Current State of the Absorption of EU Funds during the 2014-2020 Multiannual Financial Framework of the European Union in Slovakia

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Abstract

The European Union´s budget and the Multiannual Financial Framework are the EU´s main instruments for financing European policies. Currently, we witness a low intensity of absorption of the financial resources allocated under these instruments in selected Member States through the broad variety of operational programmes that vary from one Member State to another. In the past years, such trend has also developed itself in the Slovak Republic. In the middle of 2020, the Slovak Republic is one of the worst drawers of EU funds. The first part of the paper provides a brief description of the functioning of these financial instruments, an analysis of the absorption of the financial resources of European structural and investment funds in Slovakia during the past multiannual frameworks and a brief literature review. The other part of the paper presents the current possibilities of drawing financial resources according to the new drawing rules introduced due to the outbreak of the current global pandemic of SARS-CoV-2 and identify some of the causes that, to a greater or lesser extent, contributed to low absorption level of EU funds in Slovakia. The paper contains two graphs and one table with data depicting EU funding and individual operational programmes in Slovakia.

Key words

EU budget, Multiannual Financial Framework, European Union, Structural and Investment Funds, Operational Programmes

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Introduction

The European Union´s budget, together with the Multiannual Financial Framework, are the main instruments for achieving the objectives of the European Union through the revenue and expenditure of the individual Member States. Thanks to the large number of programs implemented through the Structural and Investment Funds and other funding schemes, the European Union redistributes funds each year to implement individual European policies to promote the essence of European integration. With the ever-growing agenda of the European integration project, the annual budget and the individual Multiannual Financial Frameworks naturally also increase. Given the number of Member States participating in the European integration project, finding common compromises on how to finance policies is a very complex political process, lasting several

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months in the case of the EU budget negotiations and several years in the case of the negotiations of Multiannual Financial Framework respectively.

The promotion of national interests and many other factors that play an important role in the negotiations on the financing of European policies often result in dissatisfaction of some Member States with the final shape of the European Union budget. An integral part of the Union's budget has become the slow uptake of funds in some Member States, which for various reasons do not use the available resources provided by the EU budgets. Over time, the Slovak Republic has become an example of such a state. The level of uptake of available budgetary resources is one of the lowest in recent years compared to other Member States. At the same time, the intensive uptake of resources in some Member States has the exact opposite effect, which is to widen the gap in European cohesion. The beginning of the new Multiannual Financial Framework for the period 2021-2027 foreshadowed the low level of utilization of available financial resources approved for the Slovak Republic for the period 2014-2020. The outbreak of the SARS-CoV-2 virus pandemic at the beginning of 2020 brought several changes in pumping, resp. drawing on unused funds from previous years, thanks to which there could be an increase in the drawing of funds in Slovakia in the near future. The aim of this paper is to quantify the current level of absorption of financial resources from the European Union budget in Slovakia after the main seven-year period for which funds were allocated in the past multiannual period and contribute to the scientific discussion on why Slovakia falls behind in drawing available resources compared to other EU Member States.

1 Literature Review

The financing of EU policies has become a sensitive issue for the public and also an equally important topic of research articles. The Multiannual financial framework, the one-year budgets, the financial instruments and the ways in which the funding is used have been the subject of research by a large number of scholars and experts. Existing literature and scientific contributions can be categorized according to a wide range of criteria such as individual countries, individual European Structural and Investment Funds, methods of financing, specific operational programs, etc.

The drawing and absorption of EU funds in Slovakia has recently been dealt with by both domestic and several foreign authors. Comparative studies are also available providing comparative analysis of the use of EU funds in Slovakia in comparison with either neighbouring countries or EU Member States in general. (Škabić et al. 2017; Aivazidou et al., 2020) Several contributions focused on the drawing of funds in Slovakia promote a regional approach by providing analysis of the drawing of contributions in individual regions of the country. (Frank et al., 2017; Churski et al., 2014; Pawera et al., 2014; Smehylova et al., 2014). Some of the most recent studies contributing to the expert discussion on the state of drawing of EU funds in Slovakia can be considered, for example, special reports of Euractiv (2020) or the reports of governmental think-tank Institute for Strategies and Analysis (ISA, 2020). In the past, reports providing a regular overview of the drawing of funds were issued mainly by individual ministries (especially the Ministry of Finance), which supervised individual operational programs and the Office of the Government of the Slovak Republic. The newly established Ministry of Investments, Regional Development and Informatization of the Slovak Republic has become an institution that has partially taken over the auspices of information and supervision associated with the implementation of payments from the European budget over the past year.

