

# Annual Report 2016

**Institute for Economic and Social Reforms – INEKO**  
**www.ineko.sk**

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## Structure of the Institute

INEKO was established as a member of INEKO Group which was created by several existing research institutes: The Center for Economic Development (CPHR, or CED), Transparency International Slovakia (TIS), Business Alliance of Slovakia (PAS), Junior Achievement Slovakia (JAS) and Slovak Governance Institute (SGI).

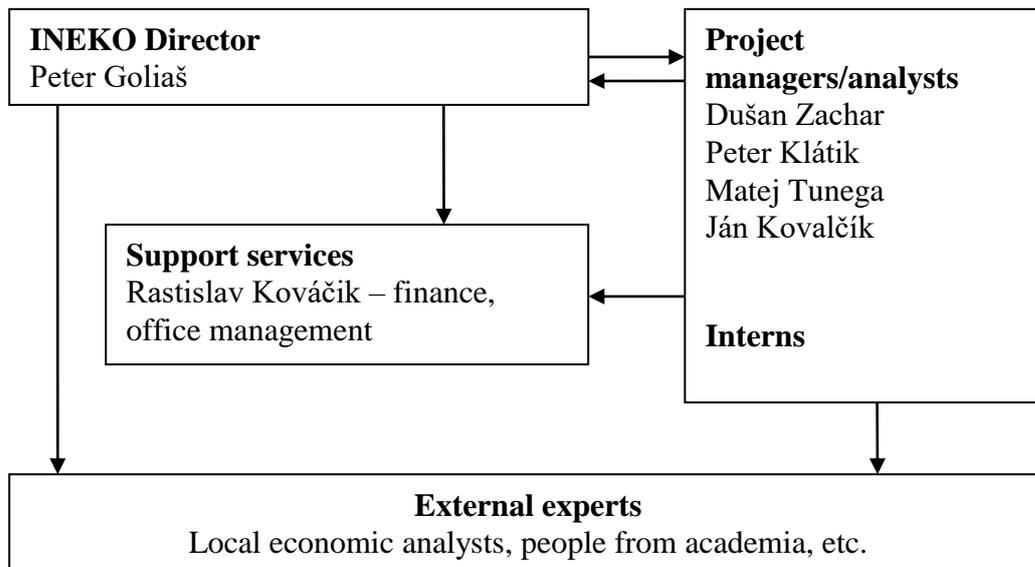
The intensity of cooperation within INEKO Group reached its peak between 2000 and 2003, when INEKO largely financed the infrastructure of INEKO Group members (rent, energy, office equipment, phone, internet, etc.). In 2004 this support was gradually declining and ceased completely since 2005. Nowadays, all members cover their entire infrastructure individually. However, all institutes cooperate further on an informal (discussions, consultations) as well as formal basis (common projects, personal links).

The Institute is governed by the Board and managed by a Director. The Board has a rotation membership lasting 5 years. In 2016, the Board had following members: Gabriel Šípoš, Róbert Kičina, Luboš Vagač. The Board members meet irregularly to discuss the results of INEKO projects and plans for the future. The Director has been appointed by the Board and the Board members have been appointed by the founders (Katarina Vajdova, Daniela Zemanovicova, Eugen Jurzyca), who became also members of the General Assembly. With effect from September 29<sup>th</sup> 2016 Peter Goliaš was elected as a new member of the General Assembly and replaced Eugen Jurzyca in this position.

The Institute budget supports these broad functions: the management, infrastructure and service staff to coordinate effective policy research, and selected projects.

The Institute's initiative responds to the serious need for independent Slovak support for the economic reform challenges facing the government and the regional entities in the time of implementing the crucial structural reforms. This support is many times not available from understaffed public bureaucracies or existing private organizations.

The Institute has developed a small-specialized staff, which also draws on existing capacity in cooperating organizations. Its work involves identifying barriers to economic efficiency and developing policies designed to remove these barriers. The staff development aims at deepening the know-how in the process of preparation and implementation of reforms. INEKO does not plan to hire experts on selected sectors of the economy. These experts will be contracted externally if needed in a particular project. INEKO people should understand reforms and be capable to propose and support implementation of useful changes across all sectors in the economy. INEKO staff knowledge develops mainly through on-the-job-learning while working on particular reform projects, studying relevant literature and, though financially limited, attending international conferences.

Organization Chart:

The Institute has also established an international Advisory Committee. Members come from policy research institutes, some outside of Slovakia, business and finance, the media, and other sectors with relevant expertise and commitment to the goals of the Institute. In 2016, the Advisory Committee had following members: Ivan Mikloš, Lajos Bokros, Brigita Šmögnerová, Michal Mejstřík, Peter Weitz in memoriam.

**Legal statute:** The Institute is incorporated as an association of citizens<sup>1</sup>.

<sup>1</sup> Act No.: 83/1990 Coll. of Laws on Association of Citizens

## Mission & Environment

**Mission:** The Institute’s mission is to support a rational and efficient economic and social reform process in the Slovak Republic (SR), through research, information development and dissemination, advice to senior government, political and self-governing officials, and promotion of the public discourse. It also focuses on those areas of social policy on the regional as well as the European level critical to the economic transformation of the SR. It draws on the best experience available from other transition countries and members of the European Union (EU) and the OECD.

**Environment:** In 2016, the work of INEKO was influenced mainly by following factors: (1) The March 2016 parliamentary elections and the entry of the populist and anti-democratic parties to the National Parliament; (2) Intensive effort of the government to conclude contracts on building highways and to exclude the biggest transport projects from the “Value for Money” analyses; and (3) Increased demand for exporting INEKO reform know-how abroad. Thus, the Institute focused on analyzing the quality of democracy in Slovakia; monitoring the biggest transport infrastructure projects and providing feedback on the transparency and efficiency of their preparation. We have also been involved in exporting the Slovak reform know-how abroad. At the same time, the institute continued in its effort to decrease information asymmetry in education, health care, and municipal finance. Continuously, we were monitoring and analyzing proposed changes in other areas such as health care, labor market, pension system, social benefits system, etc.

