



Central government effort to boost inter-municipal cooperation in Slovakia

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Topic 1

1. Experiences with inter-municipal cooperation in Slovakia

Introduction

- Extremely fragmented local self-government
- Each municipality has equal tasks
- Inter-municipal cooperation as the solution
 - **Voluntary based**
 - Many forms (joined: project, fund, company, association, membership in 3rd org., **LAG, municipal office**)
 - JMO Supported by the Ministry of Interior (for delegated tasks, for which state is responsible)

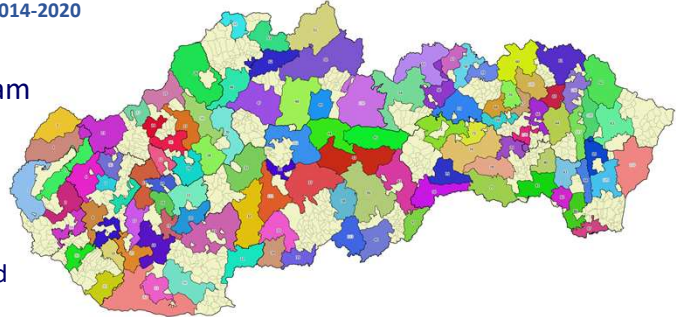
Fragmentation of Slovak Municipalities

Municipality size	% of municipalities	% population
0-499	39%	5%
500-999	26%	10%
1 000 - 4 999	31%	32%
5 000 - 49 999	4%	31%
50 000 >	0,3%	22%
Total population	2 890	5,4 mil.

Local action groups

- Funded from Rural Development Program (former Leader)
- Problems in 2023 (last year)
 - EU lowest absorption of funds (25%) due to the delayed processes, complicated rules, too much bureaucracy and prolonged controls on the national level

Local Action Groups for the Implementation of Rural Development Program 2014-2020



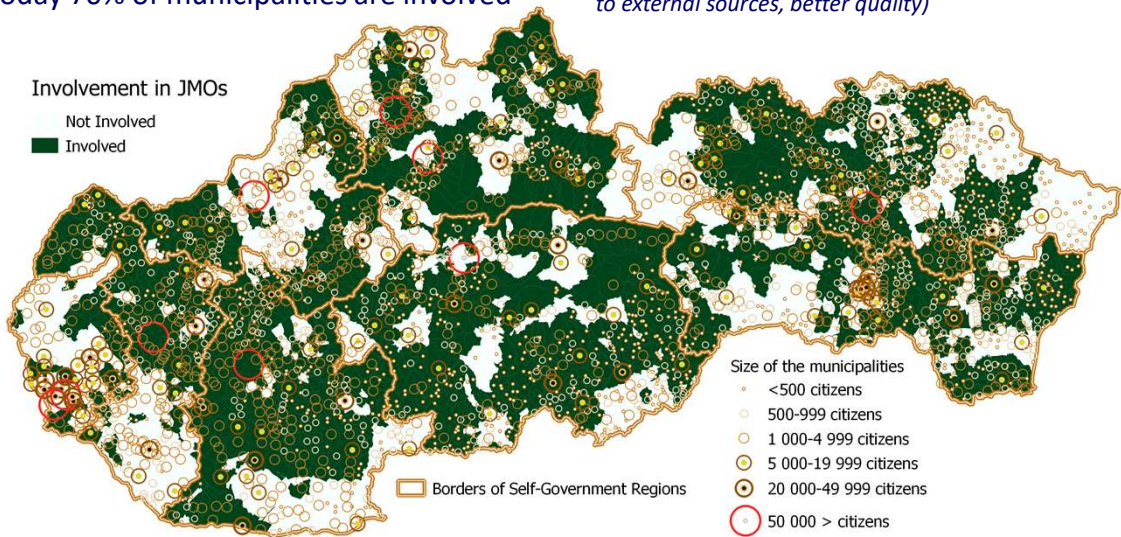
Joint Municipal Offices (JMOs)

- Popularity after decentralisation in 2002 (new delegated tasks funded by the state)
- Today 70% of municipalities are involved

- Voluntary basis, freedom of choice (shared employee, joint office, scopes and tasks)
- State financial motivation is **not a key issue** (just economies of scale, expected better access to external sources, better quality)