2 Methodology

The aim of this paper is to quantify the current level of absorption of financial resources from the European Union budget in Slovakia after the main seven-year period for which funds were allocated in the past multiannual period (2014-2020) and contribute to the scientific discussion on why Slovakia falls behind in drawing available resources compared to other EU Member States. To fulfil the main goal, the paper is based primarily on data retrieved from EU institutions and managing authorities of European funding in Slovakia, especially ministries and the Office of the Government of the Slovak Republic. The paper consists of the latest up-to-date data available at the end of the regular period of the EU's Multiannual financial framework, 31 December 2020. The second part of the paper analyzes the potential benefits of changes in spending resulting from prompt negotiations of European elites on circumstances arising from the gradual spread of a new virus pandemic in the world economy during 2020. The final part of the paper aims to contribute to the scientific discussion by illustrating some shortcomings associated with the current level of absorption of EU funds in Slovakia, synthesizing some major shortcomings in comparison with other Member States of the European Union. Therefore, in order to meet the main goal of the paper, we used several scientific heuristic methods, especially analysis, synthesis and deduction.

3 Results and Discussion

3.1 On the Multiannual Financial Framework and the European Union´s Budget

The current form of the Multiannual Financial Framework (MFF) evolved from an initial interinstitutional agreement aimed at resolving the growing mismatch between available resources and the European Communities' actual budgetary requirements in the 1980s. Following the first four interinstitutional agreements on the multiannual financial perspective (1988-1992, 1993-1999, 2000-2006, 2007-2013), the nature of the MFF has been changed to a legally binding act under the Lisbon Treaty. The first MFF adopted under the new criteria is the previous MFF for the period 2014-2020. (European Parliament, 2020) The Treaty of Lisbon itself defines the MFF primarily as a tool to ensure the systematic spending of Union expenditure within its own resources, which is established for a period of at least five years. (MZVaEZ, 2008) This tool for strategic planning of the EU budget is generally adopted currently for a period of seven calendar years. The individual annual EU budgets adopted (as in the case of the MFF) by the EU

Council and the European Parliament (EP) must meet the ceilings for commitment appropriations by category of expenditure and the ceiling for expenditure appropriations. The validity of the medium-term period of EU budgeting stems mainly from the financing of multiannual programs. The seven-year budget period therefore provides a reasonable period for complex investment programs, the implementation of which is not possible within one calendar year. Therefore seven-years of MFF also provide more time to design and implement strategic investments, evaluate them and carry out their revisions. (European Parliament, 2017)

More than 76% of the payments and commitments of the EU´s budget are implemented through the 5 Structural and Investment Funds, commonly known as "EU Funds": (I) European Regional Development Fund (ERDF); (II) European Social Fund (ESF); (III) Cohesion Fund (CF); (IV) European Agricultural Fund for Rural Development (EAFRD); (V) European Maritime and Fisheries Fund (EMFF). The rest of the budget is managed directly by the EU in the form of grants for the implementation of specific policies and public procurement by the EU institutions. (European Union, 2020)

The recently completed, fifth MFF for 2014-2020 was approved in early December 2013. Initially, the volume of commitments and payments was not the highest ever MFF, as EU legislators reduced it to slow down the economic growth of Member States due to the financial crisis that hit (not only) the EU in 2008 and the pressure to maintain balanced national budgets. The seven-year plan set the level of commitment appropriations (commitments) at EUR 959.99 billion and the level of payment appropriations at EUR 908.4 billion (in current 2011 prices). Compared to the previous MFF for the period 2007-2013, there was a planned decrease of 3.5% and 3.7%, respectively. (Council of the EU, 2013) The last annual budget under the MFF for 2020 reached EUR 168.797 billion in commitment appropriations and EUR 172.420 billion in payment appropriations at current prices. (European Parliament, 2020)

3.2 State of Absorption of EU Funds in Slovakia

Since its accession to the EU, Slovakia has always been one of the net recipients of funds from the EU budget. Cumulative revenues from the EU budget from 2004 to the present have exceeded the level of contributions to the budget by more than € 18 billion (see table below). The net financial position of the Slovak Republic currently results mainly from a lower level of income than the European average and the dependence of Slovak agriculture on agricultural subsidies. However, the level of annual Slovakia's receipts from the EU budget at around 2.27% of GNI is likely to decline in future multi-annual plans. Given the levels of economic growth achieved since EU accession, in the next MFF 2021-2027, which has been under discussion since 2018, according to some scenarios, Slovakia's net financial position may decline by up to 1% of GNI over the next seven years. (Darvas, 2019)