## Staff

INEKO had 6 regular staff and fellow workers in 2016.

Director: Peter Goliaš



Peter Goliaš was born in Liptovský Hrádok, Slovakia in 1977. Before 2010 he worked at INEKO as an economic analyst. His areas of interest include monitoring and analyzing the reforms of pensions, health care, education, labor market, and public finance. Before 2002 he worked as an economic journalist at the local daily Pravda and the private press agency SITA. He graduated from the Faculty of Management, Comenius University in Bratislava and holds Magister (MA) degree.

Project managers/analysts: Dušan Zachar, Peter Klátik, Matej Tunega, Ján Kovalčík

Economic Department: Rastislav Kováčik

Interns: Gaston Ivanov, František Broček

There were several more external people working for INEKO during 2016.

## Program

The focus of work supported by the Institute is being determined by a careful analysis of public opinion, government priorities and options as well as by the analysis of the Brussels policy. It has already changed and will be a continually changing agenda. In 2016, issues at the center of Slovak government concern and relevant to the Institute's activities included:

- Construction of transport infrastructure, esp. highways
- Public finance stabilization
- Health care reform;
- Reform of education;
- Labor market reform;
- Social security reform (including pensions).

The Institute has developed a small-specialized staff, which together with the General Assembly members and other Board members developed the agenda of Institute activities. Its work involves identifying barriers to economic efficiency and developing policies designed to remove these barriers. The identified barriers include:

- Lack of transparency in preparation of the biggest transport infrastructure projects;
- Information asymmetry in education and healthcare;
- Lack of the high-quality reform-related information.
- High level of public debt;

Through research, analysis, expert forums and working groups, public discussion and other means, the Institute develops policy options and strategies for presenting these effectively to the relevant audiences. It should be able to provide some of the policy development services that the public administration cannot. By providing feedback on government economic and social measures, organizational support, additional financial resources for research and project development, and coordination of presentations to public officials the Institute has a significant influence on the private, non-commercial contribution to policy.

## **PROJECTS**

### **Supporting Democracy in Slovakia**

The project has been launched in September 2016 and is financially supported by the Centre for International Private Enterprise (CIPE) in Washington and The Representation of Konrad Adenauer Foundation in Slovakia. The goal is to analyze the state and development of democracy and to promote democratic consciousness in Slovakia. The final report should serve as supporting document for decision-making about long-term and more intensive support of selected initiatives aimed at the development of democracy in Slovakia.

The project is performed in cooperation with the Business Alliance of Slovakia (BAS).

In 2016 we realized survey among 81 experts/opinion leaders asking about their perception of quality of democracy in Slovakia. Later together with the FOCUS Agency we organized a representative public opinion poll on the same topic. We presented the results of both survey in the press report and the press conference. We organized also round table discussion with experts, discussions with students of high-schools and universities, in-depth interviews with business leaders.

Key results:

- According to an INEKO questionnaire survey made at the turn of September and October 2016 with selected public figures in Slovakia<sup>2</sup>, the level of democracy in Slovakia is worse than in CR and Austria, but it is better than in Poland, Hungary and Ukraine.
- **According to a representative opinion poll focused on perception of democracy, which we organized for the purposes of the present study, 40% of the population considers the quality of democracy in Slovakia to be rather bad to poor and only 26% of the interviewees are satisfied.** According to 43% of the population, the level of democracy has deteriorated in the last 5 years, while only 18% thinks that it has improved.
- Compared to common people, experts whom we have turned to in a questionnaire survey were even more critical about the state and development of democracy. Half of them finds the current state of democracy rather bad to poor and 71% thinks that the quality of democracy has deteriorated in the last 5 years. The reason is mainly a failure to investigate the cases of Gorila<sup>3</sup> and Bašternák<sup>4</sup>, no punishment for bribery, the entry of Marián Kotleba and his party, ĽS-Naše Slovensko<sup>5</sup>, into politics, the response of politicians to the

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<sup>2</sup> From among 81 participants there were approximately 30% activists from nongovernmental organizations, 27% people from business and economic analysts, 21% people from academy, 12% journalists and other publicists and 10% civil servants and politicians.

<sup>3</sup> Disclosure of transcription of records from secret meetings of an influential businessman with top politicians which should prove bribery practices.

<sup>4</sup> Revelation of suspected tax frauds of a businessman with close connections to top politicians of the ruling SMER-SD party.

<sup>5</sup> It is a right-wing extremist party, the representatives of which openly admire the fascist Slovak Republic from the WWII period.

refugee crisis as well as the form of election of the General Prosecutor<sup>6</sup>. Contrary to that, democracy was most boosted by disclosure of court rulings and contracts with the state, the appearance and work of Andrej Kiska in the position of the President of SR as well as the fact that Štefan Harabin was not elected as chairman of the Judicial Council of the Supreme Court of SR.

