

Annual Report 2018

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

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Structure of the Institute

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

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

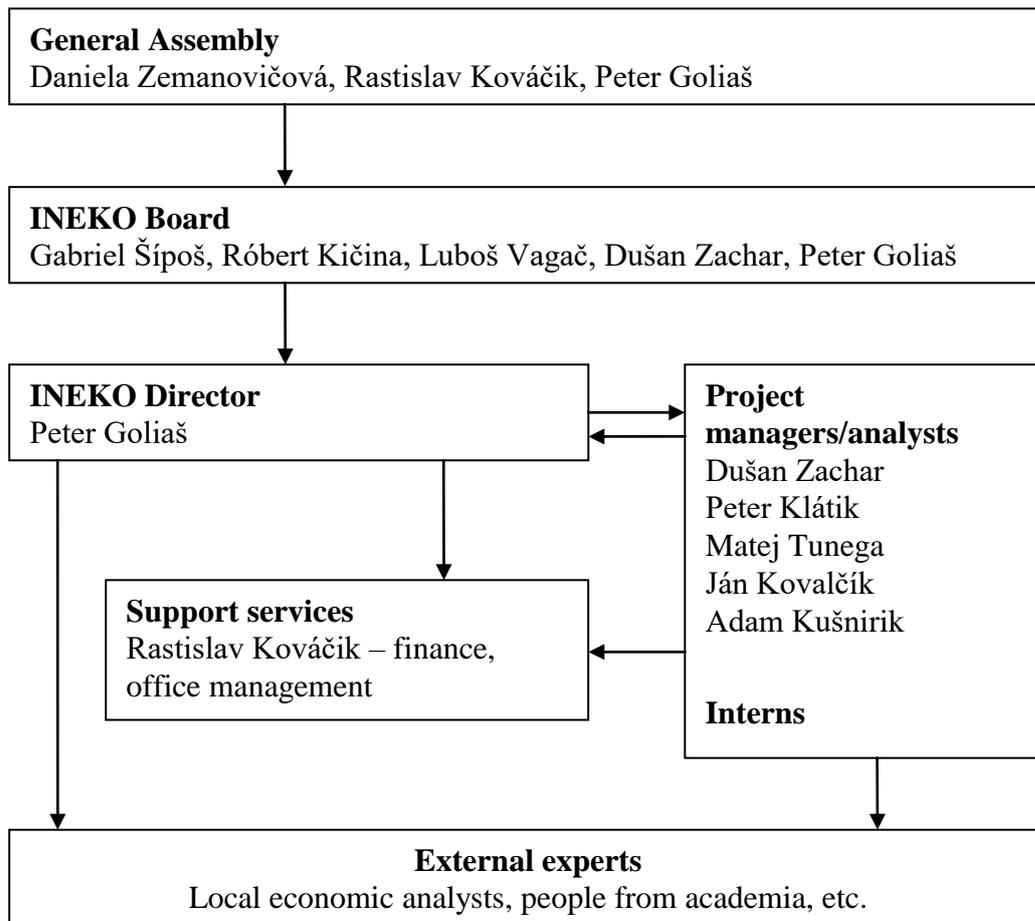
INEKO was founded in 1999 by Katarina Vajdova, Daniela Zemanovicova, and Eugen Jurzyca, who all became also original members of the General Assembly.

The Institute is governed by the Board and managed by a Director. The Board has a rotation membership lasting 5 years. Since August 2018, the Board had following members: Gabriel Šípoš, Róbert Kičina, Luboš Vagač, Dušan Zachar and Peter Goliaš. The Board members meet irregularly to discuss the results of INEKO projects and plans for the future. The Director has been appointed by the Board and the Board members have been appointed by the General Assembly. In 2018, the General Assembly had following members: Katarína Vajdová, Daniela Zemanovičová, and Peter Goliaš. Katarína Vajdová was replaced by Rastislav Kováčik in August 2018.

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

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

The Institute has developed a small-specialized staff, which also draws on existing capacity in cooperating organizations. Its work involves identifying barriers to economic efficiency and developing policies designed to remove these barriers. The staff development aims at deepening the know-how in the process of preparation and implementation of reforms. INEKO staff knowledge develops mainly through on-the-job-learning while working on particular reform projects, studying relevant literature and, though financially limited, attending international conferences.

Organization Chart:

Legal statute: The Institute is incorporated as an association of citizens¹.