Tab. 1 The level of revenues and contributions of the Slovak Republic to the EU budget in mil. EUR

Year	Revenue	Contributions	Budget balance (% of GNI)
2004	388,1	200,4	0,51%
2005	609,5	314,9	0,71%
2006	696,2	346,5	0,73%
2007	1082,6	428,7	1,13%
2008	1241,8	483,2	1,13%
2009	1192,4	628,0	0,85%
2010	1905,0	540,1	2,06%
2011	1785,1	576,3	1,69%
2012	2286,8	646,1	2,26%
2013	2026,1	713,4	1,78%
2014	1668,8	736,5	1,35%
2015	3734,8	713,8	4,04%
2016	2662,8	745,5	2,53%
2017	1645,2	693,1	1,17%
2018	2457,2	857,0	1,90%
2019	2304,4	834,5	1,65%

Source: Author´s own work based on data European Commission, 2020f.

The Slovak Republic began to draw EU funds in an aliquot amount resulting from EU membership in a shortened period from 2004 to 2006. The following MFF period 2007-2013 thus represented the first programming period during which the Slovak Republic used the financial resources of the Structural and Investment Funds and additional budgetary resources for the implementation of specific policies throughout the seven years of the MFF. It was also the first MFF, in which the representatives of the Slovak Republic actively participated in the negotiations. The total level of commitment appropriations for the Slovak Republic in the period from its accession to the EU to the end of 2020 represents a total of more than EUR 30 billion provided through the Structural and Investment Funds and other additional resources.

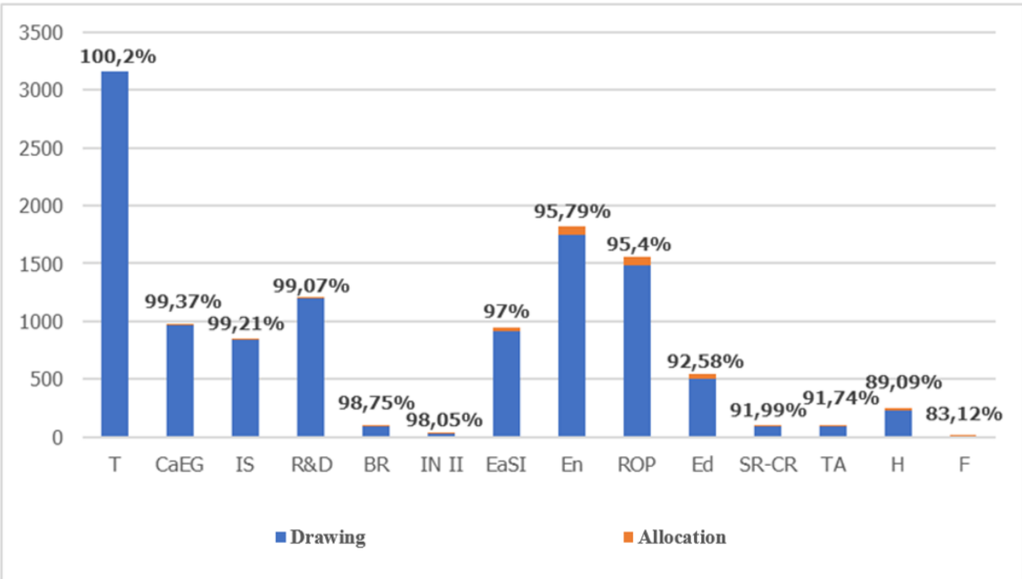
Within the EU funds earmarked for the financing of projects in the Member States in the period of the MFF 2007-2013, Slovakia used EUR 11.331 billion. In total, by the end of 2016,[2] the rate of drawings reached 97.53% from the total commitment of EUR

[2] Based on the so-called N + 3 rule in the case of (not only) Slovakia, it is possible to draw on the EU funds of the programming period within three years from the end of the MFF. In practice, this means that the

11.618 billion. Within this programming period, funds were drawn through fourteen operational programs. (Government Office of the Slovak Republic, 2017) Data on drawing are recorded in Graph 1. In the case of the operational programs Transport (T), Competitiveness and Economic Growth (CaEG), Informatization of Society (IS), Research and Development (R&D), Bratislava Region (BR) and Interact II (IN II), there was a higher drawdown than was total average drawing under the MFF 2007-2013 (97.53%). On the other hand, the remaining eight operational programs Employment and Social Inclusion (EaSI), Environment (En), Regional Operational Program (ROP), Education (Ed), Cross-border Cooperation SR - CR (SR-CR), Technical Assistance (TA), Health (H) and Fisheries (F) had lower levels of depletion of EU resources.

