



RADOVAN ĎURANA, JANA DUHÁČKOVÁ, JAKUB BETINSKÝ, BARBORA BURAJOVÁ 2013

Monitoring of Absorption of Structural Funds in the Area of Social Services



during the period of 2007-2011

Costly increase of the number of beds and institutions,
the isolation of clients from communities persists

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Authors wish to thank for usefull comments:

SOŇA HOLÚBKOVÁ
MÁRIA MACHAJDÍKOVÁ
VLADISLAV MATEJ
DUŠAN SLOBODA

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1. INTRODUCTION

The second programming period in which Slovakia could benefit from the vast resources of EU funds is drawing to a close in 2013. Particularly high expectations were put into the Structural Funds, as they were expected to help improve the long-neglected areas, including education and social services. The present study gives an analysis of the absorption of the Structural Funds intended for the development of social infrastructure.

Unlike other monitoring reports, the study does not analyse this process based on volume or speed of the absorption of resources. Rather, it analyses the subject of absorption and investigates the added value obtained for the spent resources. The concern is not only the quantitative description of the parameters of approved projects; rather, the study examines these parameters within the context of development of social services. In this case, however, what it considers to be a development is not the increase in social infrastructure housing capacities but rather its qualitative change. The authors worked on the assumption that the desirable change is the development of community-based and integrating care instead of an isolating and anonymous one. From this point of view, the results of the study do not give much reason for satisfaction. Absorption of the Structural Funds focused on increasing the number of year-round accommodation sites and the reconstruction of existing collective facilities.

The initial parts of the study describe the chronological development of set-up of absorption of funds intended for social infrastructure development, with the development culminating in recognising the inadequacy of the original set-up intended to support large-scale facilities, and diverting resources towards deinstitutionalisation. We also highlight the discrepancy between the procedure of the European Union institutions and its basic legal documents, as well as legislation and commitments of the Slovak Republic that consider institutional care as restrictive in terms of individual rights and freedoms.

The second part of the study offers quantitative and qualitative view of the supported projects that have created thousands of new housing capacities in large-scale facilities. An electronically accessible database of information on supported projects from available contracts.¹ is also a part of the study. Authors of the study also criticise the definition and implementation of horizontal objectives which largely predetermined the shaping of not only this priority axis of the Structural Funds. In this part of the study, the authors reflect on an alternative use of depleted resources should the development of community-provided care be the goal.

In Central Europe, the result of the study is none of the unusual. The study was possible thanks to the support of the Open Society Foundations that initiated the monitoring of the use of the Structural Funds to promote social inclusion of persons with disabilities in several countries of Central and Eastern Europe. The findings so far from Bulgaria, Romania and Hungary confirm that the funds have largely reinforced institutionalisation in the programming period of 2007-2013, as has been the case in Slovakia.

These facts are gaining in importance not only because of missed opportunities for true social service development, but with particular regard to the ongoing preparations for the upcoming programming period 2014-2020. The study presents recommendations for the management of the Structural Funds the acceptance of which will potentially restrict chances of consolidating inappropriate and unjustified institutionalisation and enable acceleration of investments in services to enable persons with disabilities to exercise their right to community living.

¹ iness.sk/media/file/files/Projekty.xls

2. THE LEGAL FRAMEWORK OF SOCIAL SERVICES IN THE SLOVAK REPUBLIC

In view of the reporting monitoring period of absorption of EU Structural Funds 2007-2012, we consider necessary to give a brief description of the legislation governing the provision of social assistance and social services and its revisions at the time. The Social Assistance Act of 19 May 1998 governing the legal relations in the provision of social assistance was repealed and replaced by the Social Services Act effective from 1 January 2009. In the reporting period, it is the two pieces of legislation in particular that responded to the need of addressing the issue of social distress and adverse social situations of persons with disabilities, apart from providing emergency assistance in hospital settings.

2.1 THE SOCIAL ASSISTANCE ACT

Act No. 195/1998 Coll. on Social Assistance, effective from 1 July 1998 or 1 January 1999 for selected provisions, provided the basic legal framework for implementation of social prevention and addressing the issue of material or social distress. According to the legislation, recipients of social assistance were entitled to social counselling, social and legal protection, the provision of social services, social assistance benefits or cash benefits for compensation. The Act defined the social services as specific activities to address the issue of material or social distress of citizens.

The aim of social assistance was to „mitigate or overcome material or social distress with the active participation of the affected citizens, ensure the basic living conditions of the citizen in his or her natural environment, prevent the causes, deepening or repetition of disorders of mental, physical and social health of the citizen and provide integration of the citizen into society“.² The dossier drawn up by the Ministry of Labour, Social Affairs and the Family Working Group composed of representatives of the non-profit and public sectors, however, says that despite the stated new qualitative principles, the Act brought nothing but minor changes only to lock the condition inherited from the past regime as characterised by exclusion of disabled persons, especially ones with mental disabilities, from society. In large residential facilities, clients were kept completely isolated from normal life outside the gates. According to the experts, the Act contained no initiatives for a qualitative change in the system of social services.³

2.2 THE SOCIAL SERVICES ACT

The new Act No. 448/2008 Coll. on Social Services, amending and supplementing Act No. 455/1991 Coll on Trade Licensing (Trade Licensing Act), as amended (hereinafter the Social Services Act), replaced the previous legislation after ten long years of being in force. Meanwhile, the Slovak Republic implemented the reform of public administration, with social services being transferred from the state (national) level to the scope of self-governments (higher territorial units and municipalities). From 2002 to 2005, competence and fiscal decentralisation of social services was implemented as a result. Following the reform, nationwide strategic priorities of social services development were being determined.

The new legislation changed fundamental definitions, with social service being defined as an activity aimed at:⁴

- » *preventing, treating or mitigating an adverse social situation of an individual, family, or community,*
- » *preserving, restoring or developing an individual's ability to lead an independent life and promoting his or her integration into society,*
- » *ensuring necessary conditions to satisfy the basic necessities of life of an individual,*
- » *addressing a crisis social situation of an individual and a family,*
- » *preventing social exclusion of an individual and a family.*

² The National Council of the Slovak Republic: Act No.195/1998 Coll. on Social Assistance, Article 1. Bratislava, 19 May 1998. p. 1346.

³ Working Group at the Ministry of Labour, Social Affairs and the Family of the Slovak Republic (composite authors): The Concept of Social Services Reform in the Slovak Republic (Working Paper). Bratislava, June 2003. p. 15

⁴ The National Council of the Slovak Republic: Act No. 448/2008 Coll. on Social Services, amending and supplementing Act No.455/1991 Coll on Trade Licensing (Trade Licensing Act), as amended. Bratislava, 30 October 2008.

An adverse social situation means „putting an individual at risk of social exclusion or restricting their abilities to socially integrate and solve their problems on their own“.⁵ The new legislation is more focused on individuals, families and communities that find themselves in or are at risk of an adverse social situation. The legislation specifies the grounds for which the person is in an adverse social situation, which may be one of the following: living habits, lifestyle, disability, unfavourable health condition, retirement age, caring for a person with severe disabilities, risk behaviour of others, a victim of human trafficking.

There are several new elements in the legislation. It imposes an obligation on municipalities to develop a community social services plan and on self-governments to draw up concepts of social services development in their territories. Determining specific qualitative minimums (standards) is another significant change. The legislation specifies the maximum number of recipients of social service per employee (1 to 6, depending on the type of service) and the minimum percentage of professional employees in the total number of employees (50% to 80%).

Social services are provided in an ambulatory form, outreach form, residential form or another form, such as using telecommunication technologies. The recipient of ambulatory social services is commuting, accompanied or transported to a place of provision of social services. A place of provision of ambulatory social services may include a social service facility. Outreach social services are provided to an individual in their natural social environment. Providing residential social services means providing year-round or weekly accommodation. Nevertheless, in accordance with the principles of deinstitutionalisation, the legislation prefers that the recipients remain in their natural social environment. It establishes a duty to prioritise outreach or ambulatory social services over residential if possible, and to prefer weekly variants in providing residential services. The legislation expressly declares the rights of individuals to choose a form of social service. It also establishes a duty to prioritise the housing of seniors and disabled persons in facilities with a capacity to cater for less than 40 clients.

The Social Services Act effectively creates conditions for the process of deinstitutionalisation, but these by themselves are not enough to transform the largely institutional way of providing social services. According to the Strategy on Deinstitutionalisation of the Social Services System and Foster Care in the Slovak Republic of 2011 (hereinafter „DI Strategy“), there are no direct legislative or programme documents regarding transformation and deinstitutionalisation of the social services system.⁶

In this regard, the National Action Plan for the Transition from Institutional to Community-based Care in the Social Services System for 2012 – 2015 (hereinafter „DI Action Plan“) being currently in place recommends to adopt several legislative changes to facilitate the DI process, such as:⁷

- » *ban registration of large-scale social service facilities;*
- » *define community-type services and activities that are lacking in the law (early care centres, supported homes, individual planning);*
- » *define social services quality standards at the national level;*
- » *create lifelong learning system for social service personnel;*
- » *support families whose child was born with disabilities since the child's birth (since the child's third year of age now);*
- » *prevent placing recipients of social services into institutions;*
- » *strengthen supported decision-making as part of the Civil Code (in cooperation with the Ministry of Justice on the issue). In Slovakia, there is an outdated system of substitute decision-making. In 1990, as many as 93% recipients of social services were deprived of legal capacity, and not much has changed in this respect since then. According to the DI Action Plan, the prevailing condition „significantly restricts the fundamental human rights and the promotion of independent community living. This condition is very risky for independent community living and may complicate the entire process of transformation and deinstitutionalisation“.*⁸

⁵ Ibid., p. 3844.

⁶ Ministry of Labour, Social Affairs and the Family of the Slovak Republic: Strategy on Deinstitutionalisation of the Social Services System and Foster Care in the Slovak Republic. Bratislava, November 2011, p. 16.

⁷ Ministry of Labour, Social Affairs and the Family of the Slovak Republic: National Action Plan for the Transition from Institutional to Community-based Care in the Social Services System for 2012 – 2015. Bratislava, December 2011, p. 15.

⁸ Ministry of Labour, Social Affairs and the Family of the Slovak Republic: National Action Plan for the Transition from Institutional to Community-based Care in the Social Services System 2012 – 2015. Bratislava, December 2011, p. 18.

The need for such legislative changes as defined back in December 2011 is still relevant. Strengthening supported decision-making in the Civil Code as well as amending the Social Services Act are part of the Government's legislative program for 2013.⁹ The deadline for submitting amendments to the Government at a session is through September 2013.

3. DEINSTITUTIONALISATION - MAIN CHARACTERISTICS

The decisive impetus for this study came from the apparent contradiction between the substantive focus of the projects funded by the Structural Funds and the objectives of an effective client-oriented, community-based care. As further described in the section below titled „Monitoring of Absorption of EU Structural Funds“, the available resources went right to the development of institutionalised care. This not only creates a conflict with the applicable Social Services Act, which is already standing on the pillars of reducing institutional care, but is also inconsistent with international commitments to transition to community-based care.

For the purposes of this report, „**institutional care**“ is defined as a long-term provision of social services in residential form by a collective system with a lack of personal privacy and autonomy that leads to the violation of personal integrity. The Report of the Ad Hoc Expert Group on the Transition from Institutional to Community-based Care defines institutional care as any type of residential service where:¹⁰

- » *users of care are isolated from a broader community and/or forced to a common living;*¹¹
- » *users do not have sufficient control over their lives or the decisions that affect them;*
- » *requirements of the organisation itself tend to act superior to individual needs of users of care.*

At the same time, the size of a long-term care facility is a significant, though not the sole criterion to assess the potential of institutionalising an individual. As pointed by a report of the UN Office of the High Commissioner for Human Rights,¹² even relatively smaller facilities, such as ones designed for 30 residents, may do the institution-alisation to the same degree as facilities with housing capacities several times higher.¹³

Deinstitutionalisation is a process of transition from institutional to community-based care. It is a transition of clients (and personnel) from an isolating residential care to new community-based services.

Community-based care is a system of providing assistance and support to recipients of services with prevalence of services and measures within natural communities and a greater community at the discretion of the recipient of the service, which in particular:

- » *enables the pursuit of individual rights and needs, promotes personal development and independent decision-making;*
- » *creates conditions for independent living, activities and social participation of persons dependent on support from society within an integrated community of full-fledged citizens.*

The scope of this publication does not provide the space for an in-depth analysis of the reasons for deinstitutionalisation of persons with disabilities nor for an overview of the fundamental rights and freedoms that are guaranteed by the legal system of the Slovak Republic and yet unreasonably and unduly withheld to them. As a matter of fact, such an analysis is not ultimately necessary, as the report *The European Union and the Right to Community Living*¹⁴ provides a summary of arguments as to why preferred investments in inappropriate

⁹ Ministry of Labour, Social Affairs and the Family of the Slovak Republic: Information on the Performance of Measures for the Strategy on Deinstitutionalisation of the Social Services System and Foster Care in the Slovak Republic in 2012.

¹⁰ Report of the Ad Hoc Expert Group on the Transition from Institutional to Community-based Care, European Commission, Directorate-General for Employment, Social Affairs and Equal Opportunities, Brussels, 2009)

¹¹ *Forgotten Europeans - Forgotten Rights: The Human Rights of Person Placed in Institutions*, C. Parker, UN Office of the High Commissioner for Human Rights, 2011, p. 5

¹² *Ibid.*

¹³ *Deinstitutionalisation and Community Living: Outcomes and Costs*, J. Mansell, M. Knapp, J. Beadle-Brown, J. Beecham, Report of a European Study, 2007, http://inclusion-europe.org/images/stories/documents/Project_DECLOC/DECLOC_Volume_2_Report_for_Web.pdf

¹⁴ *Right to Community Living: European Union's Obligations under the Convention on the Rights of Persons with Disabilities*, C. Parker, L. Clements, Mental Health Initiative, OSFs, 2012, <http://www.opensocietyfoundations.org/sites/default/files/europe-community-living-20120507.pdf>

institutionalisation run contrary to the legal system of the European Union, particularly the EU Treaty standards, general principles of law and international treaties and particularly the Convention on the Rights of Persons with Disabilities, which are binding to the European Union. The analysis points to the provisions of international conventions which have been binding to all EU member states irrespective of the effectiveness of the Convention on the Rights of Persons with Disabilities (which came into force in Slovakia on 25 June 2010). Equally significant is the International Covenant on Economic, Social and Cultural Rights (which came into force in Czechoslovakia on 3 January 1976). Therefore, there are reasonable grounds to believe that even before the accession of the European Union or its members to the Convention on the Rights of Persons with Disabilities, the use of the Structural Funds ran contrary to the principle of respect for the fundamental human rights and non-discrimination as well as to the manner that deepens social exclusion, that is to say, it ran contrary to EU law.