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

Mission & Environment

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

Environment: In 2018, the work of INEKO was influenced mainly by following factors: (1) Growing popularity of the populist and anti-democratic forces in politics; (2) Eroding independence of key regulatory, audit and judiciary institutions; (3) Growing demand for informing and engaging citizens in monitoring the quality of public services; and (4) Demand for exporting INEKO reform know-how abroad. Thus, the Institute focused on supporting democratic thinking in Slovakia; assessing the independency of key public institutions; decreasing the information asymmetry in education, health care, municipal finance, and public transport; and exporting the Slovak reform know-how abroad. Continuously, we were monitoring and analyzing proposed changes in other areas such as health care, labor market, pension system, social benefits system, etc.

Staff

INEKO had 7 regular staff and fellow workers in 2018.

Director: Peter Goliaš



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

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

Economic Department: Rastislav Kováčik

There were several more external people working for INEKO during 2018.

Program

The focus of work supported by the Institute is being determined by a careful analysis of public opinion, government priorities and options as well as by the analysis of the Brussels policy. It has already changed and will be a continually changing agenda. In 2018, issues at the center of Slovak government concern and relevant to the Institute's activities included:

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

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

- Growing popularity of the populist and anti-democratic forces in politics;
- Eroding independence of key regulatory, audit and judiciary institutions
- Lack of transparency in preparation of the biggest transport infrastructure projects;
- Information asymmetry in education and healthcare;
- Lack of the high-quality reform-related information.
- High level of public finance deficit and debt;

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

PROJECTS

Supporting Democracy in Slovakia

The project was launched in September 2016 and was financially supported by the Centre for International Private Enterprise (CIPE) in Washington, The Representation of Konrad Adenauer Foundation in Slovakia, The Representation of the European Commission in Slovakia and The Eset Foundation. The goal is to analyze the state and development of democracy including the independence of key public institutions, to propose recommendations for fostering democracy, fostering the independence of key public institutions as well as to promote democratic consciousness in Slovakia.

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

In 2018 we published the Analysis on the independence of key public institutions in Slovakia – see also <http://www.ineko.sk/clanky/analyza-ako-posilnit-nezavislost-a-odbornost-verejnych-institucii>. We also organized series of lectures and discussions presenting the results of the project to students of mainly secondary schools all across Slovakia.

Summary:

The project helped to raise awareness about the state of democracy in Slovakia and about the most necessary changes needed to improve the democracy and independence of key audit, regulatory and judiciary institutions. It helped the public and media to better understand the link between the democracy and the quality of life. The project helped to share this knowledge directly through lectures and discussions with several hundred students from secondary schools all across Slovakia. Indirectly, the project reached to tens of thousands readers of INEKO blogs and Facebook posts. Additionally, many more people have been reached by media mentions relevant to the project.

For more information, including the analysis and the list and photo-documentation of lectures, as well as discussions with students, see <http://www.ineko.sk/projekty/podpora-demokracie>.

Informing and engaging citizens in monitoring the financial health of local governments as well as the quality and efficiency in education, health-care, and public transport

Project description: Collecting, assessing and publishing data with the aim to decrease information asymmetry in education, health care, municipal finance, and public transport; evaluating the financial health of local governments, results of pupils at primary and secondary schools, quality and efficiency of health-care providers as well as the big projects in building the transport infrastructure; informing the citizens and engaging them in monitoring.

Project funding: Operational Programme Effective Public Administration 2014-2020, European Union

Project duration: 04/2018 – 03/2020

Project results in 2018:

Monitoring big projects in transport: The project supported a quality of media coverage and deepened public debate on the biggest government projects by delivery of formerly missing information. The project unmasked the fact, that ministry of transport officials rather promise dozens of projects without financial coverage than seek for appropriate and more feasible transport solutions. We published several analytical articles and blogs on anti-competitive practices in tenders, overpricing and wasting public funds. Some of our findings were quoted in hundreds of reports in TV, radio, print and internet media. The project helped to strengthen transparency, public awareness and thus reduce the space for plundering public funds in big projects in the future. It has also brought synergies with “value for money” initiative that became part of current government program declaration. In late 2018 we updated an interactive map of highways in Slovakia offering unique information about the sections currently in use, under construction or planning: <http://cesty.ineko.sk/>.

Monitoring Financial Health of Slovak Municipalities: In December 2011, INEKO launched a project aimed at increasing pressure to improve financial health of Slovak municipalities. In summer 2018 we updated the portal <http://www.hospodarenieobci.sk/> presenting the data about financial health of all municipalities and higher regional units in Slovakia. We added data for 2017. In September and October 2018 we published [analysis](#) of financial stability of 50 biggest Slovak municipalities and [analysis](#) of financial stability of 8 higher regional units (VÚC). The partner of this activity is PosAm, s.r.o.