- **Experts believe that from among political parties, Kotleba-ĽSNS and Boris Kollár's Sme rodina are mainly harmful**, and SNS and Smer-SD are rather harmful as well. No political party makes substantial contributions to democracy. The parties of KDĽ, SaS, Most-Híd and OĽANO-NOVA contribute only slightly.
- **According to experts, President Andrej Kiska, NGOs focused on systemic changes and control of the powerful as well as Jana Dubovcová, a public ombudsman, contribute most to the development of democracy with regard to their potential.** Contrary to that, the Government, the National Council of SR and the General Prosecutor's Office contribute least. As far as civic activities are concerned, the activities of watchdogs and think-tanks focused on systemic changes and on combating bribery as well as civic protests in the Gorila and Bašternák cases contribute most to the development of democracy.
- **Experts believe that as far as individual attributes of democracy are concerned, the freedom and quality of NGOs and the media function the best<sup>7</sup>.** NGOs have a relatively strong tradition in Slovakia since the "Mečiar" era in the 1990's when a part of the public became active - also thanks to international support - and tried to reverse the policy of nationalism and isolation from western structures fostered by the then government led by Vladimír Mečiar. At the moment, the stability of NGOs focused on controlling the Government and systemic changes is rather fragile, mainly as a result of the retirement of foreign donors and only partial compensation from national sources.
- The representative opinion poll has demonstrated what people most dislike about the state of democracy we currently have in Slovakia. **The main cause of dissatisfaction of the population is the fact that politicians do not work in the public interest but in their own interest or in the interest of affiliated entrepreneurs.** Similarly, they do not like the fact that non-economical management of state property and state funds is not punished, as well as the fact that people are not equal before the law and that law enforceability is poor. The questionnaire survey among public figures has shown similar conclusions.
- **Dissatisfaction with the abuse of power drives many to extremism.** Based on November 2016 public opinion poll, 23.9 % of citizens of Slovakia believed that abolishment of the parliament system and establishment of dictatorship were an alternative to the current state of democracy. As many as 28% of the population would go back to the socialist regime that existed here before 1989. As many as 35% admitted Slovakia should leave the European Union.

<sup>6</sup> The President of SR did not appoint the General Prosecutor who had been lawfully elected by Parliament, which led to a re-election and later the appointment of a candidate proposed by the ruling SMER-SD party.

<sup>7</sup> Here we should note that the results may be slightly distorted due to the fact that from among survey participants there were approximately 30% activists from nongovernmental organizations and 12% journalists and other publicists.

- People refusing democracy or the EU are still in a substantial minority. Most of the population supports democracy. **More than two thirds of respondents can see its improvement in the greater involvement of decent people in governing public affairs. Almost the same proportion of people wishes to strengthen the independence and expertise of police investigators, public prosecution, judiciary and audit and regulatory authorities in order to reduce the risk of any abuse of power.** Strengthening the independence and expertise of audit and regulatory authorities has been identified as one of the key solutions also by selected public figures in the questionnaire survey.
- **The moods of the population are also reflected in the political map of Slovakia.** Smer-SD, a party which has been a political leader in the last decade, lost over 16 pp of its supporters in the elections held in March 2016. The success of the right-wing extremist party of ĽS-Naše Slovensko (ĽSNS) in March 2016 was particularly surprising (it obtained 8.04% of votes), and it had not been forecast by any official pre-election opinion polls. The populist SME RODINA – Boris Kollár party (which obtained 6.62% of votes) also got into Parliament. Post-election political reality showed that neither the right-wing nor the left-wing groups were actually able to create a functional government. A mixed leftist-rightist government model returned to Slovakia after 14 years. In the name of combating extremism, representatives of the nationalistic SNS party and representatives of the Hungarian political Most-Híd party are participating in it together for the first time in history.
- **Voters of ĽS-Naše Slovensko are most frustrated with the current state of society and voters of SMER-SD are least frustrated. Compared to other parties, voters of ĽS-Naše Slovensko and SME RODINA – Boris Kollár are less aware of the relation between the quality of democracy and the quality of life. This may explain their higher willingness to accept radical solutions.** It is precisely voters of the two above-mentioned parties who are most willing to support Slovakia in leaving the EU. Voters of SME RODINA – Boris Kollár also mostly accept establishment of a dictatorship or a return to the socialist regime. Extreme solutions are supported mostly by people with low education and low income.

For more information, see <http://www.ineko.sk/projekty/sprava-o-stave-a-vyvoji-demokracie-na-slovensku>.

## **Enhancing Transparency of Current PPP Projects and Transport Tenders**

Project description: Collection and assessment of data with the aim to evaluate the transparency and efficiency of using the public funds on PPP projects and public procurement of transport infrastructure; publishing results in the analysis of transparency, competitiveness and possible overpricing of the current biggest projects.

Project funding:

- The Fund for Transparent Slovakia of the Pontis Foundation
- The Representation of Konrad Adenauer Foundation in Slovakia

Non-financial assistance:

- The Stop Corruption Foundation

Project background:

The project consists of watchdog of the transparency and efficiency in current PPP and other transport projects. The transport sector consuming the 4th biggest financial package from the state budget (after social welfare, health care and education) is worth of competent public debate based on fair and balanced information. Therefore it is important that the media do not rely exclusively on the statements of the politicians and experts dependent on them. INEKO has a capacity and expertise to be beneficial in assessment of ambitious and enormously costly investment plans. The systemic monitoring and medialization of the suspicious cases/practices should increase the pressure on the fairness of the tenders and reduce the risk of state capture and wasting public money. This is even more relevant due to the intensive effort of the government to conclude contracts on building highways while excluding the biggest transport projects from the “Value for Money” analyses.

Project results in 2016:

The project supported a quality of media coverage and deepened public debate on the biggest government projects by delivery of formerly missing information. We succeeded to reveal manipulations in propaganda by official authorities. The project also unmasked the fact, that ministry of transport officials rather promise dozens of projects without financial coverage than seek for appropriate and more feasible transport solutions. We published 7 analytical articles and blogs on anti-competitive practices in tenders, overpricing and wasting public funds; the most read one was published on the Daily N web and exceeded 80-thousands readers. Some of our findings were quoted in almost 300 reports in TV, radio, print and internet media. The project helped to strengthen transparency, public awareness and thus reduce the space for plundering public funds in big projects in the future. It has also brought synergies with “value for money” initiative that became part of current government program declaration.

