluation is responsible. The share between internal and external evaluations is more balanced – 42 % and 58 %.
The fundamental areas of evaluation in Slovakia are mainly the evaluation of effectiveness, system and process settings, communication and information activities, implementation progress, achievement of goals, results, and impacts. In the Czech Republic, there are also added, for example, evaluation of financial instruments, achievement of aims, horizontal themes, coordination between funds, and metadata.

Another realized type of evaluation are the evaluation of the level of managing authority. Each operational program has its own Plan of Evaluation. The responsibility of evaluation is on the managing authority.

Graph 2. The ratio between the internal and external evaluation in Slovakia and the Czech Republic

Source: processed based on the data of the Ministry of Investment, Regional Development and Informatization of the Slovak Republic, 2023; Ministry of Regional Development of the Czech Republic, 2023.

In the context of the main aim of the use of the European Structural and Investment Funds, in the next section, we will analyze the regional disparities in Slovakia and the Czech Republic. The Gini coefficient and the Lorenz curve were used to compare the regional differences in Slovakia and the Czech Republic. The Gini coefficient and Lorenz curve have been applied to evaluate the regional disparities in Matlovič et al. (2008), Matlovič, and Matlovičová (2011). The Gini coefficient talks about the localization and concentration of spatial phenomena. The axes of the graph represent the cumulative sums of the percentages of the studied phenomena. In the context of the use of European Union funds, the relevant indicator for assessing eligibility for EU funds is the regional gross domestic product per capita, which “is the ratio of two indicators - the regional gross domestic product and the average number of people permanently resident in the region” (Matlovič & Matlovičová, 2011, p. 56).

The following formula is used to calculate the Gini coefficient (Michálek, 2012):

\[
G = \frac{1}{2n^2} \sum_i \sum_j |x_i - x_j|; 0 \leq G \leq 1
\]  

(1)

It is the ratio of values given as a spatial indicator in region \(i\), \(\overline{x}\) is the average of the values of indicator \(x_j\). The Gini coefficient ranges from 0 (absolute equality) to 1 (absolute inequality) (Hamada, 2014).
In graph number 3 it is possible to see the Lorenz curve, which shows the regional differences in Slovakia and the Czech Republic at the regional level.

The graphical representation of similar regional differences is confirmed by the Gini coefficient, which reached 0.182 in Slovakia. In the Czech Republic, the Gini coefficient reached 0.258.

Graph 3. The Lorenz curve represents the regional disparities in Slovakia and the Czech Republic


In this paper, we set a hypothesis, that deals with the idea of whether there are or not differences in the evaluation of the European Structural and Investment Funds in Slovakia and the Czech Republic. Based on the main indicators of evaluation, we can reject the null hypothesis - There is no difference between the evaluation of the European Structural and Investment Funds in Slovakia and the Czech Republic and accept the alternative hypothesis which says: There is a difference between the evaluation of the European Structural and Investment Funds in Slovakia and the Czech Republic.

The common feature of both countries is the similarity in the setting of the implementation of the European Structural and Investment Funds. This similarity concerns mainly the settings connected with the Partnership Agreement. Similarly, to Slovakia, the Czech Republic is also concerned with the evaluation obligation. In the area of evaluation, the common feature is the national coordinating authority which is responsible for the evaluation of European funds. Also, the powers and activities of national coordination authorities are similar.

In the evaluation process, we can see a few differences. The main difference concerns the set-up of the evaluation processes. From the data on planned and actual evaluations conducted by the central coordinating body, it appears that the evaluation process is better set up in the Czech Republic and that planned evaluations are based on real needs. Another difference is the share of internal and external evaluation. The problem relates to the administrative capacities of authority.

Access to information can also be seen as a difference. As part of the information on the central coordinating body in the Czech Republic, a library of evaluations is available on the website,
where all evaluations are available not only from the current evaluation but also from previous periods. Access to information about evaluations is easier than in Slovakia. The evaluation library can be a wonderful way to make the data more accessible to a large circle of people.

4. CONCLUSION

The European Union’s Cohesion Policy aims at regional development focused on reducing regional disparities in economic and social terms. The programming period 2014-2020 is characterized by a growing need to evaluate the European Structural and Investment Funds as a financial instrument of the Cohesion Policy.

The contribution is focused on the comparison of the evaluation of the European Structural and Investment Funds in Slovakia and the Czech Republic. The null hypothesis was denied, and the alternative hypothesis about the existence of differences between both countries was accepted. The answer to the research question: “What are the differences in the evaluation of the European Structural and Investment Funds in Slovakia and the Czech Republic?” was also obtained through research. The main differences can be seen in the setting of the ESIF, in the way evaluations are conducted, and in the provision of information on evaluations.

The evaluation of the European Structural and Investment Funds aims at the effective implementation of the funds and the achievement of the aims set. At the same time, it contributes to the development of recommendations that are useful in setting up the new programming period.

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