Internet Portal on Primary and Secondary Schools: The project offers relevant information about all primary and secondary schools in Slovakia. This is done via special internet portal (launched in 2012): <http://skoly.ineko.sk/>. We believe, that when people have more relevant information, they can make better decisions. It is our opinion that the project helps not only parents and future pupils, but also the schools, because they will be able to compare themselves and get motivated to improve their results. In 2018 we updated and upgraded the portal and published fresh school rankings. For the project results, please, visit this page: <http://skoly.ineko.sk/>

Monitoring Quality and Efficiency of Hospitals: In November 2014 we launched an internet portal assessing quality and efficiency of the Slovak hospitals - <http://nemocnice.ineko.sk/>. The project offers relevant information about all hospitals in Slovakia. It includes information about quality and efficiency indicators including transparency and competitiveness in public procurement, waiting periods for operations, satisfaction of patients, death rates for various diagnoses, financial health indicators, etc. According to this information the public can create effective pressure on this status improvement. In 2018 we updated and upgraded the portal and published fresh data. We also updated methodology for evaluating the quality and efficiency of selected hospitals and we rewarded the best hospitals in the country: http://nemocnice.ineko.sk/nemocnica_roka/2018/.

For more project results, see: <http://www.ineko.sk/projekty/zvysovanie-obcianskej-informovanosti-a-participacie-pri-strazeni-financneho-zdravia-samosprav-ako-aj-kvality-a-efektivnosti-v-skolstve-zdravotnictve-a-doprave>

Monitoring and Commenting on the Structural Reforms

In 2018, INEKO continued in **monitoring and commenting on the structural reforms in Slovakia**. The main goal of the project is to help the broad public as well as the experts and the journalists to get a quick and clear overview of the structural reforms. It contributes to the discussion about the outcomes of these reforms so that possible mistakes or pitfalls are avoided. In 2018, we focused particularly on the government measures aimed at modifications of the pension, health care, tax, labor market, and education systems.

In 2018, we continued in our project **“Discussing the problems of health care and potential solutions (i-health.sk webpage)”** with our local partner – private health insurance company Dôvera. The goal of the project is to identify key problems of the Slovak health care system, to research best foreign practices and to propose solutions to the problems. Thus it should improve the quality of the public as well as expert discussion of the Slovak health care system. The results of the project are displayed on a web page www.i-health.sk and published in the local media. In 2018, the project included monitoring of main developments on local market, writing analysis and presenting key results in media.

In 2018 we published an analysis on the Current state and possibilities for more intensive use of biosimilar medicines in Slovakia. The analysis identified potential savings of up to 40 million EUR annually in case of more intensive uses of biosimilar medicines. It was widely quoted by local media. See also <http://www.ineko.sk/clanky/biosimilarne-lieky-mozu-usetrit-desiatky-milionov-eur>.

In 2018 we analyzed in depth the current situation and perspectives in the labor market regarding the growing shortage of the workforce and the growing demand for import of labor forces from abroad. See also results of the seminar organized in cooperation with the European Commission representation in Slovakia: <http://www.ineko.sk/clanky/seminar-potrebuje-slovensky-pracovny-trh-viac-imigrantov>.

Together with the Business Alliance of Slovakia, we realized a series of surveys among local business people regarding their perception of ongoing reforms and quality of the business climate. See also <http://www.ineko.sk/projekty/prieskumy-nazorov-medzi-podnikatelmi-realizovane-pas-a-ineko>.

Transparent, Financially Healthy and Competitive Self-governments in Ukraine

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

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

Duration: October 15, 2015 – March 31, 2018

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

The specific objectives of the project are:

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

Results – Internet portals:

- Measuring regional business environment in Ukraine: <http://competitiveness.icps.com.ua/>
- Transparency of 50 largest cities in Ukraine: <http://transparency.icps.com.ua/>
- Budget transparency of regions and their capital cities in Ukraine: <http://budgets.icps.com.ua/>

Events implemented in 2018:

Final Conference – “TRANSPARENT AND FINANCIALLY HEALTHY MUNICIPALITIES IN UKRAINE”

Venue: Radisson Blu Hotel (22 Yaroslaviv Val Street, Kyiv)

Date: March 20, 2018

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

Promoting transparency and implementation of anti-corruption measures in state-owned enterprises and local governments in Ukraine

Project financed by the [SlovakAid – Official Development Assistance of the Slovak Republic](#)

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

Duration: October 1, 2018 – March 31, 2020

Objectives: The project goal is to increase transparency and support implementation of anti-corruption measures in state-owned companies and local governments in Ukraine. Informed citizens and corruption-resistant public authorities are basic conditions for higher efficiency of the state, higher engagement of citizens and better democracy. The project is based on transfer of know-how of unique and successful projects implemented in Slovakia focused on monitoring and expert assessment of local socio-economic measures, as well as on easy-to-understand informing about transparency and financial stability of state-owned companies and local authorities.