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### Implemented activities:

Monitoring, watchdogging and analytical coverage of preparation and public procurement of following projects:

- The PPP project on a New University Hospital in Bratislava
  - The project has been postponed after parliamentary elections in March 2016. Earlier in December 2015 the Ministry of Finance released the analysis according to which the most advantageous way of constructing the new hospital is the traditional public procurement, i.e. not the PPP project. INEKO examined this analysis and came to a conclusion that some of its assumptions were unrealistic. For example the assumption that the state would have the same operating efficiency as the private investor or the assumptions of very expensive funding of the private investor. In April 2016, INEKO published an analytical article explaining the key drawbacks of the MoF analysis and recommending re-calculating the comparison based on more realistic assumptions. INEKO also recommended reconsidering the locality of a new hospital which had been chosen without serious considerations of available options. Several media have quoted our arguments and demanded for the updated consideration of a project. The new Minister of Health Tomáš Drucker (nominated by party SMER-SD) has publicly presented his opinion that the state should build the hospital itself. According to unofficial information, the Ministry is building on arguments presented by INEKO and considers updating the assumptions, re-considering the locality of a new hospital and changing some key parameters of the PPP project in order to decrease risk born by the Government.
- The PPP project on a highway bypass of Bratislava D4+R7
  - The Government has approved the project shortly before parliamentary elections. Despite Resolution of the Government, the former Minister of Transport Ján Počiatek (party SMER-SD) did not sign the contract with the investor. After parliamentary elections in March 2016, the new Minister Roman Brecely (party Siet') initiated a creation of the expert committee to evaluate the project. The Ministry contacted INEKO expert to participate in one meeting of the committee in April. After this meeting our expert summarized key reservations to the project - based on months of investigation a numerous consultations - and sent them to the Ministry. Afterwards (beginning of May 2016) we have published these reservations in an article on INEKO web page and via separate blog. The media have frequently quoted our arguments. However, we have not gained any feedback from the Ministry. The Minister signed the contract on May 20<sup>th</sup> 2016.
- The biggest projects in the transport sector
  - In February 2016 we published in the daily Denník N the analytical article displaying the comparison of real costs of constructing the selected sections of the highway D1 and the costs that the state would incur should it had constructed them in the PPP projects. The result proved that by cancelling PPP projects in 2010 the state had saved around EUR 2 billion just on construction costs (even much more if also financial costs would be included). INEKO also

challenged the myth, that new contracts based on open competition in 2011 (former prices were cut by a half), cannot be fulfilled and have to be overpaid as well. Data disprove the myth, as all four D1 sections completed by the end of 2015 are now in use for the prices far below those in cancelled PPP contracts. The results had met with wide interest of media.

- We have started to monitor and research the biggest public tenders in rail and road infrastructure. In June 2016 we published an analytical article describing anticompetitive practices of the National Motorway Company in procuring the biggest contracts. In recent 2 years the company procured only 3 big construction contracts, amounted together close to € 800 million. For all of them bids were asked at the same time which make it impossible for individual companies to take part and prepare good bids in each tender. Suspicious timing led to low number of bids and extremely high prices in two tenders. We estimate an overpricing of € 100 – 200 million. INEKO press release reached coverage of the findings in internet and print media, after press conference in July 2016 also in TV channels.
- We have analyzed the project on building the highway bypass of the third largest Slovak city Prešov located in Eastern Slovakia. We recommended to repeat the public tender for building the south-east bypass due to suspicions of over-pricing. We also explained that planned continuation with Northern bypass would be extremely expensive, thus an alternative solution - Eastern bypass - should be considered while smaller measures might significantly reduce traffic problems within the city of Prešov much earlier than bypass will be completed. We calculated potential savings of up to € 400 million in case the alternative solutions would be implemented. Our findings had intensive media coverage.
- We have analyzed the traffic volume data and a forecast presented by the National Motorway Company in a statement declaring urgency of soon construction of the second tube of the Branisko tunnel in Eastern Slovakia. We disclosed manipulation of traffic forecast in a chart and blog. Our findings substantially decreased the risk that the project would be implemented due to incorrect assumptions.

Elaborating the Power-point presentation describing extremely widening gap between official plans and real potential of completion motorways and expressways in Slovakia, as well as key reasons, why a road network upgrade lags far behind expectations and public spending for roads rather feed corruption and frustration than overcome regional disparities. The presentation becomes a “manual for journalists” to watchdog the feasibility and efficiency of ongoing/planned public procurements – the aim was to equip them with knowledge about what information they should demand from official institutions to gain realistic picture about priority, timing, costs, and alternatives of planned projects. Thus, they should be better prepared to disclose potential manipulation of public tenders in transport and inefficient spending of public money: [http://www.ineko.sk/file\\_download/1042](http://www.ineko.sk/file_download/1042)

Personal engagement of our experts in cooperation with public institutions:

- For several months, our expert Ján Kovalčík cooperated (on external basis) with the Ministry of Finance on a spending review for Transport under an initiative called

“Value for Money”. The cooperation ended after political decision not to review 6 biggest projects to be contracted in present election period.

- He was also invited by the Minister of Transport Roman Brecely to take part in a committee evaluating the efficiency of the PPP Bratislava bypass project. He participated in one meeting and submitted his comments to the Minister in writing. INEKO published these comments on its blog page on daily SME news portal. The Minister appreciated the comments in a letter sent to Ján Kovalčík. See also INEKO Facebook post reached by 1420 people: <https://www.facebook.com/INEKO.sk/photos/a.10152302608584778.1073741825.332737839777/10155124368604778/?type=3>
- After change at ministerial post the new Minister of Transport Árpád Érsek agreed to meet with Ján Kovalčík to discuss the suspicions of over-pricing the two ongoing tenders on building highways.
- In October/November some new members of parliament contacted Ján Kovalčík to discuss issues that we brought into public debate. First meetings with MPs show demand for further educative meetings/workshops to enhance their knowledge on the traffic problems and actions to be taken. MPs might be more active and ask for adequate measures and financially feasible solutions.