The requirement of deinstitutionalisation is not only responding to legal inconsistency but also has a natural foothold in our expectations should we be the persons with disabilities. In 2007, as little as 7% of responders in Slovakia (EU27 average of 8%) said¹⁵ that should they become dependent on long-term care, they would welcome receiving it in residential long-term care facilities. Others would prefer to stay in their own homes and receive care from their relatives (50%), professional care providers (18%) or personal assistants of their own choice (13%), or would like to stay in the place of residence of their close relatives (7%). A total of 88% of the surveyed Slovaks (EU27 average of 86%) clearly expected support and assistance to enable them to remain in their own social environment. Asked where their parents should receive long-term care should they need it, the surveyed responded with similar tendencies; only as little as 8% said their parents should better leave their natural environment and move to a long-term care facility.¹⁶

Such a public order of social services is, however, inconsistent with investment in inappropriate institutionalisation – and its main tool – buildings, which represent an isolated world where dozens, sometimes even hundreds of people are unwillingly forced to share their privacy and comply with the prescribed routine, without or with limited possibilities to make decisions. Even despite an expected dedication and efforts of the personnel in such facilities, it is hard to imagine the full self-realisation of every client or support of each and every individual decision and help in implementing it.

4. UTILIZATION OF EU FUNDS FOR SOCIAL SERVICES DEVELOPMENT IN THE SLOVAK REPUBLIC

At present, Slovakia benefits from two EU Structural Funds programmes to support the DI process: the European Regional Development Fund (hereinafter ERDF) and the European Social Fund (ESF). More specifically, the ERDF resources are available through the **Regional Operational Programme**, while the ESF resources are available through the **Operational Programme Employment and Social Inclusion**. Another section is devoted to their use so far in the development of social services in the ongoing programming period 2007 – 2013.

4.1 EUROPEAN REGIONAL DEVELOPMENT FUND (ERDF)

In the programming period 2007 – 2013, the Slovak Republic has been benefiting from the EU funds based on the **National Strategic Reference Framework** (hereinafter NSRF) document, which is a programming tool for the Funds and establishes co-financed priorities. The preparation of the document started as early as in 2004 but the process was then greatly prolonged due to change of governments following the parliamentary elections held in June 2006. The new Government (then the first Government of Robert Fico) changed the contents of the draft NSRF, having been submitted to the Commission by the then-former Government, and made amendments

¹⁵ Špeciálny Eurobarometer 283: Zdravie a dlhodobá starostlivosť v Európskej únii, 2007, str. 97 http://ec.europa.eu/public_opinion/archives/ebs/ebs_283_en.pdf

¹⁶ Špeciálny Eurobarometer 283: Zdravie a dlhodobá starostlivosť v Európskej únii, 2007, str. 67 http://ec.europa.eu/public_opinion/archives/ebs/ebs_283_en.pdf

in line with its own political priorities. The amended draft was officially submitted to the Commission in December 2006, followed by some six months of discussions and incorporation of comments. The final document was approved as late as in August 2007. According to the NSRF, social services were in poor condition, both in terms of quality and quantity, with social infrastructure facilities in Slovakia lacking some 7,200 housing capacities according to experts' calculations.¹⁷ The reference framework priorities and objectives included, among others, the promotion of social infrastructure, with only the construction of new facilities mainly in the Eastern Slovakia region as being specifically mentioned.¹⁸

4.1.1 REGIONAL OPERATIONAL PROGRAM

4.1.1.1 First Version of ROP (Approved on 24 September 2007)

In the original version of the Regional Operational Programme (hereinafter ROP), a general objective of „Increasing the level of social services“ was set within the monitored Priority Axis 2 (PA 2) – **Infrastructure of Social Services, Social and Legal Protection and Social Guardianship.**

To meet the objective of the Priority Axis 2, the following support activities were originally designed:

- » *reconstruction, extension and upgrade of existing social service facilities;*
- » *construction of new social service facilities;*
- » *acquisition of new equipment, including ICT equipment in the facilities following their reconstruction, extension, upgrade and construction.*

Target indicators within the ROP Priority Axis 2 were established as follows:¹⁹

- » *310 reconstructed, upgraded or extended social infrastructure facilities;*
- » *30 new facilities.*

This was supposed to bring 390 new and better services to be provided in supported social infrastructure facilities. In addition, the reconstruction of facilities was expected to help in reducing energy consumption in supported buildings by 20% and creating 300 new jobs.

ROP support activities were further specified by determining the nature of eligible interventions:²⁰

- » *interventions in buildings to remove their poor construction and technical condition, or in the construction of new buildings and acquisition of their equipment, including ICT equipment;*
- » *promoting activities to eliminate substandard conditions for disabled users and reduce high energy consumption of operation;*
- » *promoting chiefly facilities like seniors homes, social care homes (SCH) for adults, SCHs for children (with the exception of children's homes), nursing facilities with a capacity to cater for 50 clients and more whilst in compliance with minimum square standards (8m² per person);*
- » *promoting facilities that combine several types and forms of services, providing services to multiple target groups;*
- » *promoting community centres even outside the growth poles regarding facilities reinforcing social inclusion of marginalised Roma communities.*

The nature of ROP eligible investments agreed with the ministry's baseline regarding the condition of social infrastructure:

- » *The lack of housing capacities in social service facilities. Excess demand for seniors homes in particular.*
- » *The need to enhance economic sustainability of large-scale social service facilities (with comparisons of specific economic outcomes not listed in the ROP text).*

¹⁷ Ministry of Construction and Regional Development of the Slovak Republic: National Strategic Reference Framework for the period of 2007 – 2013. Bratislava, 29 June 2007. p. 34.

¹⁸ Ibid., p. 75.

¹⁹ Ministry of Construction and Regional Development of the Slovak Republic: Regional Operational Programme. Bratislava, September 2007. p. 80

²⁰ Ibid., p. 81

The financial plan for the Priority Axis 2 was set with a total volume of EUR 270mil., with the ERDF contribution of EUR 229.5mil. and the rest of the amount being the co-financing from the country's public resources (15%). The volume of the ROP ERDF resources for the period of 2007 – 2013 totalled EUR 1.445bil., meaning the Priority Axis 2 was allocated 16%.

Location of project implementation has been defined as a territory within the Convergence target, i.e. the entire territory of the Slovak Republic with the exception of the Bratislava Self-Governing Region (BSGR). Investments should therefore be directed to:²¹

- » *innovation and cohesion growth poles;*
- » *the so-called growth poles when building new facilities with a population exceeding 5,000 which provide greater area coverage (120 such communities);*
- » *exceptionally, outside the growth poles (regionally necessary in terms of functionality and economically sustainable existing facilities previously located outside cities and towns; facilities which are necessary for their type and catchment area; community support centres of marginalised Roma communities).*

Eligible Recipients within the PA 2 were defined as public and private founders of social service facilities and facilities of social and legal protection and social guardianship.

4.1.1.2 First Revision of ROP

In 2010, in the middle of the programming period 2007 – 2013, the Ministry of Construction and Regional Development as a ROP Managing Authority (hereinafter MA) initiated a revision of ROP based on the results of an interim implementation and analysis of reasons for the ROP revision. Factors initiating the revision were as follows: a new priority (The European Capital of Culture Košice 2013), coping with the aftermaths of floods, and difficulties in implementing certain areas of ROP.

In October 2010, the Ministry of Agriculture, Environment and Regional Development issued a commissioned document drawn up by an outside counselling agency titled **Analysis of Reasons for Revision of the Regional Operational Programme, Including the Proposed Specific Solution of the Revision and Its Impact on the Programme Strategy.**²² Based on the analysis, the Ministry as the ROP Managing Authority²³ developed a new ROP Strategy. The main **reasons for the revision** were as follows (the first two in particular):

- 1. Socio-Economic Changes in Society** - meaning the ongoing demographic trends of population ageing and the global economic crisis in particular.

For the future, the analysis recommends to promote through ROP the growth of capacities of social service infra-structure, especially social service facilities for retired persons, as a further increase in demand for these is expected due to population ageing (the demand had already exceeded available capacities). The authors of the analysis suggest to build new social service facilities, which is deemed economically more profitable, rather than to invest in existing facilities (this assertion however is not supported by any figures in the document).

The second factor - the crisis - has affected the behavior of applicants for non-refundable grants from ROP, with applicants limiting their project plans with regard to the necessary co-financing from their own resources. This factor is also likely to have affected the unfulfilled plans regarding the number of projects in the Priority Axis 2. As far as other impacts of the crisis on the implementation of ROP are concerned, the Slovak Government declared an interest in increasing and accelerating funds absorbed for selected priorities - preferred investments primarily in measures considered by the Government as increasing employment and promoting economic growth.

²¹ Ibid., p. 81

²² Euro Finance Consulting Ltd.: Analysis of Reasons for Revision of the Regional Operational Programme, Including the Proposed Specific Solution of the Revision and Its Impact on the Programme Strategy, Ministry of Agriculture, Environment and Regional Development, Bratislava, 6 October 2010.

²³ In the course of 2010, the Ministry of Construction and Regional Development of the Slovak Republic was cancelled, and the responsibility for the management and administration of ROP was transferred to the Ministry of Agriculture, Environment and Regional Development.

2. Legislative Changes in Education, Tourism and Social Services.

In the field of social services, Act No. 448/2008 Coll. on Social Services replacing Act No. 195/1998 Coll. on Social Assistance was adopted. The new legislation was more in line with the principles of deinstitutionalisation and independent life of social service clients, enacting facilities with a capacity to house less than 40 clients to be prioritised in providing social services. This is in direct contradiction with the original version of ROP, which favours providers with a capacity to cater for at least 50 clients in new social infrastructure development projects (the original ROP Strategy referred to a better financial sustainability of larger-scale institutional facilities). The ROP Strategy has thus become contrary and in contradiction with the national legislation.

Legislative changes took place at an international level too, by adopting Council Regulation (EC) No. 1341/2008 of 18 December 2008 amending Regulation (EC) No. 1083/2006 on the European Regional Development Fund, the European Social Fund and the Cohesion Fund in the context of certain revenue-generating projects. According to the Regulations, a revenue-generating project is also a project involving an investment in infrastructure, the use of which is subject to charges and payable directly by the users. In calculating the total eligible expenditures (base on which the amount of assistance for a specific project is determined), applicants for a grant in such projects need to take into account future earnings incurred in relation to the project implementation. „Eligible expenditures for revenue-generating projects shall not exceed the present investment costs void of the present net revenue from the investment over a specific reference period“.²⁴ In projects where it is not possible to estimate revenues in advance, revenues generated within five years after the completion of the investment will be deducted from the expenditures declared. This will be reflected in the request for final payment. Before December 2008, there was an exemption for projects with total costs of less than EUR 200,000. Since December 2008, the rules relate to projects with total costs exceeding EUR 1mil.²⁵ In practice, these regulations imply an obligation for an applicant for funding assistance to submit the application along with the financial analysis of the project with identified estimated revenues included. Based on the financial analysis, in the so-called revenue-generating projects, the amount of the non-refundable grant is determined (methodology for developing a financial analysis is always released as part of the specific call).

3. Unfulfilled Expectations – potential applicants being less interested in certain areas and vice versa.

The Priority Axis 2 did not fulfil expectations regarding the amount of submitted grant applications. On the contrary, in mid-2010, this Priority Axis saw the most significant disparity – one of 204 projects (as little as 136 approved projects compared to the planned 340). Compared to other ROP priorities, applicants showed significantly less interest in obtaining grants to promote social infrastructure facilities.²⁶ This contributed to the fact that promoting social service infrastructure did not become one of the priority axes of accelerated ROP absorption after the revision. Specific reasons for the lesser interest in spending were also identified in the **Regular Evaluation of ROP Implementation** as drawn up by another outside counselling agency in April 2010:²⁷

- » *the investment being demanding in terms of following the rules that define capacity, hygienic and other specifications of supported facilities (with regard to the adopted Social Services Act);*
- » *some of the social service facility founders are discouraged by uncertainty due to generating the so-called net income from projects (considering direct payments from clients in seniors homes, for instance) and the subsequent obligation to return the contribution (or part of it) or smaller non-refundable grant assistance.*

²⁴ Council Regulation (EC) No. 1083/2006 of 11 July 2006. Official Journal of the European Union, 31 July 2006

²⁵ Council Regulation (EC) No. 1341/2008 of 18 December 2008. Official Journal of the European Union, 24 December 2008.

²⁶ Euro Finance Consulting Ltd.: Analysis of Reasons for Revision of the Regional Operational Programme, including the Proposed Specific Solution of the Revision and Its Impact on the Programme Strategy. Ministry of Agriculture, Environment and Regional Development, Bratislava, 6 October 2010, p. 27.

²⁷ Alpex export-import, Ltd.: Regular Evaluation of ROP Implementation as of 15 April 2010. Ministry of Construction and Regional Development, Bratislava, April 2010, p. 93

4. Change of Priorities at National and International Levels.

The Government proceeded to change the priorities with regard to the ongoing economic crisis. In this respect, investments in educational infrastructure, which the applicants were interested in the most and which the Government saw as supportive of the declining construction industry due to the crisis, became the Government's priorities in particular. In addition to the PA 1 - Educational Infrastructure, the Government came to prefer accelerated absorption in the PA 4 - Regeneration of Settlements, which also promised a significant positive effect on economic growth and employment. Out of the monitored PA 2, construction of new social infrastructure facilities turned out to be the only area of the then-Government's priority absorption.

The authors of the Analysis of Reasons for Revision also mention changes in the direction of social policy at the European level, such as promoting transition from institutional to community-based social care and promoting deinstitutionalisation, and suggest to take them into consideration in the revision of ROP.

5. The Introduction of the Euro.

In determining the ROP financial plan as well as in calculating the expected amount of individual projects, an exchange rate of 32.600 SKK/EUR was applied in accordance with official estimates and expectations at the time of preparing the ROP. Strengthening the Slovak currency (SKK) in the course of 2008, based on which the exchange rate was determined, brought about a real reduction in the total amount of funds for the ROP in SKK - from about SKK 55.42bil. down to SKK 51.214bil., a difference of more than SKK 4.20bil.

4.1.1.2.1 Current State of Absorption Prior to First Revision

As of 30 September 2010, a total of 287 grant applications were received in the Priority Axis 2 - Infrastructure of Social Services, Social and Legal Protection and Social Guardianship - out of which 136 were approved. The lower than expected number of submitted applications was a disappointment, but on the other hand, a higher average financial value of an application came as a surprise to the ROP MA.