Specific goals and activities:

- Increasing the quality of regional regulations through regular expert assessment of social and economic measures adopted on local level
- Supporting the implementation of anti-corruption measures and improving the public oversight of state-owned companies and self-governments by assessment of their transparency and active cooperation to implement the measures
- Improving the financial stability of state-owned firms and self-governments by assessment of their financial health

Events implemented in 2018:

Project kick-off seminar

Venue: Kyiv, Bohdan Khmelnytsky str., 17/52 (BC “Leonardo”, 5th floor)

Date: October 19, 2018

For more information, check the project webpage: <http://www.ineko.sk/projekty/promoting-transparency-and-implementation-of-anti-corruption-measures-in-state-owned-enterprises-and-local-governments-in-ukraine>

Promoting transparency and financial sustainability of regional policies, state-owned enterprises and local authorities in Moldova

Project is financed by the [SlovakAid – Official Development Assistance of the Slovak Republic](#).

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

Duration: September 14, 2017 – March 31, 2019

Objectives: The goal of this project is to improve the efficiency of the state administration, self-government and civil society in the area of creation and control of regional policies, administration of state-owned enterprises, and monitoring of budgets and information openness of municipalities. This will be achieved by transferring know-how from unique and highly-rated projects implemented in Slovakia and by building on previous activities implemented in Moldova with the support of SlovakAid and the US Embassy in Chisinau.

Specific goals and activities:

1. Improving the quality of regional regulation and legislation through a regular expert assessment of the impacts of regional socio-economic measures – the applicant's local partner will monitor regional measures taken by local authorities; The selected key actions will be thoroughly analyzed and submitted to the panel of independent experts; The results of the evaluation will be made public.
2. Improving public control over the functioning of state-owned enterprises through an evaluation of the information openness of state-owned enterprises – the applicant and the partner will analyze how the top 50 state-owned companies report on their activities and will create an interactive portal with results for individual businesses.
3. Improving financial stability of state-owned enterprises through financial analysis tools – Applicant and Partner will analyze financial indicators of 50 top public companies, compare them with each other and with private sector standards, and create an interactive portal with results for individual businesses.
4. Strengthening transparency of municipalities through updating data in the portals of budgets and transparency of cities and municipalities (the portals have been created by the applicant 2 years ago in another SlovakAid project) – expected activities: collection of actual data on budgets and information openness, upgrading the interactive models, analyzing the developments over the past two years.

Results – internet portals:

- Transparency rating of 60 biggest cities and 32 regions in Moldova: <http://localtransparency.viitorul.org/>
- Budget transparency of all cities and regions in Moldova: <http://localbudgets.viitorul.org/>

- Financial health and transparency of 50 biggest public enterprises:
<http://companies.viitorul.org/>

Events implemented in 2018:

Conference: The efficiency of local government in Moldova: an indicator of integrity, financial sustainability and good governance

Venue: Conference hall, Jolly Alon hotel, 37 Maria Cebotari St., Chisinau

Date: November 8, 2018

Conference on transparency of state-owned enterprises

Venue: “Violin” Conference Hall, Jazz hotel, Vlaicu Pircalab 72 Str., Chisinau

Date: June 26, 2018

For more information, check the project webpage: <http://www.ineko.sk/projekty/promoting-transparency-and-financial-sustainability-of-regional-policies-state-owned-enterprises-and-local-authorities-in-moldova>