Involvement in JMOs

Not Involved
Involved



Joint Municipal Offices (JMOs)

- Most common funding
 - *State funds aimed for funding of delegated tasks (do not go directly to JMO!)*
 - *Service fees*
 - *Contribution from own municipal budgets (mostly per capita)*
- Biggest problem: enforcement of funds
- In general, largest cities do not want to cooperate with small municipalities
- Main motivation to join JMOs: lack of funds and expert staff

Most common JMO areas

- | | |
|---|---|
| 1. <i>Construction Law (57% municipalities)</i> | 9. <i>Protection against Flooding (11%)</i> |
| 2. <i>Local Communication (47%)</i> | 10. <i>Accounting (7%)</i> |
| 3. <i>Nature and Landscape Protection (26%)</i> | 11. <i>HR and Wages (5%)</i> |
| 4. <i>Education (21%)</i> | 12. <i>Other Delegated Tasks (4%)</i> |
| 5. <i>Water Management (21%)</i> | 13. <i>Economic Activities (4%)</i> |
| 6. <i>Air Protection (21%)</i> | 14. <i>Other Original Tasks (4%)</i> |
| 7. <i>Social Work (17%)</i> | 15. <i>Housing (3%)</i> |
| 8. <i>Road Transport (16%)</i> | 16. <i>...</i> |

Topic 2

2. Integrated shared service centers

Initially an idea of ZMOS

- Association of Towns and Communities of Slovakia (ZMOS) also realized the inefficiency of territorial-administrative structure of Slovak local governments
- Due to their members structure they want to avoid mergers, so focus is on inter-municipal cooperation and making it work
- ZMOS developed an EU funded project to analyse the situation and suggest the way forward, funds are also allocated for implementation, so far not utilized
- Most debate was around localisation of integrated shared service centers (ISSCs) and their agenda (only cover support services – accounting, HR, procurement, etc., or delegated competences – primary education, etc.)

Central government took over

- Idea of integrated service centers was included in the policy declaration of the newly formed government in Slovakia (late 2023)
- Former press secretary of ZMOS became the state secretary (deputy minister) in MoRD
- However, the central government is identifying the agenda of ISSCs differently, focusing predominantly on efficiency gains in delegated competences (which is understandable)

New communal management (ZMOS project)

- Integrated Shared Service Centers (ISSCs)
 - External organisational structures, providing support and service tasks for participating municipalities based on sharing human, material and financial resources
 - Primary agenda: shared execution of administrative tasks (accounting, HR, procurement, IT maintenance, etc.)
 - Focus also on delegated competences (on behalf of central government)
- Setting the principles for localization of ISSCs in legislation:
 - Accessibility for citizens as critical factor (time and distance)
 - Compact size with 7-15 participating municipalities and 10-20 thousands inhabitants
 - Minimum area size, but also considering geography, historical ties and other factors
 - Respecting boundaries of existing public sector structures (regions, districts, state registers)

New communal management (ZMOS project)

- Pilot project(-s) for establishing ISSCs followed by application to microregions
 - Involve the state budget already at the initial phases, or at least when pilot projects start
 - Joint public procurement within ISSCs microregions
 - Joint delivery of public services (maintenance of roads, parks, waste management)
- After pilot testing of integration and addressing the initial shortcomings, roll out on the whole territory of Slovakia
 - Stabilize state budget support for municipalities and ISSCs
 - Developing capacity for local eGovernment within ISSCs
 - Sharing of qualified personnel for project management covering several municipalities within ISSCs microregions

Topic 3

3. Government sponsored platforms for efficient service delivery and financial management

Digital services platform (DCOM)

- Data centre of communities and towns (DCOM) is an information system for local self-governments, utilized by around 70 % municipalities
- DCOM is not a commercial project, but rooted directly in the Law on eGovernment, thus there is no need for public procurement nor does the municipality bear implementation costs
- It covers the whole agenda of original competences, offers the widest portfolio of electronic services for citizens
- Includes also integrations to public registers (REGOB, Cadastre, address register, etc.), covers all requirements from the Law on eGovernment or Law on reducing red tape
- Includes intelligent forms, where it's not required to manually fill in all fields, as data are automatically uploaded from integrated registers