The overall initial allocation for the PA 2 amounted to EUR 270mil., of which approximately EUR 184.7mil. went to social services provided to adult clients, EUR 35.3mil. to the development of social infrastructure for children, and EUR 50mil. sharp was earmarked for construction of new social service facilities.²⁸

As of 30 September 2010, the total of EUR 209,362,523 were committed to the 136 approved applications, with as much as EUR 99,357,767 for building new infrastructure of social services (47 approved projects out of 131), which is nearly double the original allocation. With that, **nearly half of the approved finances under the Priority Axis 2 were approved for the construction of new large-scale social service facilities as of 30 September 2010.** Only as little as EUR 8,797,862 was approved to support existing facilities for children (10 approved projects out of 16 applications) and EUR 101,206,893 went to projects to support facilities for adults (79 projects out of 140). At that time, financial allocation in the PA 2 exceeded the overall financial value of approved applications by EUR 60,637,477.

Regarding allocations of resources in other ROP priority axes - in accordance with the declared priorities of the Slovak Government, the volume of the funds approved as of 30 September 2010 was higher than the overall allocation within the Priority Axis 1, Educational Infrastructure, by full EUR 281,037,635! As a result, the total allocation for the ROP was approved for 101% as early as of 30 September 2010. The funds were over-approved without prior reallocation. The ROP Managing Authority and the then-Government of the Slovak Republic justified the move as a response to the crisis, anticipating its positive impact on employment and economic growth in the construction sector in particular.

²⁸ Note: All of the above amounts represent total amounts = ERDF resources + State Budget + recipient resources

4.1.1.2 Recommendations for Revision of ROP

The authors of the Analysis of Reasons for Revision of ROP recommended to increase the allocation in the PA 1 by some EUR 60mil. In relation to the PA 2, this implied that EUR 16.5mil. had to be transferred from measures supporting facilities for children to the PA 1 – Educational Infrastructure, which was considered a more efficient investment.

The authors of the report mention changes in social service priorities at the EU level, such as deinstitutionalisation, decreasing housing capacities of residential social service facilities etc. Despite this fact, however, all they recommend in the final evaluation of the PA is the construction of new social service facilities. The new European trends found no specific reflection in their recommendations (except for the general recommendation as to: take into account latest knowledge and trends in the given area). But it was the referring to the new trends at the EU level in the field of social infrastructure that eventually did not bring about the expected significant growth of interest in absorption of funds from the PA 2. This was one of the reasons why the authors recommended to reduce the allocation within the axis, primarily by the funds intended for facilities for children, where transition from institutional facilities to family-type services was expected as a result of the new legislation.

Preferences of the government officials regarding the construction of new social service facilities were incorporated into the axis allocation financial plan. The proposal was to transfer EUR 59.350mil. from promoting social facilities for adult clients and another EUR 10mil. from promoting social infrastructure for children to the promotion of the construction of new social service facilities with a new total allocation of EUR 119,350,000.

4.1.1.3 Second Version of ROP (Approved on 2 August 2011)

A draft new version of ROP was submitted to the European Commission on 29 October 2010. The Commission had it under consideration until February 2011, then raised additional requirements calling for amendments and revisions regarding support strategy in the field of social infrastructure. A revised version was re-submitted to the Commission on 10 May 2011.

According to the revised ROP, the condition of social infrastructure in the Slovak Republic at that time was as follows: „poor infrastructure, lack of facilities, obsolete buildings, missing accessibility and signalling for persons with disabilities, low availability of social service facilities. The prevailing conditions in the area are not in accord with modern knowledge, purposes and needs to prevent social exclusion of any and all population groups“.²⁹ While the first version rather tried to address the lack of overall housing capacities of social service facilities, the revised version focused more on qualitative aspects of social services infrastructure in the Slovak Republic with regard to social inclusion of clients of social service facilities.

In the process of preparing a revision of ROP, the following requirements by the European Commission and MA partners for the ROP were taken into account. On that account, the new version of ROP:

- » *takes into account the DI principles.*
- » *does not create conditions to further promote medium- to large-scale residential boarding-type (collective-type) facilities. The second version of ROP says: „The ROP Strategy for the years of 2011-2015 should focus exclusively on promoting processes of deinstitutionalisation in Slovakia“³⁰*
- » *promotes social inclusion of marginalised Roma communities by promoting community centres (their construction, reconstruction, upgrade and equipment).*

While in the first half of the programming period, the PA 2 objective was being met by reconstructions, extensions and upgrades of existing social service facilities (preferably large-scale, i.e. capable of housing over 50 clients) as well as by constructions of new ones, since 2011, the ROP Strategy in the field of social infrastructure has changed significantly.

²⁹ Ministry of Agriculture and Rural Development of the Slovak Republic: Regional Operational Programme – Revised Version. Bratislava, August 2011, p. 37.

³⁰ *Ibid.*, p. 47

Now, not more than two groups of activities are or will be supported through ROP:³¹

- » *deinstitutionalisation pilot projects regarding existing social service facilities and facilities of social protection of children and social guardianship (construction, reconstruction, extension and upgrade of facilities infrastructure and related acquisition of equipment, including ICT equipment);*
- » *community centre projects aimed at reinforcing social inclusion of marginalised Roma community centres (construction, reconstruction, upgrade and equipment of the centres).*

Hence, the new ROP Strategy promotes deinstitutionalisation of social services, with the very notion of deinstitutionalisation being defined as a process „involving transformation of place, contents and organisation of care, i.e. it is about transformation of providers (of facilities in the main) and, at the same time, a change of approach in the provision of care (staff retraining, improvement of qualification etc.). Part of the process of deinstitutionalisation is an emphasis on the utmost promotion of individualised services and measures to enable the clients to remain in their natural environment, encouraging the creation of deinstitutionalised types of facilities based on natural and standard living“.³²

In the second version of ROP, new target indicators by 2015 are established as follows:

- » *20 supported DI pilot projects;*
- » *50 technically reviewed or newly built community centres for marginalised Roma communities.*

The initial target indicators for 2015 were adjusted as follows:

- » *80 technically reviewed social infrastructure facilities (as many as 310 initially)*
- » *45 newly built social infrastructure facilities (30 initially)*

According to the revised ROP version, a total of 400 new and better social services (that is 10 more) and 300,000m² of thermally insulated area are expected as an output. Reduction in energy consumption of buildings by 25% (originally 20%) and energy savings by 200,000GJ a year are expected as the impact of the measure. The new strategy responds to environmental trends, and the use of renewable energy sources (increase of power from such sources of up to 0.3MW) has become a new PA 2 core indicator. The 100 supported information society projects as part of the implemented social infrastructure development projects has become another new core indicator. The only indicator whose target value remained unchanged is the impact on employment, as both of the ROP versions expect the creation of 300 new jobs.

Considering the new DI strategy concept at the national and EU levels, the nature of eligible interventions has changed as well:

- » *„Promoting transformation of existing facilities to ensure availability of community services respecting the principles of human rights and equal opportunities. The purpose is transformation of conditions in which social services, social and legal protection of children and social guardianship are provided. Interventions are also focused on acquisition of equipment, including ICT equipment.*
- » *Reinforcing social inclusion of marginalised Roma communities as part of a complex approach – selected self-governments with approved local complex approach strategies“³³*

Location of Project Implementation

The second version of ROP no longer promotes the construction of new facilities in the growth poles with population exceeding 5,000. Other specifications of possible locations of project implementation have remained unchanged compared to the previous version.

³¹ Ibid., p. 112

³² Ibid., p. 46

³³ Ibid., p. 114

Eligible Recipients within the PA 2 are as follows:

- » *public and private founders of facilities which are implementing DI and transformation to community-based or foster family care;*
- » *founders of the so-called community centres.*

4.1.1.3.1 Current State of Absorption in PA 2

As of February 2011, the amounts of approved non-refundable grant applications under individual supported objectives (i.e. support of existing facilities for children and ones for adults as well as the construction of new facilities) virtually did not change compared to the condition as of 30 September 2010, as reported in the Analysis of Reasons for Revision of ROP (see in the above section titled „First Revision of ROP“).

There was, however, a reallocation of resources within ROP to the Priority Axis 1 - Educational Infrastructure - due to the aforementioned projects over-approval. The new total allocation for the PA 2 after the revision amounts to EUR 248,586,960, which is EUR 21,413,040 less compared to the original version. In September 2010, according to the aforementioned Analysis, there was a free financial allocation in the PA 2 amounting to EUR 60,637,477.41. In February 2011, the remaining indicative overall allocation of the revised ROP Strategy totalled EUR 44,150,000 sharp, a difference of EUR 16,487,477.41. It follows that the ROP Managing Authority followed the recommendations of the September 2010 Analysis of Reasons for Revision, which proposed to transfer EUR 16.5mil to the PA 1 from the objective promoting existing social infrastructure facilities for children. The difference between the change in overall allocation for the PA 2 and the amount of funds transferred to the PA 1 represents the amount of savings in the PA 1 (approximately EUR 4.9mil.).

4.1.1.4 Third Version of ROP (Approved on 23 May 2012)

At the turn of 2011 and 2012, there was a hot debate on how to deal with additional funding of over-approved projects within the PA 1. Part of the ROP Monitoring Committee members promoted transfer of any free, so far unallocated funds of all ROP Priority Axes into the PA 1, regardless of the implementation of the ROP Strategy through other PA objectives. Another group of the Committee preferred reallocation of funds from other operational programmes, e.g. OP Informatisation of Society. The third group of opinions was represented by the European Commission which opposes such reallocations at the expense of achieving relevant goals of the Structural Funds and suggested to supplement the missing funds from the State Budget of the Slovak Republic.

Representation of the ROP Managing Authority finally decided to deal with the deficit of funds in the PA 1 through in from other ROP Priority Axes in the years of 2011-2015 „based on reduced project budgets following public procurements, unpaid ineligible expenditures, under-execution of funds, unimplemented projects, funds returned due to irregularities, generating net income etc.“³⁴

The principle of transferring savings within implemented ROP projects had already been applied in the first revision of ROP, which reported savings of EUR 30.3mil in the PA 1 **as of February 2011**. Savings achieved within the PA 2 - PA 5 totalled EUR 22.8mil. „owing to cancelled projects, savings following public procurements, irregularities with financial impact, voluntarily unspent funds and the like“.³⁵ Within the PA 1 at that time, it amounted to EUR 4,913.038.³⁶

For the period from **February to December 2011**, the PA 2 achieved savings of EUR 4,857,209 which were sub-sequently transferred to the PA 1.³⁷

The funds fixed to DI pilot projects and MRC community centres remained part of the ROP Strategy at the same level as in the previous version, i.e. EUR 44,155,690 sharp.

³⁴ Ministry of Agriculture and Rural Development of the Slovak Republic: Internal Analysis of Reasons for Second Revision of ROP as of 31 December 2011. Bratislava, 16 January 2012. p. 3

³⁵ Ibid., p. 4

³⁶ Ministry of Agriculture and Rural Development of the Slovak Republic: Annex No. 1 to Internal Analysis of Reasons for Second Revision of ROP as of 31 December 2011. Bratislava, 16 January 2012.

³⁷ Ibid.

4.1.1.5 Fourth Version of ROP (Approved on 11 October 2012)

As in the previous version, the third revision of ROP too was carried out in order to address the deficit of funds to cover the claims of the beneficiaries as declared in their requests for payment within the PA 1. The field of promoting social infrastructure remained unchanged compared to the previous version.

4.1.1.6 Current Programme Manual for ROP (Approved on 14 December 2012)

While ROP is rather a strategic document, the Programme Manual (hereinafter PM) is a binding governing document of the MA for the ROP and provides more detailed information on the implementation of ROP objectives at the project level. By its contents, the PM may be metaphorically likened to a ROP user manual. The last version of PM was released on 21 December 2012.

In line with the current ROP Strategy, two groups of eligible activities within the PA 2 are supported in the current PM – promoting the DI pilot phase, and the development of MRC community centres. In addition, the PM presents a third unspecified group titled „support activities“.³⁸

The eligible activities for DI and for MRC community centres are further specified as follows:

- » *extension, superstructure, construction work, reconstruction, modernisation and connection of buildings to utility networks, removal of existing barriers;*
- » *increasing energy efficiency of buildings;*
- » *construction of new buildings and completion of unfinished ones for the purposes of constructing new buildings within existing facilities (regarding MRC community centres, also reconstruction of the existing ones for the purposes of building new community centre facilities);*
- » *acquisition of internal and external building equipment related to the purpose of the structure, including ICT equipment;*
- » *project and engineering works.*

Eligible Applicants for non-refundable grants to promote the DI pilot approach are „founders of social service facilities and facilities for the implementation of social and legal protection of children and social guardianship **from the public sector** under the current relevant legislation, implementing deinstitutionalisation and transformation of care to the community level or a community-based type:“³⁹

- » *Higher territorial unit (HTU) as a founder of a social service facility;*
- » *Centre of Labour, Social Affairs and the Family as a founder of children’s homes and children’s homes for unaccompanied minors;*
- » *non-profit organisations as founders of children’s homes or as executors of measures in social and legal protection of children and social guardianship at children’s homes;*
- » *churches and religious communities registered as founders of children’s homes or as executors of measures in social and legal protection of children and social guardianship at children’s homes;*
- » *associations as founders of children’s homes or as executors of measures in social and legal protection of children and social guardianship at children’s homes;*

ERDF resources to support a pilot project of deinstitutionalisation of social services will only be available for use by Higher territorial units (HTUs), as they are founders of facilities with high housing capacities.

³⁸ Ministry of Agriculture and Rural Development of the Slovak Republic: Programme Manual of the Regional Operational Programme 2007-2013 – version 4.8. Bratislava, 14 December 2012, p. 43.

³⁹ Ibid., p. 45

Table 1**Current Financial Plan of Objective 2.1 - Infrastructure of Social Services, Social and Legal Protection and Social Guardianship (in EUR, at current prices for the entire programming period 2007 - 2013)**

Structure of Funding by Recipient (in EUR)	Public Resources			Total	Private Resources (informative)
	ERDF	Slovakia's State Budget	Regional Budgets		
	203,274,984	35,872,056		239,647,040	500,000
Public Administration Sector Regional Self-Government	85 %	10 %	5 %		
Public Administration Sector State Administration Organisations	85 %	15 %	0 %		
Private Sector	80,75 %	14,25 %	0 %		5 %

Source: ROP Programme Manual (version 4.8)

In the PM, the total eligible expense limit is set to EUR 2.4mil. per supported DI pilot project. Minimum expense limit is not determined in the PM.