For more project results, see: <http://www.ineko.sk/projekty/zvysovanie-transparentnosti-v-aktualnych-ppp-projektoch-a-v-dopravných-tendroch>

## Monitoring and Commenting on the Structural Reforms

In 2016, INEKO continued in **monitoring and commenting on the structural reforms in Slovakia**. The main goal of the project is to help the broad public as well as the experts and the journalists to get a quick and clear overview of the structural reforms. It contributes to the discussion about the outcomes of these reforms so that possible mistakes or pitfalls are avoided. In 2016, we focused particularly on the government measures aimed at modifications of the pension, health care, tax, labor market, and education systems.

In 2016, we continued in our project “**Discussing the problems of health care and potential solutions (i-health.sk webpage)**“ with our local partner – private health insurance company Dôvera. The goal of the project is to identify key problems of the Slovak health care system, to research best foreign practices and to propose solutions to the problems. Thus it should improve the quality of the public as well as expert discussion of the Slovak health care system. The results of the project are displayed on a web page [www.i-health.sk](http://www.i-health.sk) and published in the local media. In 2016, the project included monitoring of main developments on local market, writing analysis and presenting key results in media.

In 2016 we analyzed in depth possibilities for increasing the inflow of immigrants into the Slovak labor market as a response to the growing shortage of workforce in the economy as well as due to the expected impact of the ageing society on the economy – see the [workshop](#) organized in cooperation with the European Commission representation in Slovakia.

## **Monitoring Financial Health of Slovak Municipalities**

In December 2011, INEKO launched a project aimed at increasing pressure to improve financial health of Slovak municipalities. Here is a short summary of its results in 2016:

In summer 2016 we updated the portal <http://www.hospodarenieobci.sk/> presenting the data about financial health of all municipalities and higher regional units in Slovakia. We added data for 2015. In autumn 2016 we published [analysis](#) of financial stability of 50 biggest Slovak municipalities and [analysis](#) of financial stability of 8 higher regional units (VÚC).

## **Internet Portal on Primary and Secondary Schools**

The project offers relevant information about all primary and secondary schools in Slovakia. This is done via special internet portal (launched in 2012): <http://skoly.ineko.sk/>. We believe, that when people have more relevant information, they can make better decisions. It is our opinion that the project helps not only parents and future pupils, but also the schools, because they will be able to compare themselves and get motivated to improve their results.

In 2016 we updated and upgraded the portal and published fresh school rankings.

For the project results, please, visit this page: <http://skoly.ineko.sk/>

## **Monitoring Quality and Efficiency of Hospitals**

In November 2014 we launched an internet portal assessing quality and efficiency of the Slovak hospitals - <http://nemocnice.ineko.sk/>. The project offers relevant information about all hospitals in Slovakia. It includes information about quality and efficiency indicators including transparency and competitiveness in public procurement, waiting periods for operations, satisfaction of patients, death rates for various diagnoses, financial health indicators, etc. According to this information the public can create effective pressure on this status improvement.

In 2016 we updated and upgraded the portal and published fresh data. We also developed methodology for evaluating the quality and efficiency of selected hospitals and we [rewarded](#) the best hospitals in the country.

For the project results, please, visit this page: <http://nemocnice.ineko.sk/>

## Hidden Triggers of Economic Growth in V4 Plus Ukraine

In September 2014 we launched a project “Hidden Triggers of Economic Growth in V4 Plus Ukraine” funded by the [International Visegrad Fund](#). The project is led by INEKO with partners from the Czech Republic, Hungary, Poland and Ukraine.

Background: The triggers of growth of the transition period are close to exhausting their potential. No clear alternative sets of policies leading to higher sustainable economic and social progress have been prepared. This project formulates such policies in four areas: consolidation of public finances; education, measurement quality and (labor market) results; high unemployment; and enhancing integration chances of Ukraine. Workshops; best practices analyses and policy papers are to reach these goals.

In January 2016 we organized the webinar aimed at sharing our best experience in search of solutions to high unemployment rate. The webinar took place by using the Skype video calls. All partners prepared short analyses and presented them to other partners participating in the webinar. We summarized the results in a policy document – Compendium of Country-Specific Analyses on Solutions to High Unemployment Rate.

In June 2016 we organized a [final conference](#) in Bratislava aimed at discussing current reform process in Ukraine and how can V4 countries help Ukraine in the reform process. During the conference, project partners presented some of their countries’ best reform experience. We also invited other experts from academy (Mr. Bokros, Ms Bosilkovski), EC Representation in Slovakia (Ms Vasakova) and NGOs (Mr. Haman) to present their views of the reform process in Ukraine. Later we released policy paper summarizing results of our research about this topic.

For more information, check the project website: <http://www.ineko.sk/projekty/visegrad-fund>

## Improving Oversight of Local Governments in Moldova

Project was financed by the [National Endowment for Democracy](#).