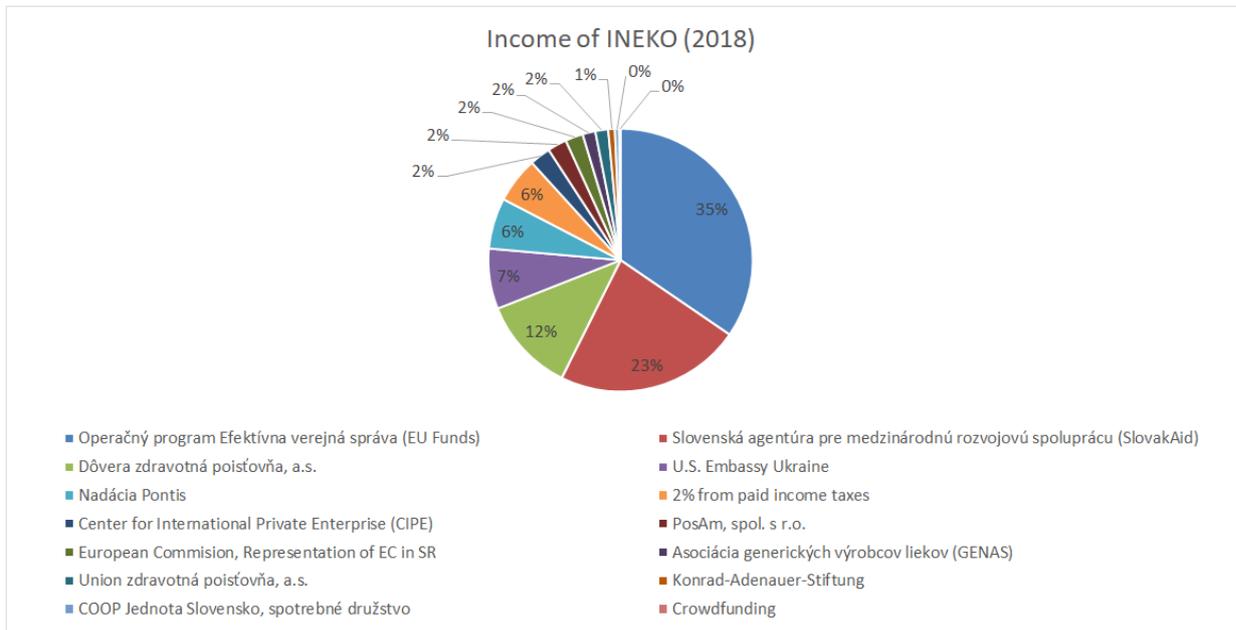
Other Activities

Memberships: Our people engaged in several advisory activities where they promoted the ideas of improving monitoring of the public finance sustainability, improving the education system, fostering business environment, etc. In 2018 they held following positions:

- a. Peter Goliaš and Ján Kovalčík were members of the Slovak Association of Economic Analysts (KEA) – informal group of local economists. In 2013-17 Peter Goliaš acted as an Executive Board member and was replaced by Ján Kovalčík in 2017 in this position.
- b. Peter Goliaš was member of the Strategic Committee at the Business Alliance of Slovakia (PAS).
- c. Peter Goliaš was member of the Free Enterprise & Democracy Network (FEDN).
- d. Ján Kovalčík was member of the Monitoring Committee of the EU-Funds for Integrated Infrastructure at the Ministry of Transport.
- e. Ján Kovalčík was member of the expert group advising in transport related issues at Žilina region.

Fundraising campaign: In 2018, INEKO ran its regular fundraising campaign aimed at attracting the citizens' and firms' donations transferred directly from taxes (Slovak law allows to donate 2% of paid taxes to subjects supporting non-profit activities). This was done by means of letters sent directly to the top representatives of selected private companies.