In order to assess the effectiveness of funds spent on implementation of specific projects, the MA establishes benchmarks for ROP. For supported groups of activities of the Objective 2.1, these are as follows:⁴⁰

DI of existing social infrastructure facilities

- » *total eligible expenses per project/number of facility clients*
= ranging EUR 15,000 - 40,000/client
- » *total eligible expenses per project/floor area of selected services*
= ranging EUR 1,000 - 1,500/m² (for ambulatory and outreach services and various services for families)

Interventions in community centres

- » *total eligible expenses per project*
= depending on various types of centres and investments in infrastructure up to EUR 280,000/project

The Programme Manual also provides completion of objective-level indicators beyond the approved ROP, where indicators are defined at a more aggregate level. For the studied Objective 2.1 - Infrastructure of social services, social and legal protection and social guardianship, the target indicators for 2015 (unspecified by ROP) are as follows:⁴¹

Output (in 2007 - 2010)

- » *number of technically reviewed social service facilities = 70*
- » *number of newly built social service facilities = 43*
- » *number of technically reviewed facilities for the implementation of social and legal protection of children and social guardianship = 10*
- » *number of newly built facilities for the implementation of social and legal protection of children and social guardianship = 2*

Outcome

- » *number of users of facilities providing better and new services = 8,400*

⁴⁰ Ibid., p. 87 - 88.

⁴¹ Ministry of Agriculture and Rural Development of the Slovak Republic: Annex No. 3 to ROP Programme Manual - Indicators for Output, Outcome and Impact at the Level of ROP Objectives. Bratislava, 10 December 2012. pp. 2-3.

Similarly, another annex to the ROP PM defines indicators for horizontal priorities based on interventions within the Objective 2.1 (target for 2015):⁴²

Horizontal Priority - **Marginalized Roma Communities**

- » value and number of projects assessing social infrastructure for MRC = EUR 12mil., 23 projects;
- » number of jobs created for MRC members = 5;
- » number of new and better services for MRC = 26;
- » percentage of MRC members living in the so-called colonies benefiting from supported infrastructure = 25%;

Horizontal Priority - **Equal Opportunities**

- » value and number of projects reinforcing equal opportunities = EUR 30mil., 40 projects;
- » value of projects aimed at removal of existing barriers in social infrastructure facilities = EUR 40mil.;
- » number of jobs created for men = 130, and for women = 170;

Horizontal Priority - **Sustainable Development**

- » value and number of projects contributing to sustainable development = EUR 170mil., 195 projects;
- » average reduction in energy consumption of supported facility buildings = by 25%;
- » facilities' installed capacity increased through renewable energy sources = 0.3MW;
- » thermally insulated area = 300,000m²;
- » energy savings through project implementations = 200,000Gj/yr;
- » overall number of created jobs = 300;

Horizontal Priority - **Information Society**

- » the volume of funds and the number of projects contributing to information society = EUR 120mil., 100 projects.

4.2 EUROPEAN SOCIAL FUND (ESF)

4.2.1 OPERATIONAL PROGRAMME EMPLOYMENT AND SOCIAL INCLUSION (OP E&SI)

The Operational Programme Employment and Social Inclusion sets out the overall objective of „growth of employment, fall in unemployment, social inclusion and capacity building“, with capacity building being defined as improving the quality of human resources.

The original version of the Operational Programme Employment and Social Inclusion, approved by the EC on 26 October 2007, does not effectively address the area of social services, but rather generally describes the prevailing situation at that time. The priority of promoting employment is obvious from the text of the Operational Programme.

The first revision of OP E&SI (implemented in November 2011 and adopted by the EC on 10 February 2012) brought about a significant change in the Programme strategy in the field of social services. A new framework activity „Promoting deinstitutionalisation of welfare services“ was added to the Priority Axis 2 - **Promoting Social Inclusion** (Objective 2.1 Promoting social inclusion of persons at risk of social exclusion through the development of welfare services with a particular regard to marginalised Roma communities) as well as to the Priority Axis 3 - **Promoting Employment, Social Inclusion and Capacity Building in the BSGR** (Objective 3.2 Promoting social inclusion, gender equality and the reconciliation of work and family life in the BSGR).

⁴² Ministry of Agriculture and Rural Development of the Slovak Republic: Annex No. 4 to ROP Programme Manual - Indicators for Horizontal Priorities at the Level of ROP Objectives. Bratislava, 21 December 2012.

It involves the following supported activities:

- » *training personnel for alternative support services;*
- » *training programme for clients of institutional care for community living;*
- » *establishing a system of counselling and monitoring of pilot projects, evaluation of results, coordination of partners implementing the program of deinstitutionalisation, including its institutional framework;*
- » *promoting operation of alternative community services in facilities implementing deinstitutionalisation pilot projects;*
- » *promoting deinstitutionalisation of foster care of a child.”⁴³*

Neither the second nor the third (i.e. current) version of the OP E&SI further details the deinstitutionalisation activities.

OP E&SI Programme Manual (version 2.9, approved on 14 September 2012)

The current OP E&SI Programme Manual defines conditions of absorption of ESF resources through the OP E&SI.

Eligible Territory for DI projects is the entire territory of the Slovak Republic, through two different priority axes. They are the aforementioned PA 2 and the PA 3, with the PA 3 referring specifically to the Bratislava Self-Governing Region (falls within the zoning under the target Regional Competitiveness and Employment) and the PA 2 covering the rest of the territory of the Slovak Republic (territorial breakdown under the Convergence target).

Eligible and ineligible expenses and other details of the measures to promote DI care services will be specifically defined in the relevant national project. Eligible recipients should be all entities that provide social services under Act No. 448/2008 Coll. on Social Services and execute measures in accordance with Act No. 305/2005 Coll. on Social and Legal Protection of Children and Social Guardianship.

Table 2
Principles of Funding Strategy by Forms of Assistance, Individual Resources and Recipients

Recipient	State Administration Organisation	Another Public Administration Entity	HTU	Municipality	Private Sector (Outside State Aid Schemes)
Resource					
ERDF, ESF, Cohesion Fund	85,0 %	85,0 %	85,0 %	85,0 %	80,75 %
State Budget	15,0 %	10,0 %	10,0 %	10,0 %	14,25 %
Another Public Administration Entity		5,0 %			
HTU			5,0 %		
Municipality				5,0 %	
Private Sector					5,0 %

Source: Programme Manual for the Operational Programme Employment and Social Inclusion, version 2.9 (Note: percentage to total eligible expenses)

The overall financial allocation for the OP E&SI PA 2 amounts to EUR 187.8mil., and EUR 17,801,578 for the PA 3. Indicative amount of resources for individual objectives for the entire programming period (total ESF + national resources) are as follows: ⁴⁴

- » *Objective 2.1 Promoting social inclusion of persons at risk of social exclusion or socially excluded persons through the development of welfare services with a particular regard to marginalised Roma communities – EUR 84,083,530.*
- » *Objective 3.2 Promoting social inclusion, gender equality and the reconciliation of work and family life in the BSGR – EUR 8,031,593.*

⁴³ Ministry of Labour, Social Affairs and the Family of the Slovak Republic: Operational Programme Employment and Social Inclusion – 2nd version. Bratislava, November 2011.

⁴⁴ Financial Plan – OP E&SI Programme Manual, version 2.9

Target indicators and indicators of both Priority Axes promoting the DI process from ESF resources are defined in the PM purely at the level of individual PA objectives, with the studied objectives having 6 to 10 different kinds of framework activities, out of which one is dedicated to promoting DI care services. For our purposes, indicators such as the number of supported projects, the number of supported persons in the target group, the number of created local social inclusion partnerships, the number of created jobs and many other employment indicators at the level of the entire objective are at an overly aggregate level and have no explanatory power from the viewpoint of evaluating DI activities or resources spent on them.

5. STRATEGIC DOCUMENTS OF THE SLOVAK REPUBLIC IN THE FIELD OF SOCIAL SERVICES

5.1 NATIONAL PRIORITIES OF SOCIAL SERVICES DEVELOPMENT

In 2005, the Centre for Work and Family Studies worked out a document commissioned by the Ministry of Labour, Social Affairs and the Family of the Slovak Republic titled **National Priorities of Social Services Development** - Theoretical and Methodological Basis and Comparison. The report gives reasons for the need to formulate priorities in the field of social services at national level. The authors of the report point to the poor quality of services and the lack of political will to improve it. Since 1990, not one social service home has been transformed in Slovakia at the initiative of the state. There is only one children's home to have been transformed - and this happened at the initiative of an NGO and with a subsidy from a foreign foundation.⁴⁵ According to the report, in 2003 there were 148 facilities with the population of at least 50 out of 230 social service facilities (including seniors homes), with as many as 39 large-scale facilities with over 151 clients. Besides the problems with the level of quality of social services provided in facilities we have come across in many analyses, the report finds violations of civil rights of the clients: „The unwritten condition for admission of citizens to social service homes is depriving them of legal capacity.“⁴⁶

In June 2009, the Ministry of Labour, Social Affairs and the Family issued National Priorities of Social Services Development (hereinafter NPSSD). According to the Ministry, the strategic document reflects the interests, roles and support measures of the Slovak Government in providing social services for the years of 2009 to 2013. The NPSSD target is as follows: „Ensuring the right of citizens to social services and improving the quality and availability of social services with emphasis on the development of scarce social services or ones that are completely missing in individual self-governing regions and municipalities.“⁴⁷ As it follows from the target and the document as such, the Ministry is interested in primarily addressing identified quantitative rather than qualitative issues regarding the provided social services, that is to say, in addressing the lack of housing capacities in the first place. In 2008, the number of applicants for placement in all kinds of social service facilities exceeded 16,846 (without data from the Košice Self-Governing Region), which was about half of all clients of social service facilities at that time.⁴⁸ This figure, however, has less explanatory power regarding the real situation, as multiple applications for simultaneous placing in multiple social service facilities (mostly on the part of seniors) is a common practice.

The document includes a SWOT analysis of conditions for the provision of social services which highlights weaknesses such as: poor community planning, poor conditions for citizens to remain in their natural environment, inadequacy and unevenness of social services network, non-existent standards of quality of services, poor variability of services, lack of continuity of social and health care in long-term dependence on assistance from others, insufficient number of qualified personnel and the lack of systematic education or improvement of qualification. The analysis was drawn up by the Ministry in cooperation with county authorities.

⁴⁵ It was a project carried out by the Návrat Civic Association in cooperation with Žilina Regional Office (Facility: Children's Home Necpaly).

⁴⁶ Ibid.

⁴⁷ Ministry of Labour, Social Affairs and the Family of the Slovak Republic: National Priorities of Social Services Development. Bratislava, June 2009.

⁴⁸ Ministry of Labour, Social Affairs and the Family of the Slovak Republic: The National Report on the Strategies of Social Protection and Social Inclusion for 2008 - 2010. Bratislava, 2008.

With the document, the Ministry specifies the following national priorities:

1. *„Promoting clients to remain in their natural environment by developing outreach social services.*
2. *Development of ambulatory social services and residential social services in facilities with weekly stays.*
3. *Increasing quality and humanisation of provided social services through reconstruction, extension, upgrade and construction of social service facilities.*
4. *Training of employees in social services.”⁴⁹*

The document contains a subsection titled „Measurable Indicators of Achieving the Priority by 2013” regarding each of the specified national priorities, which however does not specify any measurable, i.e. precisely quantifiable indicators of the given priority. With a few rare exceptions, the indicators are only specified vaguely, such as: increasing the proportion of social services provided at home; increasing the number of barrier-free spaces and buildings; increasing the percentage of professional social service personnel, etc.

The NPSSD are in line with the DI principles, which the document refers to as a „cross-cutting principle” of national priorities and EU priorities too. The third priority, „Improving quality and humanisation of social service facilities...”, is likewise putting an emphasis on increasing the number of facilities that enable recipients of social services to remain in their communities and live in family-type facilities. But it does not explain what kind of facility complies with requirements of a family-type facility. Neither does the material further specify or guide the support of the DI processes it has expressed in principle. It may be concluded, then, that the NPSSD document of 2009 does declare the DI principle in social services but does not explicitly support it.

The drawn-up National Priorities of Social Services Development are the baseline for municipalities to develop community social services plans and for regional authorities to draw up concepts of social services development, with both being developed under the Social Services Act.

5.2 STRATEGY ON DEINSTITUTIONALISATION OF THE SOCIAL SERVICES SYSTEM AND FOSTER CARE IN THE SLOVAK REPUBLIC

The first comprehensive strategic document that clearly and specifically supports the DI process at the national level is the **Strategy on Deinstitutionalisation of the Social Services System and Foster Care in the Slovak Republic** (hereinafter DI Strategy), drawn up by the Ministry of Labour, Social Affairs and the Family of the Slovak Republic and approved by the Government on 30 November 2011. As the Strategy states: „With this document, the Slovak Republic acknowledges the global trend of systematic elimination of the consequences of a long-applied yet historically obsolete model of institutional isolation and segregation of people in need of long-term assistance and care in specialised facilities, namely children in foster care, persons with disabilities and seniors, and its replacement by an alternative model of services and measures which are as close to normal life conditions as possible. The main purpose of deinstitutionalisation in the Slovak Republic is to create and secure conditions for free and independent life of all citizens dependent on assistance from society in a natural community environment through a complex of quality alternative services.”⁵⁰

The Strategy is based on a number of international studies, conventions, declarations and other groundwork and commitments regarding social services (the UN Convention on the Rights of Persons with Disabilities, the European Disability Strategy 2010 – 2020, the European Social Charter, the Report of the Ad Hoc Expert Group on the Transition from Institutional to Community-based Care, Deinstitutionalisation and Community Living – Outcomes and Costs, etc.). According to the adopted Strategy, social service facilities that cater for persons with disabilities should be given priority to undergo deinstitutionalisation.

⁴⁹ Ministry of Labour, Social Affairs and the Family of the Slovak Republic: National Priorities of Social Services Development. Bratislava, June 2009.

⁵⁰ Ministry of Labour, Social Affairs and the Family of the Slovak Republic: Strategy on Deinstitutionalisation of the Social Services System and Foster Care in the Slovak Republic. Bratislava, November 2011.

According to the set Strategy, deinstitutionalisation of social services should be carried out in two phases – a pilot phase (2011 – 2015), and a phase of implementation of other social service facilities DI as based on the pilot results (2016 – 2020). Financial resources for capital investment in infrastructure of DI pilot projects amounting to about EUR 20mil. should be available **from ERDF** through the **Regional Operational Programme**. More options are not provided by the programme. As the amount of free funds limits the number of pilot projects, free resources in selected pilot projects should be used to build assisted living residences and reconstruct suitable premises for community services.

In the initial phase, the **ESF** should be another financial recourse supportive of the DI process. Training providers and recipients of social services and the public should be implemented through the **Operational Programme Employment and Social Inclusion** (Priority Axis 2, Objective 2.1, and Priority Axis 3, Objective 3.2) with the budget of EUR 2.55mil., with at least EUR 1.05mil. to be earmarked for the national DI project and EUR 1.5mil. for pilot transformation projects.

As a follow-up to the Strategy as the fundamental document for the implementation of social services DI, there is the DI National Action Plan adopted in December 2011 and the Concept of Enforcement of Court Decisions at Children's Homes for years 2012 – 2015 with a view to 2020 (The Plan of Transformation and Deinstitutionalisation of Foster Care).