Partner: [Institute for Development and Social Initiatives \(IDIS\) „Viitorul“](#)

Duration: May 01,2015 – January 31, 2016

Summary: The project addresses specific problem of fiscal decentralization, which is the risk of fiscal instability caused by unattended indebtedness of municipalities. Today in Moldova insufficient monitoring of the effectiveness and sustainability of expenditures; and the overall perception of using public resources, according to the evaluation of local entrepreneurs, is one of the worst in the world. The main objective of the project is to increase public awareness about financial health of cities and municipalities in Moldova and thus to increase pressure on improving their financial health and to strengthen their importance for local and regional development. We expect, that project will achieve these goals by creating an online portal on financial management of cities and municipalities of Moldova; portal will improve the transparency of financial management and enable comparison of key debt ratios and financial sustainability indicators of local budgets; portal will be based on the transfer of unique know-how of a similar project, which has been successfully implemented in the Slovak Republic and contributed to a dramatic decline in debt of municipalities within last two years.

Project objectives: The main objective of the project is to increase public awareness about financial health of cities and municipalities in Moldova and thus to increase pressure on improving their financial health and to strengthen their importance for local and regional development. We expect that the project will achieve these goals by:

- Creating a web portal concerning economy of municipalities in Moldova with well-arranged and comparable data
- Providing citizens of cities, their majors, representatives and also journalists with actual information on indicators of financial health of municipalities
- Creating and improving methodology of evaluation of financial stability of municipalities – the outputs will be also recommendations for policy makers for collecting, processing and presenting relevant data
- Improving management of municipalities and providing fiscal sustainability of local budgets

Key results: In January 2016, INEKO together with Moldovan think-tank IDIS “Viitorul” launched a portal displaying financial data of all municipalities in Moldova – <http://localbudgets.viitorul.org/>. The goal is to increase financial transparency on the local level and thus to involve people in control of spending public money and to reduce the risk of corruption. The idea takes inspiration from similar portal run by INEKO in Slovakia.

For more information, check the project website: <http://www.ineko.sk/projekty/improving-oversight-of-local-governments-in-moldova>

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## Transparent, Financially Healthy and Competitive Self-governments in Ukraine

Project is financed by the [SlovakAid – Official Development Assistance of the Slovak Republic](#) and the U.S. Embassy in Kyiv

Partner: [International Centre for Policy Studies](#)

Duration: October 15, 2015 – March 31, 2018

Objectives: The main objective of the project is to support regional development in Ukraine through know-how transfer of successful projects implemented in Slovakia. By implementing the project, we would like to strengthen financial decentralization competences of municipalities, to strengthen their capacities at improving living condition of their citizens, to increase citizens' awareness of self-government significance, financial sustainability and transparency.

The specific objectives of the project are:

1. To intensify fight against corruption at local level by formulating the Anti-corruption measures reflecting anti-corruption priorities of Ukrainian self-government bodies and the best anti-corruption practices from Slovakia (e.g. publishing of public contracts on the Internet, public presence at meetings of self-government bodies, public recording of these meetings, etc.).
2. To intensify public demand for efficient public spending of municipalities. An online portal on financial management of Ukrainian municipalities will be created; portal will dramatically improve information about municipalities' fiscal management and will enable comparison of key debt and financial sustainability parameters. In this part of the project we plan to utilize unique know-how from a similar project, which has been successfully implemented in the Slovak Republic and led to a dramatic decline in debt of municipalities within last two years.
3. To increase competitiveness of Ukrainian regions by creating an interactive competitiveness model and comprehensive analysis of competitive advantages and disadvantages of Ukrainian regions (districts). The analysis will examine the level and quality of economic activity, infrastructure, human resources and public administration in regions, will identify barriers for economic development and will propose competitiveness strategies for regions of the Ukraine. Know-how will be derived from a similar and successful project implemented in Slovakia.

Results – Internet portals:

- [Measuring regional business environment in Ukraine](#)
- [Transparency of 50 largest cities in Ukraine](#)
- [Budget transparency of regions and their capital cities in Ukraine](#)

Events:

**Press conference**

Date: December 19, 2016

[Presenting update of the portal on budget transparency of regions and their capital cities in Ukraine](#)

**Conference: Online platform “Local budgets transparency”**

Venue: 8/16 B. Khmelnytskoho str., Kyiv, the “Ukrinform” office

Date: June 30, 2016

For more information, check the project webpage: <http://www.ineko.sk/projekty/transparent-financially-healthy-and-competitive-self-governments-in-ukraine>

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## Transparent, Financially Healthy and Competitive Self-governments in Moldova

Project is financed by the [SlovakAid – Official Development Assistance of the Slovak Republic](#) and the U.S. Embassy in Chisinau.

Partners: [Institute for Development and Social Initiatives \(IDIS\) „Viitorul“](#) ([Project webpage](#))

Duration: October 15, 2015 – October 31, 2017

Objectives: The main objective of the project is to support regional development in Moldova through know-how transfer of successful projects implemented in Slovakia. By implementing the project, we would like to strengthen financial decentralization competences of municipalities, to strengthen their capacities at improving living condition of their citizens, to increase citizens' awareness of self-government significance, financial sustainability and transparency.

The specific objectives of the project are:

1. To reduce corruption at local level by formulating the Anti-corruption measures reflecting anti-corruption priorities of Moldovan self-government bodies and the best anti-corruption practices from Slovakia (e.g. publishing of public contracts on the Internet, public presence at meetings of self-government bodies, public recording of these meetings, etc.).
2. To intensify public demand for efficient public spending of municipalities. An online portal on financial management of Moldovan municipalities will be updated and improved; portal will dramatically improve information about municipalities' fiscal management and will enable comparison of key debt and financial sustainability parameters. In this part of the project we plan to utilize unique know-how from a similar project, which has been successfully implemented in the Slovak Republic and led to a dramatic decline in debt of municipalities within last two years.
3. To increase competitiveness of Moldova regions by creating an interactive competitiveness model and comprehensive analysis of competitive advantages and disadvantages of Moldovan regions (districts). The analysis will examine the level and quality of economic activity, infrastructure, human resources and public administration in regions, will identify barriers for economic development and will propose competitiveness strategies for 32 districts of Moldova. Know-how will be derived from a similar and successful project implemented in Slovakia.

