

# Absorption performance of EU funds in Slovakia in 2014-2020

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## **Abstract**

The European structural and investment funds (ESI funds) reduce economic and social disparities, strengthen territorial cohesion within the EU Cohesion policy, support rural development and maritime and fisheries policy. For Central and Eastern European countries, which are less economically developed than the rest of the EU, these funds represent a substantial investment financing source. In 2014-2020 Slovakia will benefit from more than 16 billion EUR in EU funding representing one of the highest amounts per capita within the EU. These funds have been implemented under the shared management, as the use of these funds depends not only on EU policy settings but mainly on the capacity of the Member State to spend the allocated money. At the end of 2021, Slovakia received 55% of EU payments, having one of the slowest implementations within the EU. We analyze the absorption performance in Slovakia in 2014-2020 and examine the factors behind this slow implementation. In the empirical part of the paper, we use beta and fractional response econometric models to show that Slovakia underperforms other countries in EU fund absorption. The result is robust even when controlling for the level of economic development measured by GDP, different aspects of governance as measured by World Bank Worldwide Governance Indicators, and the level of self-rule and shared rule exercised by regional governments (Regional Authority Index). Based on the Slovak and EU public available data, we analyze financial implementation according to different operational programmes in 2014-2020 and identify main problems in ESI funds management, bureaucratization and public procurement.

**Keywords:** European structural and investment funds, absorption performance, administrative capacity

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