5.3 DI NATIONAL ACTION PLAN

The **National Action Plan for the Transition from Institutional to Community-based Care in the Social Services System for 2012 – 2015** (hereinafter DI Action Plan) defines specific sub-targets, actions and timetable to start off the DI processes in its pilot phase.

The supportive (so-called „soft“) part of the DI pilot process (such as education, counselling, monitoring, supervision or a public information campaign focused on the communities touched upon), funded from the ESF through the OP E&SI, should be defined in detail in the upcoming National Project to Promote DI of Care Services (hereinafter DI National Project). The project is expected to contain the following framework activities:⁵¹

1. *Support and training of recipients and providers of social services for deinstitutionalisation. Identification of pilot projects should be carried out by a broad monitoring of several selected social service facilities which will further be shortlisted (16). Their management along with HTU representatives will be provided vocational training in DI processes management and transformation. Representatives of the facilities will then develop specific transformation projects, the best of which will become DI pilot projects, and these facilities will compete for a grant from ROP (ERDF) to promote social service infrastructure. The Action Plan foresees a selection of some 5 to 8 pilot projects. Under the DI National Project, all of their employees and recipients should be provided comprehensive training to promote professional competence in the transition from institutional to community-based care.*
2. *Promoting employment of persons with disabilities. A system promoting employment within the local community. This activity implies the involvement of labour offices, local employers or a supported employment agency, and the self-government.*
3. *Promoting designing operational infrastructure that meets conditions of universal design, making the new community services accessible to everyone, regardless of disability.*
4. *Support of local communities. Information campaign on the DI process at national and local levels.*

⁵¹ Ministry of Labour, Social Affairs and the Family of the Slovak Republic: National Action Plan for the Transition from Institutional to Community-based Care in the Social Services System for 2012 – 2015. Bratislava, December 2011.

5.4 ACTIVITY OF THE THIRD SECTOR IN PROMOTING DEINSTITUTIONALISATION

In the course of the monitoring period 2007 – 2012, there were several advocacy initiatives by non-governmental organisations (hereinafter NGOs) focusing on transition to deinstitutionalised care. In spite of the fact that the course or the results of these initiatives are not mentioned in official national-level documents, they did have some impact on the development and direction of social services.

In February 2009, in the form of request,⁵² SocioForum warned the ROP Monitoring Committee of discrepancy between the applicable operational programme strategy and the effective legislation on social services. This was the situation prior to the first revision of ROP, when the strategy was still supportive of facilities housing over 50 clients, while the new legislation was supporting lower-capacity facilities with up to 40 clients (for more, see section 2.1). In addition, SocioForum warned that promoting large-scale facilities put in place discriminatory practices against private providers of social services, as they usually provide services in modern, low-capacity facilities. The authors of the request refer to the international study titled „Deinstitutionalisation and Community Living – Outcomes and Costs“ and warn the MA against using the EU resources to further „promote and prolong the life of non-perspective large-scale institutions.“⁵³ SocioForum called for an urgent change of the ROP, as initial calls for absorption of funds from the ERDF had been in the making at that time, but did not succeed. On 25 May 2009, the ROP MA launched first calls for submission of non-refundable grant applications to support existing facilities for children and adult clients.

In October 2010, SocioForum called on the minister of labour, social affairs and the family to amend the National Priorities of Social Services Development 2009 – 2013 because of their obvious ambiguity. In the document, the Ministry acknowledges the general DI principles in several places only to eventually support previous traditional practices still in place. In addition, SocioForum representatives also suggested to develop a national strategy of deinstitutionalisation of social services.⁵⁴ Although the national priorities remained unchanged, the Ministry finally drew up the DI Strategy with a strong assistance from the third sector.⁵⁵

6. CURRENT DEVELOPMENTS

In June 2012, the incumbent Slovak Government adopted the **National Reform Programme of the Slovak Republic**, which includes a chapter on Social Inclusion. Although the Government had expressed interest in continuing the programmes devoted to marginalised Roma communities (building community centres), the issues of deinstitutionalisation or transformation of social services are not even mentioned in the document. The Government only generally undertakes to ensure the availability and quality of social services. „The Government of the Slovak Republic will continue to improve the quality of social services by streamlining the multiple-source funding of social services for the sake of cooperation and interconnection between public finances and other resources. This will also create more objective conditions to assess the quality of the social service provided.“ This is to say that DI is not a priority for the incumbent Slovak Government, which in practice is reflected in the delay of activities planned in the DI Action Plan.

According to the DI Action Plan timetable, the **DI National Project** (DI NP) was scheduled to be ready by 30 April 2012, but it did not happen before the end of 2012. In March 2012, Slovakia held parliamentary elections that resulted in the change of Government and the related leadership of the Section of Social and Family Policy at the Ministry of Labour, Social Affairs and the Family which is a technical supervisor of the DI process.

⁵² Platform of several NGOs working in the field of social affairs.

⁵³ SocioForum: Request for Change in the Regional Operational Programme. Bratislava, 4 February 2009, p. 2

⁵⁴ SocioForum: Letter to the Minister II - Update and Supplement to the National Priorities of Social Services Development. Bratislava, 20 October 2010.

⁵⁵ At that time, the development of the DI Strategy and the DI Action Plan was directly supervised by Helena Woleková, the then-advisor to the Prime Minister Iveta Radičová and SOCIA Foundation expert in social services.

The new leadership changed the structure and some implementation aspects of the upcoming DI National Project in the process of its final approval. Under the former Prime Minister Iveta Radičová, four non-profit organisations were selected as partners of the DI process to provide professional services in four framework activities of the DI National Project (for more on the activities, see above) or implement the upcoming national project. The Centre for Education opened a competition for partnership as part of the upcoming DI National Project in December 2011. The new Ministry leadership decided to change the recipient of the ESF contribution from the Centre for Education to the Social Development Fund, which takes over coordination of the DI National Project.⁵⁶ The approach to the institute of partnership has also been changed; cooperation with selected partners was abandoned, with partners to be replaced by individuals, natural persons – experts. As a result, this will make the implementation of the national project administratively more difficult. Although the reworked national project has already been completed (December 2012), the approval process was not yet completed in January 2013. There are tentatively identified and arranged facilities that should take part in the project. There have been efforts to achieve their even regional representation, with negotiations with representatives of the facilities and HTUs being underway. According to the material tabled at a Slovak Government session, the Ministry should initiate a DI Strategy update by 2013 as following the proposed ex-ante conditionalities for the programming period 2014 – 2020.⁵⁷

As to the second (the investment) part of the DI pilot phase (ERDF funds) – as late as on 21 December 2012, the MA for ROP launched the **Call for submission of non-refundable grant applications** in support of Objective 2.1a – i.e. promoting the pilot approach of deinstitutionalisation of existing social service facilities and promoting deinstitutionalisation of existing facilities of social and legal protection of children and social guardianship. The indicative amount of funds allocated for this call, including co-financing of the recipient, is EUR 20mil., just as was earmarked by the DI Strategy a year ago. The text of the call clearly defines the area of promoting community-type services and expressly declares that it is not aimed at reconstruction of existing large-scale facility buildings (i.e. with a residential capacity of over 18 per building).⁵⁸ Applicants for the grant must submit their applications along with a positive opinion of the Ministry of Labour, Social Affairs and the Family of the Slovak Republic on compliance of the project with the relevant legislation and the DI Strategy. The deadline of the call is on 30 September 2013. The deadline for completion of reimbursable project activities is on 30 June 2015. Minimum total eligible expenses per project have not determined. Maximum total eligible expenses per project have been set to EUR 2,400,000.

Looking at the DI Action Plan activities and their planned timetable, we conclude approximately nine months of delay caused mainly due to the change of the country's Governments and the DI process technical supervisor – being the Ministry of Labour, Social Affairs and the Family of the Slovak Republic. At any rate, the new Government of Robert Fico demonstrated a certain political will to continue the initiative of the former Government, and continues to implement the process of social service DI, although its approach differs in several aspects from the original draft.

7. MONITORING OF ABSORPTION OF ROP

The aim of the following study is to quantitatively describe the use of resources within the PA 2 in the period of 2007-2011. Due to delays in the approval of the NSRF and the subsequent postponement of the relevant applications, the following description of contracted projects eventually covers a period of 11 months, through which six calls were launched from May 2009 to April 2010, with more than 87% of the available resources allocated within.

⁵⁶ Ministry of Labour, Social Affairs and the Family of the Slovak Republic: Information on the Performance of Measures for the Strategy on Deinstitutionalisation of the Social Services System and Foster Care in the Slovak Republic in 2012. Bratislava, December 19, 2012. p. 1.

⁵⁷ Ibid., p. 5

⁵⁸ According to the ROP PM: The evaluation criterion – in the field of social services – one dwelling unit (household) with a capacity of six, and maximum three dwelling units (households) in one building with a maximum capacity of 18.

7.1 ROP CALLS BY 2011 (PRIOR TO 1ST REVISION OF ROP)

The implementation of the ROP PA 2 began on 25 May 2009 by launching two calls for submission of non-refundable grant applications to promote existing social service facilities.

Unlike other ROP Priority Axes, the ROP PA 2 is highly internally differentiated, as it involves a variety of areas of intervention and their combinations:

- a) *promoting facilities for children and promoting facilities for adult clients and seniors;*
- b) *promoting both groups of facilities for public and private sectors entities;*
- c) *promoting both groups of facilities by supporting existing as well as emerging facilities.*

Within the ROP PA 2, the ROP Monitoring Committee approved special evaluation criteria systems for various areas of intervention. This classification is reflected in the structure of calls for submission of non-refundable grant applications. Chronology and the parameters of calls are shown in Table 3.

Table 3
Chronology of Calls PA2

Call Title	Call Duration	Call Contents
ROP-2.1a-2009/01	25 May 2009 - 30 September 2009	Area of intervention (2.1a) was intervention in existing facilities mostly for adult clients (as well as facilities of social and legal protection of children and social guardianship that provide social services mostly for adult clients). The call budget totalled EUR 113,500,000, with maximum contribution from the ERDF amounting to 85% of the total amount, 10% from the State Budget and minimum 5% from the recipient. In case of state administration organisations, 15% goes from the State Budget and 0% from the recipient.
ROP-2.1a-2009/02	11 December 2009 - 15 March 2010	Area of intervention (2.1a) was intervention in existing facilities mostly for adult clients. The call budget totalled EUR 30,000,000, with maximum contribution from the ERDF amounting to 80.75% of the total amount, 14.25% from the State Budget and 5% from the recipient.
ROP-2.1b-2009/01	25 May 2009 - 30 September 2009	Area of intervention (2.1b) was intervention in existing facilities mostly for children. The call budget totalled EUR 35,200,000, with maximum contribution from the ERDF amounting to 85% of the total amount, 10% from the State Budget and 5% from the recipient.
ROP-2.1b-2009/02	11 December 2009 - 15 March 2010	Area of intervention (2.1b) bola intervention in existing facilities mostly for children. The call budget totalled EUR 5,000,000, with maximum contribution from the ERDF amounting to 80.75% of the total amount, 14.25% from the State Budget and 5% from the recipient.
ROP-2.1c-2010/01	7 January 2010 - 30 April 2010	Area of intervention (2.1c) was the construction of new facilities of social and legal protection of children and social guardianship. The call budget totalled EUR 20,000,000. The structure of total eligible expenses varies by recipient: (1) public administration entity: 85% from the ERDF, maximum 10% from the State Budget, and minimum 5% from the recipient; (2) state administration body: 85% from the EDRF, maximum 15% from the State Budget and 0% from the recipient; (3) private sector entity: 80.75% from the ERDF, maximum 14.25% from the State Budget and minimum 5% from the recipient.
ROP-2.1c-2010/02	7 January 2010 - 30 April 2010	Area of intervention (2.1c) was the construction of new social service facilities and extending the existing ones. The call budget totalled EUR 40,000,000. The structure of total eligible expenses varies by recipient: (1) public administration entity: 85% from the ERDF, maximum 10% from the State Budget and minimum 5% from the recipient; (2) private sector entity: 80.75% from the ERDF, maximum 14.25% from the State Budget and minimum 5% from the recipient.

Source: By authors, based on information as published at www.ropka.sk

7.2 TARGETS AND BENCHMARKS FOR PA 2, OBJECTIVES 2.1

The section 4.1.1.1 First Version of ROP describes the main PA 2 objectives based on which 310 social infrastructure facilities were supposed to be reconstructed and 30 new facilities were supposed to be built. For several reasons as further described in the section titled „First Revision of ROP“ (approved in August 2011, that is beyond the horizon of the monitored period), these objectives were later adjusted to 80 reconstructed facilities and 45 newly built facilities.

The ROP Managing Authority further established output and outcome benchmarks for individual ROP objectives. These are set as a proportion of funds allocated for the given objective to a key benchmark, output or outcome as specified in the ROP.

The purpose of the assessment of projects from the perspective of benchmarks is to determine the effectiveness of funds spent on the implementation of the relevant projects.

Table 4
Benchmarks

Objective	Benchmark	Type of Activity	Benchmark Range
2.1 Infrastructure of Social Services, Social and Legal Protection and Social Guardianship	Total eligible expenses per project / number of users (clients) of a reconstructed facility	Interventions in existing facilities providing social services or executing measures mostly for adult clients	Social service facilities: EUR 10,000 – 17,600 per client
	Total eligible expenses per project / number of users (clients) of a reconstructed facility	Interventions in existing facilities providing social services or executing measures mostly for children	Facilities of social and legal protection of children and social guardianship: EUR 10,000- 14,500 per client
	Total eligible expenses per project / number of users (clients) of a newly built facility	Interventions in construction of new facilities of social and legal protection and social guardianship	Social service facilities: EUR 12,600 – 27,000 per client Facilities of social and legal protection of children and social guardianship: EUR 12,600 – 27,000 per client

Source: ROP Programme Manual, figures valid for the PA 2 from 9 November 2009

Under the ROP OP, the main goal was set to increase the availability and quality of civic infrastructure and facilities in the regions. Fulfilment of this goal is to contribute to the overall objective of the strategic priority (1) Infrastructure and Regional Accessibility, which is „to increase regional infrastructure facilities and improve efficiency of the related services.“ Although the ROP is not directly intended to support the business community, by its characteristics, it may contribute to stimulation of internal regional resources to encourage follow-up business activities (small and medium-sized enterprises), which will consequently help increase attractiveness of the regions for foreign investments. Also, this should contribute to achieving the priorities of the National Reform Programme in the business environment.