Results – internet portals:

- [Competitiveness rating of regions in Moldova](#)
- [Transparency rating of 50 biggest cities and 29 regions in Moldova](#)
- [Budget transparency of all cities and regions in Moldova](#)

Events:

**Launch of the Moldova's Rayons Transparency Index**

Venue: IDIS "Viitorul", Conference Room, Iacob Hincu 10/1 Street, Chisinau

Date: November 29, 2016

**Launch event of the Monitoring Report „Open Local Government for active and informed citizens”**

Venue: „Jolly Alon” hotel, M.Cebotari 37 Street, Chisinau

Date: October 11, 2016

**Report launch event “Open Local Government for active and informed citizens”**

Venue: IDIS "Viitorul", Conference Room, Iacob Hincu 10/1 Street, Chisinau

Date: June 27, 2016

For more information, check the project webpage: <http://www.ineko.sk/projekty/transparent-financially-healthy-and-competitive-self-governments-in-moldova>

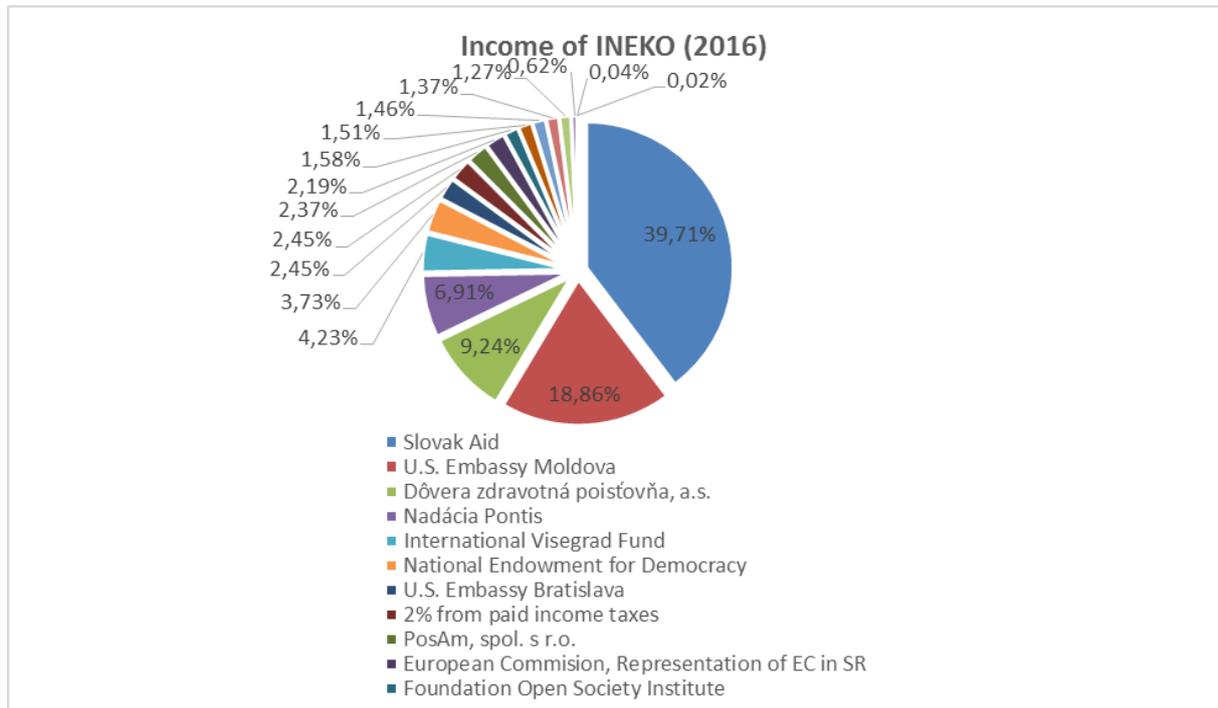
## Other Activities

**Memberships:** Our people engaged in several advisory activities where they promoted the ideas of improving monitoring of the public finance sustainability, improving the education system, fostering business environment, etc. In 2016 they held following positions:

- a. Peter Goliaš was member of the Slovak Association of Economic Analysts (KEA) – informal group of local economists. Since 2013 Peter Goliaš has been an Executive Board member.
- b. Peter Goliaš was a Member of the Strategic Committee at the Business Alliance of Slovakia (PAS).
- c. Peter Goliaš was a part-time consultant of the Spanish investor Ribera Salud participating in the PPP tender on the new University Hospital in Bratislava. INEKO publicly declared his conflict of interest and Peter Goliaš did not interfere in any INEKO outputs or comments related to this PPP project.

