

Slovak model of municipal governance

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Basic introduction

- 5,4 mil. inhabitants
- Capital: Bratislava
- 8 self-governing regions
- approximately 3000 municipalities
- GDP per capita 18 110 €
- Average wage 1 211 €
- Rural country



System of public administration in Slovakia

Two sectors:

- State government
- Local self-government

Settlement structure of Slovakia

	Size category	Number of municipalities		%	Number of inhabitants	%
		2009	2019			
I.	100 001+	2	2	0,07	643 738	12,02
II.	50 001 - 100 000	9	8	0,31	650 814	12,15
III.	20 001 - 50 000	31	28	1,08	902 458	16,85
IV.	5 001 - 20 000	82	97	2,85	788 500	14,72
V.	2 001 - 5 000	250	305	8,68	737 014	13,76
VI.	501 - 2 000	1315	1325	45,64	1 308 413	24,42
VII.	Less than 500	1192	1125	41,37	325 923	6,08
	Total	2881	2890	100,00	5 356 860	100

System of local self-government

2 independent levels

- 1. level - approx. 3000 municipalities (villages, towns), established in 1991
- 2. level - 8 self-governing regions, established in 2002

System of municipal government (1990 – 2000)

After the Velvet revolution (in 1989)

- started the process of creating real self-government institutions
- the self-government of municipalities with high level of independence was established (Act on Municipal Administration)
- basic functions of municipalities were defined
- creating a new organization of public administration in the country

Municipalities – legal base

1. The core legal base is the Constitution of the Slovak Republic (Chapter 4)
2. specific acts
 - Act on Municipal Administration
 - Act on Municipal property,
 - Act on Budgetary Rules,
 - Act on Free Access to Information,
 - Act on Decentralization, etc.
3. the European Charter of Local Self-Government
 - Within the legal limits municipalities have own budget and assets

Basic/core responsibilities of municipalities

- To establish, incorporate, cancel and control own budgetary sub-units, allowance organization and bodies as well as other local legal entities within legal rules and limits;
- Provide an array of services:
 - municipal police, fire fighting, local public transportation,
 - construction, management and maintenance of public space, cemeteries, local water resources, public lightening, sewerage,
 - the maintenance and management of local cultural facilities, leisure and tourist facilities etc.,

Reform of public administration (2000 – 2005)

- 1999 Strategy of the Public administration reform in Slovak Republic
- 2000 Concept of Decentralization and Modernization of Public Administration
- During 2000 – 2005 central government continued in decentralization and deconcentrating the state administration and committed itself to reconsidering the organization of local state administration

Three steps relating to decentralization have been planned in Slovakia since 1989 and especially in connection with the “decentralisation reform after 2000:

- devolution,
- fiscal decentralization,
- territorial consolidation.

Decentralization (2000 – 2005)

The processes were aimed at strengthening the role and responsibilities of local self-government in providing services to citizens by:

- decentralizing public finances,
- strengthening tax revenues of municipalities
- establishing functioning higher territorial self-government units

Principles of fiscal decentralisation

- Local authorities shall be entitled, within national economic policy, to adequate financial resources of their own according to the responsibilities provided for by the constitution and the law
- At least part of the financial resources of local authorities shall be derived from local taxes and charges, which they have the power to determine the rate of within the limits of the statute.
- The protection of financially weaker local authorities calls for the institution of financial equalization procedures or equivalent measures which are designed to correct the effects of the unequal distribution of potential sources of finance and the financial burden they must support

Fiscal decentralization share of PG expenditures and revenues (% of GDP, source Eurostat)

Country (% of GDP)	Year					
	2012	2014	2016	2018	2020	2021
EU (27) LG expenditures	11,4	11,3	10,9	10,8	11,6	11,3
Slovakia LG expenditures	6,4	6,7	6,6	7,1	7,7	7,8
EU (27) LG revenues	11,3	11,3	11,1	11,0	11,6	11,4
Slovakia LG revenues	6,7	6,6	7,1	7,2	7,9	7,8

Tax revenues of local government

1. Income tax - physical entities (shared tax) - is collected by state and reallocated on the basis of a formula set by law
 1. 30 % regional government (self-governing regions)
 2. 70 % local government
 2. Local taxes
 1. Property taxation (land, buildings, housing)
 2. Taxation of goods and services (waste management fee etc.)
- Income tax is the dominant source of tax revenues of local governments (more than 60 %) and it is dominant source of total current income as well (more than 50 %).

Current revenues of local government

(source Ministry of Finance of the Slovak Republic)

Item	Year (in million euro)				
	2012	2014	2016	2018	2020
Tax revenues	2 210,0	2 375,5	2 908,2	3 425,0	3 785,5
- from that share tax	1 598,1	1 727,1	2 385,3	2 859,8	3 131,5
Non-tax revenues	420,0	670,7	608,3	624,0	540,2
Subsidies/	1 269,4	1 386,4	1 470,0	1 592,3	2 150,9
Total current income	3 899,5	4 432,6	4 986,5	5 641,3	6 476,6

Decentralized responsibilities (delegated in the period 2000 – 2005)

- Elementary schools
- In the area of construction procedures
- Urban planning
- Road communications
- Evidence of citizens
- Environmental protection
- Regional development
- Transportation and many others