7.3 ROP MONITORING COMMITTEE

There are several categories of institutions operating under the Structural Funds (SF):

- » *an umbrella institution for the structural funds as a whole, which is the aforementioned Managing Authority (the relevant ministry);*
- » *an institution in charge of the management and implementation of programmes;*
- » *institutions entrusted with partial tasks associated with the management of EU funds – the so-called intermediary bodies operating under the managing authorities = implementation agencies;*
- » *monitoring committees;*
- » *Payment Authority (the Ministry of Finance of the Slovak Republic).*

The implementation of the entire NSRF is overseen by the National Monitoring Committee, which is made up of all entities involved in the implementation. Its role is to monitor progress in the implementation of the NSRF and to approve annual and final reports. Coordination of the National Monitoring Committee comes under the Central Coordination Authority that is the incumbent Ministry of Transport, Construction and Regional Development of the Slovak Republic.

In the monitoring process, a key role is played by monitoring committees (MC) of the operational funds, as they track and monitor the implementation of the programme documents. They are also responsible for approving and editing amendments to the programme documents, follow material and financial indicators needed to monitor the financial assistance from the EU, and assess the progress towards achieving the structural assistance objectives. Approving annual and final reports on implementation also comes under the powers of the monitoring committees. If deficiencies are found, the MCs suggest amendments to or review of the assistance in order to achieve the intended structural policy objectives.

The monitoring system should allow an assessment as to whether the intended priorities and objectives are being met through the defined actions and activities.

The Ministry of Construction and Regional Development of the Slovak Republic as the ROP Managing Authority set up the ROP Monitoring Committee, whose inaugural session was held on 5 December 2007. By the end of 2012, the monitoring committee had held eight sessions, with an annual report drawn up at the end of each year. Since the monitoring committee evaluates the entire ROP absorption, reports by monitoring committees do not contain the required level of detail regarding the absorption within the PA 2. The following section offers relevant information contained in individual reports and the course of contracting. At the same time, each report includes identification of the main issues related to the absorption of allocated resources. As for the infrastructure of social services, in particular, the issues were the low number of applications, poor absorption and the subsequent discrepancy between the purpose of absorption and the requirement to focus on deinstitutionalisation. As these aspects are further detailed in the section titled „First Revision of ROP“, they are not specified in annual reports.

7.4 ANNUAL REPORTS ON IMPLEMENTATION OF ROP IN 2007-2008

Given the level of progress in the implementation of the operational programme, no calls had been launched throughout this period. The 2007 report assumed the actual beginning of contracting and absorption from the funds for the ROP to be by mid-2008. However, preparations for the call for submission of non-refundable grant applications in the PA 2 were launched as late as in late 2008.

7.5 ANNUAL REPORT ON IMPLEMENTATION OF ROP IN 2009

In the course of 2009, two initial calls within the monitored PA 2 were launched and completed. As shown in the table below, the implementation process did not advance to the project contracting and the subsequent absorption.

As for the process of approval of non-refundable grant applications (evaluation and selection) throughout 2009, no problems were identified that would have resulted in a change of management and control systems (e.g. substantial changes in the guidelines for evaluators, change of status and the rules of procedure of the selection committee etc.).

By the end of 2010, the ROP Managing Authority had not received any requests for reviewing the decision on non-approval of non-refundable grant applications, or other claims regarding the ROP PA 2.

Table 5
Development of the Priority Axis Implementation as of 31 December 2009

Objective	Received Grant Applications	Rejected Grant Applications	Approved Grant Applications	Contracted Projects	Projects in Implementation	Withdrawn from Contract	Finished Projects
2.1a	86	40	46	0	0	0	0
2.1b	8	4	4	0	0	0	0
Overall	94	44	50	0	0	0	0

Source: 2009 Annual Report

A common feature of both calls was a comparatively low interest of applicants (compared to the PA Educational Infrastructure). Despite the long-advanced calls (see schedule of calls for 2009 published in December 2008) and their accompanying regional events, as little as 94 non-refundable grant applications were received altogether in both calls. The low interest of applicants was particularly evident in the call for the promotion of facilities for children, where only eight grant applications were received. A total of about EUR 74mil. was allocated in both calls.

According to the annual report, reasons for the lower interest of applicants in the ROP Priority Axis 2 compared to the ROP Educational Infrastructure were identical with the reasons described in the above analysis, quoted in the section titled „First Revision of ROP“.

7.6 ANNUAL REPORT ON IMPLEMENTATION OF ROP IN 2010

In the course of 2010, four more calls were completed, which brought another almost 200 non-refundable grant applications as a result. The calls within Objective 2.1c that promoted the construction of new facilities and recorded the highest proportion of unmet requests had a special status.

Table 6
Development of the Priority Axis Implementation as of 31 December 2010

Objective	Number of Received Grant Applications	Number of Rejected Grant Applications	Number of Approved Grant Applications	Number of Contracted Projects	Number of Projects in Implementation	Number of Finished Projects
2.1a	140	61	78	73	72	1
2.1b	16	6	10	10	10	0
2.1c	132	85	43	42	42	0
Overall	288	152	131	125	124	1

Source: 2010 Annual Report

As of 31 December 2010, within the ROP PA 2, a total of 72 submissions were received against the procedure of the ROP MA. All were settled by the end of 2010 (20 were declined, 43 rejected and 9 approved). The comparatively

high number of submissions has almost entirely to do with the applicants being interested in building new facilities; however, less than a third of the submitted grant applications had a chance to be supported due to the limited allocation for this area.

The MC Annual Report also makes reference to the doubts as expressed by the European Commission concerning the supported projects on children's homes being in accord with the approved ROP Strategy. The ROP MA in cooperation with the Ministry of Labour, Social Affairs and the Family of the Slovak Republic provided the Commission with an interpretation of the ROP wording and the requested assistance, including detailed information on the supported projects in question. The final opinion of the Commission on the issue was not known by the end of 2010.

7.7 ANNUAL REPORT ON IMPLEMENTATION OF ROP IN 2011

In the course of 2011, no calls for submitting non-refundable grant applications were launched under the ROP PA 2. The main focus of the implementation of this Priority Axis was on the processes of contracting and implementing the approved projects.

Regarding the type of the facilities supported, projects focusing on facilities for adult clients (93%) were in the lead. As of 31 December 2011, a total of 132 non-refundable grant applications were approved within the ROP PA 2, with 125 of them contracted. By the end of 2011, 8.7% contracted funds had been used up.

Table 7

Development of the Priority Axis Implementation as of 31 December 2011

Objective	Number of Received Grant Applications	Number of Rejected Grant Applications	Number of Approved Grant Applications	Number of Contracted Projects	Number of Projects in Implementation	Number of Finished Projects	Number of Exceptionally Terminated Projects
2.1a	140	63	76	72	70	2	4
2.1b	16	6	10	8	10	0	2
2.1c	132	85	46	45	45	0	1
Total	288	154	132	125	123	2	7

Source: 2011 Annual Report

Based on the revision of ROP of 2011, there was an adjustment (towards more realistic values) to the target values of measurable indicators at the priority axis level (e.g. the number of technically reviewed social infrastructure facilities decreased, the number of newly built social infrastructure facilities increased, as did the number of the new and improved services provided in the supported social infrastructure facilities). At the same time, there was an addition of new CORE indicators (such as the increase of facilities' installed capacity through renewable energy sources and the number of information society projects) as well as new indicators reflecting the change in the ROP Strategy (e.g. the number of technically reviewed or newly built community centres to reinforce social inclusion of MRC, the number of supported deinstitutionalisation pilot projects). Also, there was a revision of the amount of funds originally allocated for the ROP Priority Axis 2 in favour of the ROP Priority Axis 1 (the overall allocation for the ROP PA 2 dropped from EUR 270mil. down to EUR 239.7mil.).

The Annual Report highlights a significant shift in the process of deinstitutionalisation in Slovakia - the adoption of the first design material titled „The Draft Strategy on Deinstitutionalisation of the Social Services System and Foster Care in the Slovak Republic“, which was approved by the Government Resolution No. 761/2011 of 30 November 2011. Although „it is not anticipated to achieve complete deinstitutionalisation of existing facilities in Slovakia by the end of the programming period 2007-2013 in terms of time or finances,“ says the report, „promoting pilot projects through the ROP may actually contribute to getting valuable experience and knowledge on the process of deinstitutionalisation of social infrastructure facilities in the country.“

7.8 BALANCE AT THE END OF 2012

As the 2012 Annual Report will not be available until mid-2013, here is an overview of the implementation of the PA 2 as published on the website of the Slovak Ministry of Finance with the balance at the end of 2012.

Table 7

Development of the Priority Axis Implementation as of 31 December 2012

Region	Submitted Projects	Rejected Projects (number)	Rejected Projects (budget)	Approved Projects (number)	Contracted Projects (number)	Contracted Projects (budget)
Trnava Region	42	19	32,327,868	23	21	28,153,983
Trenčín Region	40	19	34,502,315	20	20	28,848,147
Nitra Region	44	17	22,864,283	21	20	26,891,702
Žilina Region	39	22	34,975,151	17	16	30,646,599
Banská Bystrica Region	52	30	38,426,116	11	11	12,650,702
Prešov Region	88	30	37,459,312	25	25	37,647,755
Košice Region	49	22	30,618,211	19	19	28,299,004
Total	354	159	231,173,256	136	132	193,137,890

Source: The state of implementation of SF regional projects by OPs, priorities and objectives for the programming period 2007-2013 as of 31 December 2012.

Note: The authors switched the contents in the approved and contracted projects columns, as the source material cited more contracted projects than the approved ones.

Even despite the fact that no calls were launched in 2011 and 2012, additional projects were signed, bringing the total number of contracted projects to 132. The total value of approved projects amounted to EUR 196.1mil, with EUR 59.5mil used up by the end of the year.

8. APPROVED PROJECTS

The following section describes the quantitative characteristics of the projects approved in relation to the PA 2 objectives and benchmarks as well as in the context of deinstitutionalisation. The presented information is taken over from contracts and source materials as provided by the Ministry of Agriculture, Environment and Regional Development of the Slovak Republic, and annual reports of monitoring committees. In general, it should be noted that information available in signed contracts did not always correspond to the project contents. After checking the questionable data directly with the applicants, we adjusted the project database accordingly. Since not all of the applicants were cooperative, however, the resulting figures might contain inaccuracies that could not be eliminated at the time of the study (for more, see the section titled „The Availability and Reliability of Information“).

By the end of 2011, within the PA 2, there were 125 projects contracted with non-refundable grant applications (see Table 9), with 123 projects in implementation and two projects ending up as finished. The data indicate that less than half of the total number of projects was contracted (the applications totalled EUR 432mil.), while the rest were rejected. The reasons for the rejections were not specified in the annual reports, with the exception of naming excessive interest in building new facilities.

Nasledujúca tabuľka sumarizuje informácie najdôležitejších indikátorov zo 125 zazmluvnených projektov:

Table 9
Summary of Contracted Projects

Maximum Total Investment Expenditures (EUR)	198,268,786	
Non-refundable Grant (EUR)	182,854,357	
Total Eligible Expenses (EUR)	192,186,155	
Investment in Construction (Eligible Expenses from the Budget)	171,677,499	89.33%
Investment in Equipment	14,084,323	7.33%
Total Area of Technically Reviewed Buildings in m² (without newly created facilities)	244,324	
Total Reviewed Area (m ² /client)	29.3	
Total Area of Technically Reviewed Buildings (m²)	307,712	
Total Reviewed Area (m ² /client)	24.9	
Thermally Insulated Area (m²)	289,329	
Thermally Insulated Area (m ² /client)	31.9	
Baseline Number of Users	7,160	
Increase in Number of Users after Project	5,182	
Total	12,342	

Source: By authors, based on provided contracts

There is a clear contrast in the above investments in the construction and equipment, with vast majority of the funds being allocated for the renovation of existing facilities or the conversion/construction of new buildings. It follows that new and improved services were mainly provided by way of improving capital equipment, which was moderately backed by an increase in the quantity and quality of human capital. Improving the quality of a building, however, does not necessarily mean this has also led to sufficient improvement in the quality of life of its clients.

Reconstruction of facilities, as covered by the Objective 2.1.1, is the main instrument for the ROP to participate in and contribute to the development of infrastructure of social service facilities. In most cases, the actions were focused on reducing energy consumption, removal of existing barriers, extension and modernisation of premises in order to increase housing capacity of the facilities. The average baseline capacity for all facilities was 57 clients. A total of 27 facilities had a housing capacity of more than 100, with six facilities out of the total with a capacity of over 200 clients. A supported project providing services to 304 clients was one with the highest housing capacity. Upon completion of project implementation, the average number of clients in supported facilities should rise to 98.7, with 49 facilities to provide services to more than 100 clients and 10 facilities to serve to more than 200 clients. Based on the approved applications, the programming period 2007-2011 was focused on medium- and large-scale facilities as the figures clearly show.

8.1 RECONSTRUCTION OF EXISTING FACILITIES VS NEWLY CONSTRUCTED FACILITIES

Out of the total of 125 projects, 42 contracted projects (or 34%) will use the non-refundable grant to build or create a new facility. This category includes projects with a zero baseline capacity at the beginning of the project implementation.

Although copies of the contracts for approved projects that we obtained from the Ministry of Agriculture and Rural Development of the Slovak Republic say there were 50 of such projects in total, an additional analysis showed their number had been reduced to 42. While checking the contracts, the authors found that several facilities had already existed at the time of project start (some of them with 20-years' history). For this reason, it was necessary to verify the reality with the applicants directly. A total of 50 institutions were approached, of which 33 institutions returned their replies. Eight of them documented a non-zero baseline capacity (which was inconsistent with the information stated in the signed contracts), representing a capacity of 711 clients. Also, seven cases proved to be in conflict with a contract regarding maximum capacity after completion of the project. Out of the 33 replies, 24% read different values from those stated in the contracts. This necessarily requires a critical look at the accuracy of the overall data and the analysis outputs as such.

In addition to the discordant data regarding facility capacity, **five grant recipients** reported in their replies of their project implementation being stopped due to the lack of funds to co-finance the project. The projects in question were ones with a zero baseline capacity, total housing capacity of 735 and an average facility capacity of 147 clients. Total eligible expenses for the five projects equalled EUR 9,735,989 (EUR 12,434/client).

The remaining 17 facilities with a zero baseline capacity failed to return their replies for several reasons (e.g. entities not falling under the Act on Free Access to Information, unavailability on the phone, etc.). In these cases, the information we had collected directly from the project copies from the Ministry of Agriculture and Rural Development of the Slovak Republic was incorporated into the analysis.

8.2 INDICATOR OF ELIGIBLE EXPENSES PER CLIENT

Under the benchmarks as defined by the ROP Managing Authority, an indicator of “total eligible expenses per project/number of users (clients) in a reconstructed facility” was set for funds absorption for individual projects (for more, see the above section titled „Benchmarks“). This indicator determines indicative amount of funding attributable to a client, depending on the type of facility. The Managing Authority defined an interval of EUR 10,000 - 17,600/client for the intervention in existing facilities, and EUR 12,600 - 27,000/client for the construction of new facilities. The number of clients (baseline capacity plus increase in the number of users after the project) totalled 12,342. The figure is further divided into clients of 83 existing facilities (8,354 clients) and ones of 42 newly created facilities (3,988 clients). The table below sums up the ratio of the total number of clients and total eligible expenses.