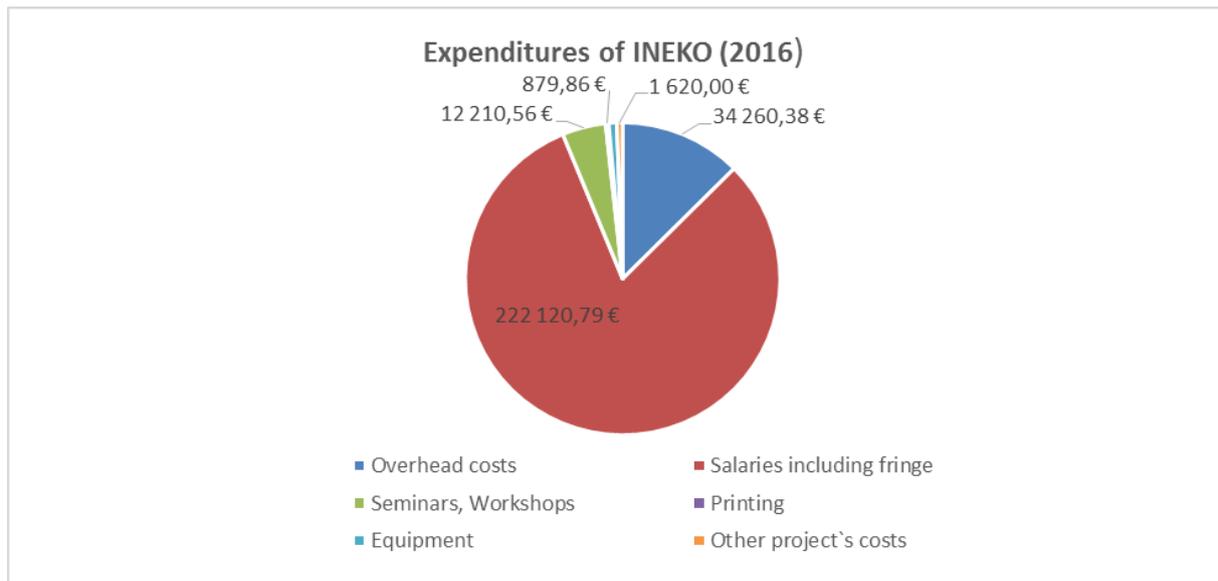
**Fundraising campaign:** In 2016, INEKO ran its regular fundraising campaign aimed at attracting the citizens' and firms' donations transferred directly from taxes (Slovak law allows to donate 2% of paid taxes to subjects supporting non-profit activities). This was done by means of letters sent directly to the top representatives of selected private companies.

# Financial Report



Income of INEKO (EUR)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Total</b>	<b>217 636</b>	<b>207 231</b>	<b>195 902</b>	<b>151 579</b>	<b>106 602</b>	<b>123 874</b>	<b>148 481</b>	<b>141 841</b>	<b>209 832</b>	<b>273 355</b>

Income of INEKO (2016)	EUR
Slovak Aid	108543,29
U.S. Embassy Moldova	51548,95
Dôvera zdravotná poisťovňa, a.s.	25254,13
Nadácia Pontis	18888,08
International Visegrad Fund	11550,33
National Endowment for Democracy	10206,61
U.S. Embassy Bratislava	6701,86
2% from paid income taxes	6690,10
PosAm, spol. s r.o.	6469,74
European Commission, Representation of EC in SR	6000,00
Foundation Open Society Institute	4310,67
Konrad-Adenauer-Stiftung	4125,74
Slovenská elektrizačná a prenosová sústava, a.s.	4000,00
Center for International Private Enterprise	3736,44
Asociácia poskytovateľov spotrebiteľských úverov SR	3469,41
COOP Jednota Slovensko, spotrebné družstvo	1700,00
Ivan Labath	100,00
Darujme.sk (crowdfunding)	60,00
<b>Total:</b>	<b>273355,35</b>



Expenditures of INEKO (EUR)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Salaries including fringe	138 572	141 711	134 119	110 567	76 329	92 497	115 325	105 859	169 721	222 120
Overhead costs	44 635	46 399	45 588	31 369	30 030	30 698	31 041	30 481	29 497	34 260
Seminars, Workshops	7 442	1 057	855	5 259	243	65	577	4 383	5 159	12 210
Printing	8 875	6 520	5 459	0	0	0	0	0	2 856	879
Equipment	2 272	605	1 106	0	0	748	0	944	0	2 263
Other project's costs	16 037	10 629	8 397	4 384	0	0	1 500	174	2 599	1 620
<b>Total</b>	<b>217 833</b>	<b>206 922</b>	<b>195 523</b>	<b>151 579</b>	<b>106 602</b>	<b>124 007</b>	<b>148 444</b>	<b>141 841</b>	<b>209 832</b>	<b>273 355</b>

Notes:

**Salaries including fringe:** managers – internal as well as external, accountants, lawyers, assistants, project administrators, researchers, intranet manager, librarian...

**Overhead costs:** rent and utilities, telephone, postage, office supplies, maintenance, subscription and membership, insurance, local travel...

**Equipment:** PC, book cases, chairs, tables...

## Web-Site Statistics

January 1<sup>st</sup>, 2016 – December 31<sup>st</sup>, 2016

Domains	Users	Page views
ineko.sk	47,698	113,456
skoly.ineko.sk	53,763	724,569
obce.ineko.sk	31,373	379,783
nemocnice.ineko.sk	13,894	53,951
i-health.sk	12,099	25,536
<b>Total</b>	<b>158,827</b>	<b>1,297,295</b>

## Media Coverage

January 1<sup>st</sup>, 2016 – December 31<sup>st</sup>, 2016

*Total number of published articles and electronic media releases: around 1000*

INEKO continued in strong media relations policy in order to support right perception and impact of the results of its projects. During the period of January 1, 2016 – December 31, 2016 **there had been several hundreds of published articles and electronic media releases** reflecting INEKO comments on proposed or adopted government measures and informing about results of INEKO projects – Supporting Democracy in Slovakia, Enhancing Transparency of Current PPP Projects and Transport Tenders, Monitoring and Commenting the Structural Reforms, Monitoring Financial Health of Slovak Municipalities, Internet Portal on Primary and Secondary Schools and other activities. Among them, there are series of blogs (please, check INEKO blog on business weekly Trend website: <http://blog.etrend.sk/inekomenty/>, daily SME website: <http://ineko.blog.sme.sk/> and daily Dennik N website: <https://dennikn.sk/autor/ineko/>), newspaper articles, TV discussions and interviews. For many years, INEKO analysts belong among the most quoted economic analysts in Slovakia.

See also the list of media releases: <http://www.ineko.sk/media/medialne-vystupy-za-rok-2016>