Financial Report

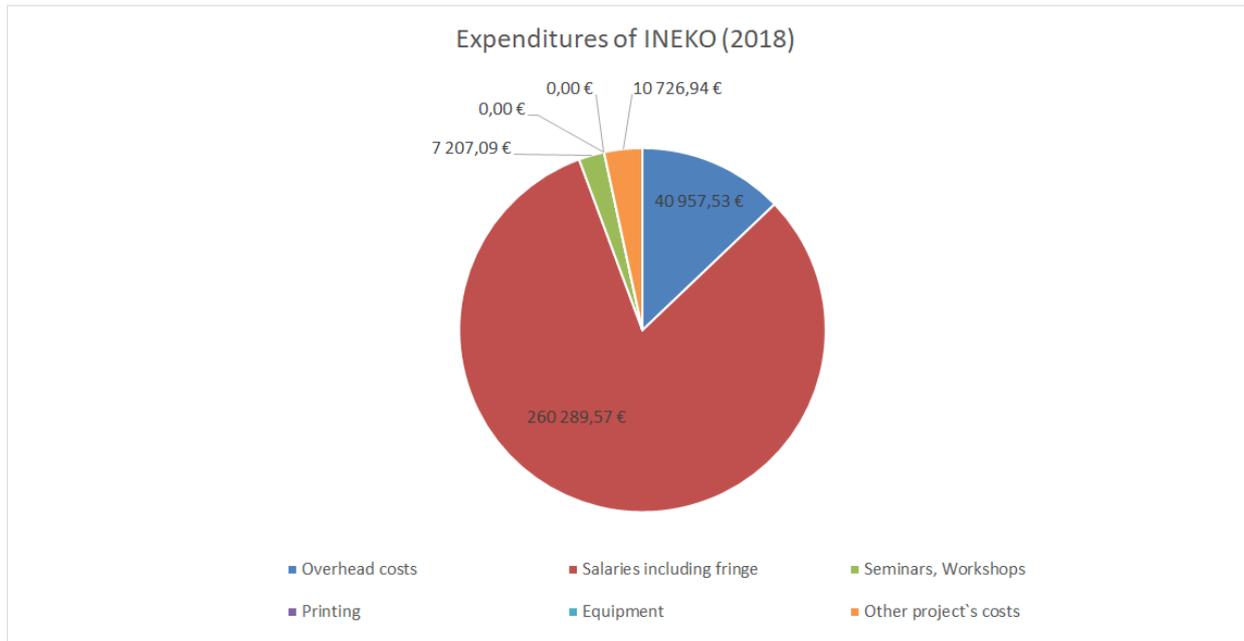


Income of INEKO (EUR)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total	217 636	207 231	195 902	151 579	106 602	123 874	148 481	141 841	209 832	273 355

Income of INEKO (EUR)	2017	2018
Total	350 743	319 181

Income of INEKO (2018)

	EUR
Operačný program Efektívna verejná správa (EU Funds)	110 386,40
Slovenská agentúra pre medzinárodnú rozvojovú spoluprácu (SlovakAid)	72 649,02
Dôvera zdravotná poisťovňa, a.s.	37 202,14
U.S. Embassy Ukraine	23 669,40
Nadácia Pontis	19 959,00
2% from paid income taxes	17 930,87
Center for International Private Enterprise (CIPE)	8 163,29
PosAm, spol. s r.o.	7 500,00
European Commission, Representation of EC in SR	6 937,31
Asociácia generických výrobcov liekov (GENAS)	5 000,00
Union zdravotná poisťovňa, a.s.	5 000,00
Konrad-Adenauer-Stiftung	2 612,70
COOP Jednota Slovensko, spotrebné družstvo	1 700,00
Crowdfunding	471,00
Spolu:	319 181,13

**Expenditures of INEKO (2018)**

	EUR
Overhead costs	40 957,53
Salaries including fringe	260 289,57
Seminars, Workshops	7 207,09
Printing	0,00
Equipment	0,00
Other project's costs	10 726,94
Total:	319 181,13

Notes:

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

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

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

Web-Site Statistics

January 1st, 2018 – December 31st, 2018

Domains	Users	Page views
ineko.sk	46 307	103 435
skoly.ineko.sk	61 219	776 722
obce.ineko.sk	25 875	308 294
nemocnice.ineko.sk	15 906	54 179
i-health.sk	15 326	24 118
cesty.ineko.sk	19 559	76 450
Total	184 192	1 343 198

Media Coverage

January 1st, 2018 – December 31st, 2018

Total number of published articles and electronic media releases: around 1500

INEKO continued in strong media relations policy in order to support right perception and impact of the results of its projects. During the period of January 1, 2018 – December 31, 2018 **there had been around 1500 published articles and electronic media releases** reflecting INEKO comments on proposed or adopted government measures and informing about results of INEKO projects – Supporting Democracy in Slovakia, Enhancing Transparency of Current PPP Projects and Transport Tenders, Monitoring and Commenting Health-Care and other Structural Reforms, Evaluation of Quality and Efficiency of Hospitals, Monitoring Financial Health of Slovak Municipalities, Internet Portal on Primary and Secondary Schools and other activities. Among them, there are series of blogs (please, check INEKO blog on daily SME website: <http://ineko.blog.sme.sk/>, daily Dennik N website: <https://dennikn.sk/autor/ineko/>), and business weekly Trend website: <http://blog.etrend.sk/inekomenty/>, newspaper articles, TV discussions and interviews. For many years, INEKO analysts belong among the most quoted economic analysts in Slovakia.

See also the list of media releases: <http://www.ineko.sk/media/medialne-vystupy-za-rok-2018>