DCOM benefits for the municipality

- Cost savings – municipality is not paying for implementation, only for maintenance of the system, including updates and functionality improvements
- Hardware equipment included – PCs and notebooks for municipal employees with SW licences (MS Office, antivirus, email and web services) and internet connectivity
- Process automation – automation of tasks and integration with multiple registers is increasing work efficiency of municipal employees (no need to search for and verify data)
- Higher transparency and possibility to track internal efficiency through system statistics

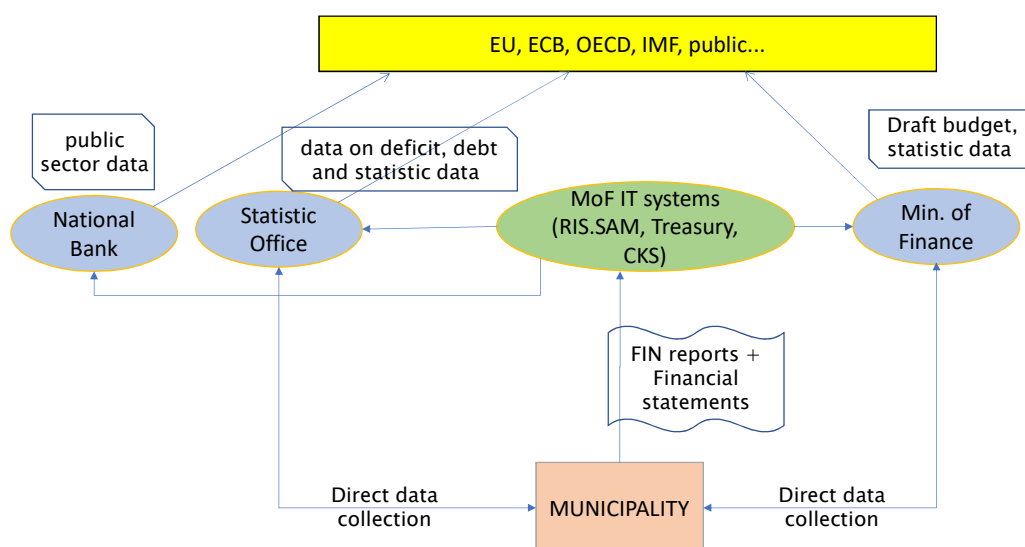
DCOM benefits for the citizens

- Decrease of red tape, increase of comfort in communication with local offices
- Transparency – user is notified about updates related to his/her request immediately
- Quality and accessibility – services are accessible through multiple channels (personally, internet) and upon user request (online available 24/7)
- User friendliness – municipality can design the service interface based on what citizens need, not burden them with excessive forms and verification requirements
- Lowering the environmental burden – most of the paperwork is eliminated

Financial reporting system (RIS.SAM)

- Ministry of Finance developed an integrated platform (RIS.SAM) for municipalities to prepare their budgets and financial statements, and also report on their execution during the fiscal year
- RIS.SAM allows for direct data entry or data import through a standardized interface (larger units have their own SW and tend to utilize upload interface)
- RIS.SAM also allows for automatic consolidation of financial statements
 - Each municipality with at least one sub-ordinated budgetary organisation and/or company is required to prepare a consolidated financial statement
 - 1100-1200 local governments, more than 4000 accounting units
 - Presenting the accounting data of all interlinked units as a single entity
 - Giving the possibility to audit the whole consolidated entity, instead of just the single units

Consolidation of financial data (RIS.SAM)



Reporting structure (RIS.SAM)

- **FIN 1-12** cash budget revenues and expenditures, financial operations
 - Budget classifications (Economic, COFOG, Sources, Programs)
- **FIN 2-04** Assets and liabilities
 - Basis for quarterly ESA and GFS statistics
- **FIN 3-04** details on financial assets
- **FIN 4-04** details on financial liabilities
- **FIN 5-04** details on debt instruments
- **FIN 6-04** details on bank accounts and certain liabilities of self-governments
 - Basis for monitoring of self-government debts and liabilities

Thank you for your attention!

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