Structure of transfers for delegated responsibilities (in thousands of euros)

	2014	2015	2016
General public services	35 523	31 643	19 325
Security	3 896	3 200	1 509
Economic functions	114 993	292 166	55 056
Environment	72 543	107 704	26 397
Housing	54 856	53 858	94 869
Health care	734	3 340	868
Recreation, culture, sports	6 285	6 410	5 103
Education	714 735	760 683	796 447
Social protection	52 178	52 573	60 150
Total	1 055 743	1 311 577	1 059 724

Structure of municipal expenditures: COFOG

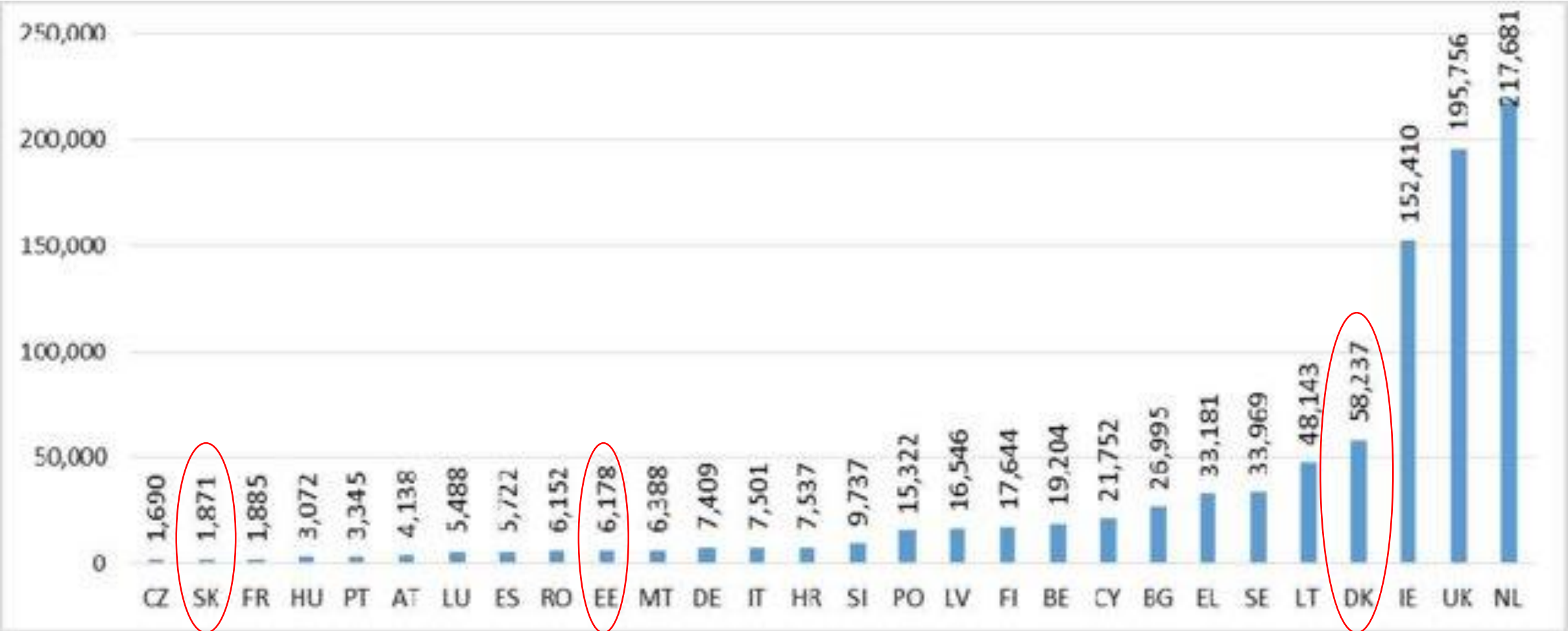
(mil. EUR)

	2015	2016	2017
General administration	977,4	989,7	985,1
Defence	1,1	0,8	0,8
Public order and security	68,6	67,8	76,4
Economic functions	476,0	369,4	438,7
Environment	364,7	283,7	291,8
Housing	471,4	328,6	346,2
Health care	9,0	5,7	6,6
Recreation, culture, sports	231,5	231,0	254,0
Education	1 554,4	1 576,2	1 704,0
Social protection	180,6	175,8	188,3
Total	4 334,8	4 028,7	4 292,0

Future challenges:

- Territorial consolidation to decrease the number of municipalities and to save operating costs and to increase the efficiency of LGS in the Slovak Republic
- Change in financing
- Electronic local government

Average population per local government entity in the EU



- Regardless of the size, municipalities have to fulfil the same tasks, causing problems particularly in small villages in terms of personnel, organization and finances.
- Most of the expenditures in small municipalities are used to pay mayor's salary and/or the basic costs – electricity for public lightning, maintenance of public spaces, there is limited space for investments and further development.
- Small municipalities have limited human resources working at the municipal office.

Change in financing

- Financing – to include other taxes into the shared tax because income tax is very sensitive to economic cycle of the economy (higher unemployment lower tax income less money for LGS)
- Central government changes the rules of taxation for physical entities with the aim to support families with kids but with negative effect on the income from income tax what means less money for LGS.
- Energetic crisis
- War on Ukraine

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Thank you for your attention

Space for your questions