Table 10
Overview of Benchmarks of Expenses per Client

		Total Eligible Expenses in EUR	Total Number of Clients	Eligible Expense Limit per Client (EUR)	Real Eligible Expenses per Client (EUR)
Intervention in Existing Facilities	for Adults	98,226,849	7,839	10,000 - 17,600	12,531
	for Children	7,627,723	515	10,000 - 17,600	14,811
Intervention in New Facilities		86,331,584	3,988	12,600 - 27,000	21,648
Total		192,186,155	12,342		

Source: By authors, based on provided contracts and the ROP Program Manual

The benchmark of total allowed expenses per client in contracted projects was followed both in the reconstruction of existing facilities and the construction of new ones.

8.2.1

BOX 1

EXPENSIVE SQUARE METER?

A view of the allowed expenses per client in newly-built facilities may help us find the answer to this question. Under the benchmarks, the maximum allowed expense per client was set to EUR 27,000. In half of the projects (21), it was within the range of EUR 26,930 – 27,000, meaning the limit had been used to the maximum. Budgeting usually runs from top to bottom, i.e. total allowable expenses are determined by the client's limit benchmark, with the contents of the project being adjusted accordingly. Most of the new facilities emerged outside large cities, where the price levels of even the newly built properties never amount to urban levels reaching around EUR 1,200 – 1,500 per m². **The average price of new facilities amounts to EUR 960 per m² (the average for 24 buildings)**. Nevertheless, there were 20 projects out of the 125 with the price starting at EUR 1,000 per m², with the highest figure of EUR 1,862 per m². Considering this, it is hard to find the limit of EUR 27,000 too low or investment-restrictive for the applicants. On the contrary, high costs were typical for new constructions. **It can therefore be concluded that in some cases, the high client's limit acted as an incentive for costly projects whose funding cannot be considered cost-efficient.**

The amount of the set limits may be viewed from several angles:

1) Deinstitutionalisation. In 2009-2010 (at the time of submitting applications), the average apartment price in the regions outside Bratislava ranged from EUR 620 to EUR 850 per m²,⁵⁹ with the exception of the Košice Region that was offering apartments for EUR 940 per m². In other words, if deinstitutionalisation had taken place, private housing for the purpose of assisted living with the same area would have been cheaper. What is also true, the average price of EUR 960 in new capacity projects also applies to many common areas including extensive passages that make a square meter of living space more expensive.

The allowed subsidy of EUR 27,000 with an apartment price of EUR 800/m² would allow the purchase of an apartment with an area of 34 m², which is larger than an area per client in a collective facility.

2) The State Housing Development Fund provides loans for projects with eligible expenses of maximum EUR 900 per m².⁶⁰

3) Looking at the expenses for the reconstruction of existing facilities per m², we find the price amounting to EUR 1,000/m² in nine cases. So, a legitimate question arises as to whether building a brand new facility from the ground up wouldn't be a more preferable solution here.

8.3 DEMOGRAPHIC AND GEOGRAPHIC CHARACTERISTICS

The table below sums up the regional view of social care homes (SCH) in Slovakia, their housing capacities, the number of seniors and their proportion relative to the total population of Slovakia and the total number of facility users.

⁵⁹ <http://www.nbs.sk/sk/statisticke-udaje/vybrane-makroekonomicke-ukazovatele/ceny-nehnutelnosti-na-byvanie/ceny-nehnutelnosti-na-byvanie-podla-krajov>

⁶⁰ http://www.stavebne-forum.sk/events2012/prezentacie/06142012_bosansky.pdf

Table 11
Number of Seniors and Seniors in Institutions

Region	Population	Number of Seniors	Number of Institutionalised Seniors	Percentage of Institutionalised Seniors
Slovakia's Total	5,397,036	1,293,710	22,505	1,74%
Bratislava Region	602,436	147,818	2,637	1,78%
Trnava Region	554,741	136,093	2,603	1,91%
Trenčín Region	594,328	154,252	3,024	1,96%
Nitra Region	689,867	178,759	2,966	1,66%
Žilina Region	688,851	160,018	3,957	2,47%
Banská Bystrica Region	660,563	162,793	2,723	1,67%
Prešov Region	814,527	176,405	2,332	1,32%
Košice Region	791,823	177,572	2,263	1,27%

Source: SO SR, Social Insurance Agency

The following table gives a comparison of new capacities for seniors (in existing or new SCHs) and the number of seniors in the respective regions. Out of the 125 projects in total, the analysis did not include seven projects involving facilities that provided social services for children and one facility that had been established as a shelter for the homeless:

Table 12
Regional distribution of new capacities

Region	Number of Newly Created Client Capacities	Initial Number of Client Capacities in Facilities Applying for Grant	Number of Seniors in Individual Regions
Trnava Region	807	721	136,093
Trenčín Region	698	1,093	154,252
Nitra Region	841	653	178,759
Žilina Region	797	573	160,018
Banská Bystrica Region	213	556	162,793
Prešov Region	917	1,542	176,405
Košice Region	436	1,537	177,572
Total	4,709	6,675	

Source: By authors, based on provided contracts

As the demographic and geographic indicators suggest, most of the new housing capacities were created in the Prešov Region, one with the highest number of seniors overall and, simultaneously, one with the relatively lowest number of seniors institutionalised in residential facilities. Assuming there should be approximately an equal number of seniors institutionalised in SCHs in each of the regions, then the highest number of housing capacities should have been created in the Košice, Banská Bystrica and Nitra Regions. With the exception of the Prešov Region, however, the opposite was the case.

Adding the new capacities to the initial number of client capacities, we find that there has been no reduction in differences in accessibility; rather contrary is true – the regions with higher housing capacities at the start have now even higher capacities than they did before:

Table 13
Comparison of Capacities after Implementation of Approved Applications

Region	Ratio of Capacity and Number of Seniors Prior to Intervention	Ratio of Capacity and Number of Seniors After Project Implementation	Increase in Accessibility
Trnava Region	1.91%	2.51%	0.59%
Trenčín Region	1.96%	2.41%	0.45%
Nitra Region	1.66%	2.13%	0.47%
Žilina Region	2.47%	2.97%	0.50%
Banská Bystrica Region	1.67%	1.80%	0.13%
Prešov Region	1.32%	1.84%	0.52%
Košice Region	1.27%	1.52%	0.25%

Source: By authors, based on provided contracts

Note: The number of occupied vacancies based on the report by the Statistical Office of the Slovak Republic is considered to be the parameter of the „capacity prior to interventions“. The next column is a sum of new capacities added to the occupancy in 2011.

Assuming an even distribution of housing capacity, the comparison shows that the creation of new capacities did not meet the needs of the regions, with the exception of the Prešov Region. The creation of capacities was rather dependent on the abilities of potential recipients to successfully file applications or provide adequate co-financing. As shown in the table below, the ability to absorb funds had a significant impact on the resulting ratio of planned and contracted resources. The Banská Bystrica Region „got into the lead“ not only in terms of the lowest amount of contracted resources, but also in terms of unapproved applications (see Table in section 2.4.).

Table 14
Expected Regional Allocation of ERDF Resources Compared to Real Allocation of Resources

Region	Expected Allocation for ROP PA 2 of 2007	Total Volume of Contracted Projects as of 31 Dec 2012	Ratio of Contracted Projects and Expected Allocation
Banská Bystrica Region	31,212,000	12,650,702	41%
Nitra Region	33,507,000	26,891,702	80%
Košice Region	36,720,000	28,299,004	77%
Prešov Region	45,900,000	37,647,755	82%
Trenčín Region	26,622,000	28,848,148	108%
Trnava Region	22,032,000	28,153,983	128%
Žilina Region	33,507,000	30,646,599	91%

Source: Report on the Status of Achieving the Planned Indicative Regional Allocations within the Regional Operational Programme as of 30 June 2011, Absorption from SF as of 31 December 2012, Ministry of Finance of the Slovak Republic

The final distribution illustrates the structure of recipients of contracted projects. More than half of the projects were obtained by the public sector involving self-government recipients. Altogether, these projects used up 57% of the non-refundable grant awarded.

Table 15
Structure of Recipients by Facility Founder

Number of Contracted Projects		Volume of Eligible Expenses	Proportion of the Total Amount	Public Sector Recipients
Public Sector Recipients	HTUs	25	39,5	21%
	Municipalities	39	63,8	33%
	Offices of Labour, Social Affairs and the Family	5	5,6	3%
Other Recipients (Non-Public Sector, including Churches)		56	83,3	43%

Source: By authors, based on provided contracts

8.4 MEETING THE OBJECTIVES OF HORIZONTAL PRIORITIES

In 2011, there were modifications to the ROP and subsequent modifications to the Programme Manual, which defined several horizontal objectives to meet in 2015.

a) Information Society

The volume of funds is expected to reach EUR 120mil. and the number of projects contributing to the information society is expected to be 100.

Since each project contained an aspect of using information technologies in some way (i.e. purchase of a computer or building a network within a building), this objective should be met easily. Therefore, the purpose of its measuring eluded the authors of this study. As the information society cannot be measured by the length of network cables or the number of computer monitors, the non-refundable grant applications rarely defined the contribution of their investment to the development of the „information society“ or the actual benefit to clients.⁶¹

b) Equal Opportunities

The value of projects promoting equal opportunities is expected to exceed EUR 30mil. in 40 projects. The value of projects aimed at removal of existing barriers in social infrastructure facilities is expected to exceed EUR 40mil., while the number of jobs created for men is expected to exceed 130, and 170 for women.

Upon successful implementation of approved projects, all the above parameters should be met, with the exception of the number of jobs created for men.⁶² Again, a question arises about the sense of measuring these goals at all, as every project involving the reconstruction or construction of new facilities, for instance, must meet the condition of removal of existing barriers. For this reason, it is unnecessary to monitor this indicator at all. Similarly, measuring equal opportunities by measuring the creation of more jobs for women in new social care facilities proves to be just as groundless, as 90% of employees in these are typically women. Recognition of this indicator points rather to misunderstanding of the concept of promoting gender equality. Investments with this intention should help eliminate such strong gender segregation in the labour market.

⁶¹ What is also hard to grasp is why this objective counts in the overall project value (let us just think, for instance, how do new lifts or toilet bowls contribute to the development of the information society?). Enough to say that each contract includes a base budget with item code 633002, which falls under computing under economic classification.

⁶² With a certain degree of exaggeration, this goal might be considered accomplished as well, as the reconstruction and construction works were mostly carried out by men.

c) Marginalised Roma Communities (MRC)

Investment in social infrastructure assessment for MRC is expected to be higher than EUR 12mil.; the number of projects is expected to be 23; the number of jobs created for MRC members is expected to exceed 5; the number of new and improved services for MRC is expected to reach 26; and the proportion of MRC members living in the so-called separated and segregated settlements enjoying supported infrastructure is expected to reach 25%.

Meeting the criteria and assessing physical parameters in the MRC area was also the focus of the latest annual report as of 31 December 2011. By 2011, relative to PA 2, the number of technically reviewed or newly-built community centres to reinforce MRC inclusion amounted to zero. The annual report did not assess any other indicators within the MRC.

d) Sustainable Development

The value of projects contributing to sustainable development is expected to exceed EUR 170mil. through 195 projects, while the number of jobs created is expected to exceed 300.

The former objective should be met through adequate allocation of resources within the PA 2. According to the signed contracts, the new projects are expected to create more than 1,500 jobs. The table below offers an overview of „energy“ indicators and achieving their target levels:

Table 16
Overview of Horizontal Objectives in Reducing Energy Consumption

	Horizontal Objective	Approved Projects
Thermally Insulated Area (m²)	300,000	289,329
Energy Savings by Project Implementations (GJ/yr)	200,000	76,621
Average Reduction in Energy Consumption of Supported Facility Buildings	25%	37%
Increased Installed Capacity of Facilities through Renewable Energy Sources	0.3MW	3,5

Source: By authors, based on provided contracts

As for reducing energy consumption of facilities through thermal insulation, the ROP projects managed to get closer to the defined objective regarding thermally insulated area. Estimated annual energy savings in GJ are however much lower than the target level. Failure to meet the objective was likely due to a low number of projects.

8.4.1

BOX 2

ARE THE SAVED GIGAJOULES WORTH IT?

In its report,⁶³ the European Court of Auditors (ECA) analysed whether cohesion policy investments in energy efficiency were cost-effective. The ECA conducted a series of audits in the Czech Republic, Italy and Lithuania, as these countries received the largest contributions from the Cohesion Fund and the ERDF to increase energy efficiency in the programming period 2007 – 2013. As the report says, „regarding the projects selected for funding by authorities of the Member States, no rational targets had been set in terms of cost-effectiveness, i.e. cost per unit of energy saved. Although energy savings and increased client comfort were the targets indeed, the selection of projects for funding was not based on their financial benefit potential as achieved through energy savings, but rather on the fact that buildings were generally considered ready for funding when they were in need of renovation and their documentation was in accordance with the requirements“. As the report continues, the costs were too high in relation to potential energy savings. Return on investment is estimated at an average of 51 years; in some cases, auditors even go as far as to talk about 150 years.

It is very likely that the European Court of Auditors would have come to the same conclusion if they had analysed most of the projects dealing with renovation of existing buildings.

In creating the project database, the authors of the study were surprised by the fact that several contracts quoted energy savings which were not in accordance with the laws of physics. Requested energy audits showed that the contracts did not include correct information in six out of seven cases requested. A project quoting specific heat consumption values for several buildings all counted up together rather than their weighted average was one of the extreme examples. This raises **doubts about the competence of people responsible for approving projects or the preparation of contracts**. We are left with nothing but hope that the actual achievement of these indicators will be assessed by actual outcomes (of the monitoring reports containing actual energy consumptions one year after the termination of the investment).

Nevertheless, the analysis of energy consumption (efficiency) of buildings in six selected projects leads to the same conclusions as reached by the ECA. **Annual heat consumption per client should range from 5GJ to 25GJ per year even after thermal insulation**. The difference of 500% in consumption cannot be attributed either to latitude or altitude. A difference like this may only arise as a result of poor quality assessment, i.e. energy audit (in its study, the ECA identified audit errors in most cases), or by operation of substandard buildings with extremely high costs. To put it simply, thermal insulation of a manor house may save energy costs by more than 25%, but its operation will still remain extremely costly. As stated in the above section dealing with newly-created housing capacities, the reconstruction of some of the new buildings, as calculated per m², is more expensive than construction of new ones. This aspect seems not to have been taken into account in the project assessment.

The effectiveness of these investments can also be viewed from the perspective of savings gained. Within the framework of a project, investment in the reconstruction and thermal insulation of a building (not including costs of equipment, ICT, documentation, operating machinery) amount to EUR 0.7mil., with annual energy savings expected to reach EUR 8,777 (with estimated average price of heating of EUR 24 per GJ). **The financial value of savings cannot repay the investment, as it would take 81 years to repay an interest-free loan using the savings only**. Although it might be objected, and correctly so, that reconstruction of a building not only leads to energy savings, but also improves the quality of the building (e.g. removal of leaks, creating premises for new services), the aspect of true return on investment in thermal insulation should not be overlooked. For this reason, what should be assessed in project evaluations is not only the added value of the investment (i.e. as a saving), but also the final energy consumption condition. Although this indicator is listed in all contracts, it is not among CORE objectives.

⁶³ Cost-Effectiveness of Cohesion Policy Investments in Energy Efficiency, European court of auditors, 2012

9. EVALUATION PROCESS

The Regional Operational Programme Managing Authority does not establish evaluation committees, but keeps up-to-date lists of evaluators under the current Structural Funds and Cohesion Fund Management System for the purposes of technical review of non-refundable grant applications. The evaluators take part in evaluating non-refundable grant applications under relevant Operational Programmes and Priority Axes. Along with the PA 2, the Managing Authority keeps a list of 11 evaluators, all of whom used to be employees of the Ministry of Construction and Regional Development of the Slovak Republic, or later possibly ones of the Department of Implementation of Civil Infrastructure Projects at the Ministry of Agriculture and Rural Development of the Slovak Republic. Several evaluators were members of committees for other calls, such as the PA Educational Infrastructure. So, in the project evaluations and the considerations of the impact and the needs of new services for institutional clients, opinions of persons working or experienced in the field of social services were not available. The composition of selection committees or the lists of evaluators are not freely accessible, which needlessly reduces the transparency of the selection process.⁶⁴

9.1 EVALUATION REPORTS

The Report on the Status of Achieving Indicative Regional Allocations within the Regional Operational Programme was drawn up by the Regional Operational Programme Managing Authority.⁶⁵

The aim of the Report was to provide the social-economic partners with information on:

- » *how to define the methodology of distribution of regional allocations,*
- » *possibilities and limitations of the ROP Managing Authority in applying the mechanisms to achieve planned levels of regional allocations,*
- » *current level of accomplishment of indicative regional allocations,*
- » *suggestions by the ROP Managing Authority for the future.*

Most funds have been invested in the Prešov Region, which registered the largest financial volume of the approved non-refundable grant applications. Due to poor interest from applicants, allocations were not met, and the number of approved applications in the Trenčín, Trnava, Košice and Prešov Regions is higher than planned. The Evaluation Report suggested that financial allocation be adjusted relative to Objective 2.1 (infrastructure of social services, social and legal protection of children and social guardianship), especially in facilities for children, in favour of other ROP objectives. This proposal was further reflected in the Analysis of Reasons for Revision of ROP.

⁶⁴ http://www.eufondy.org/pdf/Sprava_protikorupcne%20opatrenia.pdf

⁶⁵ Programme Manual of the Regional Operational Programme 2007-2013 - version 4.8. Bratislava, 14 Dec 2012.

Table 17

Demand and Success Rate of ROP Regions as of 30 June 2011

Region	Received Grant Applications	Approved Grant Applications	ERDF Contribution for Received Grant Applications	ERDF Contribution for Approved Grant Applications (without Contribution from the State Budget)	Average Value of Total Eligible Expenses
	Number of Applications		EUR		
Banská Bystrica Region	39	10	44,125,824	9,154,293	990,949
Nitra Region	38	20	44,618,291	24,689,017	1,281,924
Košice Region	39	19	51,708,783	25,222,737	1,531,307
Prešov Region	53	25	68,048,151	35,632,168	1,707,226
Trenčín Region	40	21	56,362,216	25,411,361	1,612,240
Trnava Region	41	22	53,883,850	25,022,559	1,495,186
Žilina Region	38	14	55,965,165	22,990,923	1,970,590
Total	288	131	374,712,280	168,123,059	1,512,775

Source: Report on the Status of Achieving the Planned Indicative Regional Allocations within the Regional Operational Programme as of 30 June 2011, average values of eligible expenses under the processed contracts

The evaluation report on the status of achieving the indicative regional allocations within the ROP as of 30 June 2011 has identified the following as the main causes of failure to meet the planned indicative regional allocations:

- » *Inappropriate manner and methodology of setting the planned regional allocations under the ROP (in particular, the fact that regional allocations were set equally for all ROP support areas).*
- » *Different levels of readiness and interest of the regions in individual ROP support areas, which is a significant determinant of the success rates of individual regions. Comparison of readiness and interest of the regions (based on received grant applications) and their success rate (based on approved grant applications).*
- » *Major external influences on the implementation of the ROP (especially the global economic crisis), which affected the available resources and the behaviour of self-governments as the main recipients within the ROP in defining their development priorities. Specifically, there was an extremely increased demand for interventions in educational infrastructure and regeneration of communities that was way beyond the financial capabilities of the ROP and at the expense of other ROP support areas.*
- » *The fact that the mechanisms for achieving the planned level of regional allocations could be applied by the ROP Managing Authority almost exclusively in the process of selection. In the process of checking the correctness and technical evaluation, the location of a project in one of the NUTS 3 regions was not an assessed criterion.*
- » *The fact that in the process of selection of non-refundable grant applications, the selection committees work with estimated project budgets, which are subsequently changed and adjusted in the process of the project implementation depending on several factors.*

10. THE AVAILABILITY AND RELIABILITY OF INFORMATION

The information we worked with in developing this analysis can be divided into two categories. The first is publicly available online information, the second is information we were only able to get by sending a written request under the Act No. 211/2000 Coll. on Free Access to Information.

The Regional Operational Programme website offers downloads of all methodological documents, including the ROP, Programme Manual updates, as well as documentation of each call. Also available are annual and evaluation reports as well as reports on the activities of the monitoring committee. At the time of working on the study, the Strategic Report of the Slovak Republic 2012 containing information on the PA implementation as of 30 June 2012 was also available.⁶⁶

From the analytical point of view, what is missing on the ROP website are documents relating to the selection process itself. Lists of evaluators are missing, and evaluation reviews of winning or rejected projects are not available either. We had to request the list of evaluators from the Ministry of Agriculture and Rural Development of the Slovak Republic under the Act on Free Access to Information. Although the Ministry did provide us with the list, it did so without distinguishing the involvement of individual evaluators in the calls.

Also missing on the website is information on approved projects; what is available is only cumulative data in annual reports. Under the aforementioned Act, we requested copies of all signed grant contracts. But the Ministry did not comply with the statutory deadline, and we got access to the relevant information only after prompting by phone. Later, we approached the Ministry again with two more requests regarding evaluation committees, energy audits and non-refundable grant applications. On the last day of the eight-day statutory period, the Ministry gave notice of postponement of the reply. Considering the requested documents - which took scanning through dossiers of over 100 pages in the case of energy audits - the postponement seemed understandable and natural to accept due to time consumption. What we view as negative, however, is a „sweeping approach“ of the Ministry; since documents like lists of evaluators and grant applications are readily available in its interior systems, the related information should have been well provided within the statutory period.

Given the information from the signed contracts, we were forced to turn to 50 specific recipients with a zero baseline capacity and request appropriate information. A research into their websites showed that several recipients had been offering housing capacity prior to the project itself. Eleven of the facilities had to be sent the requests by mail because they were not available through any other communication channels. Anyhow, the process of obtaining replies from most of the institutions exceeded the eight-day statutory limit, so we were forced to prompt many of them by phone. Of the 50 facilities we had approached, there was no reply from 17 at all. The information we got from the replies pointed to unreliability of data we had collected from the contracted projects from the Ministry of Agriculture and Rural Development of the Slovak Republic. Due to these minor as well as quite major discrepancies, we are compelled to work with an assumption of insufficient accuracy of data derived from the recipient contracts.

⁶⁶ The Strategic Report of the Slovak Republic. Issued by the Central Coordination Authority (CCA), Ministry of Transport, Construction and Regional Development of the Slovak Republic

11. CONCLUSIONS AND RECOMMENDATIONS

The following is a summary of the main findings of the study:

- » *As many as 90% of the spent funds were used for renovation or construction of new buildings. Improvement of services was being achieved mainly by improving the quality of constructions. For many new clients, availability of housing is a significant benefit, particularly in the current underdevelopment of community-based services. On the other hand, contribution of capital investments to „immovable“ buildings is significantly limited when it comes to potential development of the quality of services and, most importantly, the quality of life of clients.*
- » *Supported recipients operated facilities with an average housing capacity of 57 clients. Approved projects are expected to increase average capacity to 99. The supported recipients included 27 facilities with a capacity to cater for more than 100 clients. Upon successful implementation of the contracted projects, the number of large-scale facilities will have increased to 49.*
- » *In terms of regional distribution, the largest amount of funds went to the Prešov Region, which received three times more resources than the Banská Bystrica Region. With the exception of the Prešov Region, the resulting allocation did not lead to settlement of differences in housing capacities in the regions; rather, it only deepened the differences in a number of cases.*
- » *As it follows, the investments were not supportive of deinstitutionalisation as a tool for improving the quality of life of clients in residential social service facilities. And the process of deinstitutionalisation will be slowed down by the project duration of at least five years. It may be assumed that in the near future, high investments will be an obstacle for administrators of these facilities in the adoption of a new paradigm – the individual services.*
- » *In most parts of Slovakia, with the exception of county towns, the limit of eligible expenses per client that is now used to fund construction of new facilities would be fully sufficient to purchase a one- or two-bedroom apartment for each client.*
- » *The rules of individual calls for submission of applications or the application evaluation process did not require any specifications as to how the supported projects would contribute to deinstitutionalisation. The programme did not contain relevant criteria or corresponding indicators to assess the contribution of these resources to social inclusion. Applicants did not have to document how the expended funds would improve the clients' quality of life. We cannot agree with an implicit assumption that an increase in living comfort and convenience (through renovation of buildings) will automatically improve the quality of life measurable by quality indicators such as intensity of social relations and pursuit of personal goals.*
- » *Objectives of horizontal priorities create limits that determine the ways in which the resources from the funds may be expended. As long as there is a condition of energy savings of 200,000GJ to support a project, this cannot be met by reconstructing apartments or small community facilities. In other words, the authority in charge of launching a call must keep it focused on large-scale facilities.*
- » *Despite interventions in specific social service areas, the ROP did not coordinate its interventions with other resources available at that time which may have potentially been supportive of community-based care and the exertion of the rights of clients to community living.*
- » *The selection process was not sufficiently transparent. Outputs of evaluators are unavailable. Their qualifications were sufficient for technical assessment of applications but insufficient to assess their quality.*
- » *Success of the managing authorities of the Structural Funds is judged primarily by their abilities to spend the highest possible amount of funds; nevertheless, any assessment of their long-term benefits is missing due to a „short-lived“ political life. But it is the development of social infrastructure through supporting institutionalisation that allows for large amounts of funds to be spent as a result of funding a small number of costly projects. The development of community-based services requires thousands of projects that are too demanding in terms of administration and too difficult to control from the perspective of the funds' managers. From the perspective of public choice theory, the very high volume of funds earmarked to support social infrastructure has, in a relatively short time, become a reason to set up the programme to promote institutionalisation.*

- » *From the present perspective of Slovakia, the Structural Funds represent transfer of large financial resources that only seem to be helpful at first glance, or at least do no harm or hinder the development of communities. As shown by this study, however, there is also a third possibility – where absorbing the funds may restrict the future development⁶⁷ of community-based services. The result of the massive support of institutional care is that thousands of clients and potential community service providers have been set in concrete (or, better say „thermally insulated“) for at least five years in restrictive facilities that deprive persons with disabilities of full self-realisation and do not allow them to make decisions about their own lives. The current view of the requirement of deinstitutionalisation, which is also reflected in the Government documents, makes us conclude that the recent development of social infrastructure has been a wasted opportunity to support community-based social services.*

11.1 RECOMMENDATIONS FOR PREPARATIONS FOR THE PROGRAMMING PERIOD 2014 - 2020

- » *Ensure correlation of the relevant operational programmes (ROP, E&SI) with Government-approved documents regarding deinstitutionalisation (the Strategy, the Action Plan).*
- » *Tie the DI process directly to the support of creation of new types of community-based services, such as day centres, rehabilitation centres, early intervention diagnostic centres, volunteer support centres, which are a prerequisite for successful integration of clients transiting from institutional care to local communities.*
- » *Direct the ROP interventions to infrastructure enabling the establishment and operation of new types of community-based services.*
- » *Do not condition the absorption of ROP funds by ownership of property. The development of community-based services requires flexibility and swift response to emerging needs. Ownership of property, however, does not meet the requirement of flexibility but rather ties down the hands of outreach workers in local communities.*
- » **Clearly identify** *within the ROP, which will be focused on improving social infrastructure, the areas of support as well as criteria, indicators and expected outcomes with direct connection to the process of deinstitutionalisation (e.g. the number of deinstitutionalised facilities, the number of clients benefiting from new types of services such as assisted living, inclusion in the labor market or in sheltered workshops, etc.).*
- » *Preclude eligibility of expenses for measures not promoting deinstitutionalisation, especially increasing the number of clients, promoting large-scale facilities, supporting separated facilities excluded from the wider community, etc.*
- » *Ensure direct synergy of the OPs to support the DI process in creating new spatial capacities following up the training of clients, employees, founders, local communities, and society as a whole.*
- » *Tie the OP implementation with other existing financial institutions and tools of public budgeting, such as the State Housing Development Fund and other programmes to support rental and social housing. Municipalities applying for these funds should count in the process of deinstitutionalisation in their projects, with newly-built or renovated housing to be wheelchair-accessible.*
- » *Allocation of resources for deinstitutionalisation in the next programming period should correspond to the absorption capacity of the sector. The responsible authorities (CCA, MA, as well as the Government) report the volume of resources expended within the total allocation of funding as the first indicator. Low percentage of their spending encourages adjustments to the calls, whereby efforts to spend more usually mean to opt for an easier way – which, in the case of social infrastructure, leads to promoting large-scale institutions. Besides adequate allocation, it is surely in order to call for the longest possible period of absorption of these resources. The delay of the first call in the ongoing programming period since the approval of the Strategic Framework put unnecessary time pressure on the recipients, which obviously reflected in the quality of the submitted projects (more than 50% of them were not accepted).*
- » *Increase the transparency of the resource allocation process. The responsible authority ought to, without the need of being requested to, publish the course of the evaluation process and list the people, including their qualifications, involved in the project selection and evaluation process.*

⁶⁷ Building lookout towers may be one of the examples.

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Authors: Radovan Ďurana, Jana Duháčková, Jakub Betinský, Barbora Burajová

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