The origin of the high percentage of implementation of the total commitment of more than € 11.5 billion under the MFF 2007-2013 stems from the high uptake of funds in the period N + 3 until 2016. However, the rapid uptake of funds in the period 2013-2016 had negative consequences. resulting from the report of the European Anti-Fraud Office (OLAF). According to the OLAF report published in 2017, the Slovak Republic became the Member State with the 2nd highest level (1st being Hungary) of detected errors in drawing the so-called EU funds and agricultural subsidies. (OLAF, 2017) In the period 2013-2016, there was a total of 1360 errors in drawing funds. As a result of errors found by national authorities, Slovakia lost 13.14% of payments from the Structural Funds.

Graph 1 Allocation and drawing of EU funds within the operational programs in the period of the MFF 2007-2013 in mil. EUR.



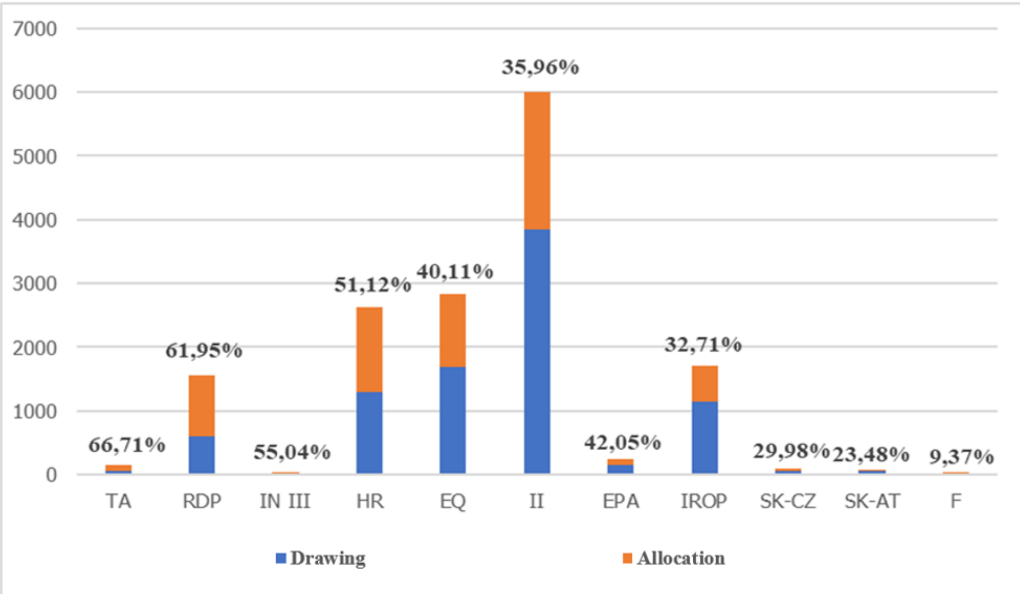
Source: Author´s own work based on data Úrad vlády SR, 2017.

funds allocated to a Member State in the last year of the MFF 2007-2013 could be used up until 2016. Analogically in case of the MFF 2014-2020, it is possible to use up the funds until 2023.

Based on the investigations carried out by OLAF, the Slovak Republic had to repay a further 2.55% of the funds disbursed in the period. (OLAF, 2017) Over time, Slovakia has become one of the worst Member States in drawing funds with a high degree of correction of their disbursements after the process of their evaluation and revision. The total amount of drawn MFF 2007-2013, which Slovakia had to repay due to various errors, was calculated at almost EUR 1 billion. (TASR, 2020)

As in the case of the previous MFF, the Slovak Republic may draw the resources set for the MFF 2014-2020 for three years longer, ergo until the end of 2023. However, towards the end of the regular MFF period in December 2020, Slovakia lags behind in drawing funds from the total allocation for 2014-2020 exceeding 15.3 billion eur. As of December 31, 2020, 41.94% of the allocation was drawn, which represents a total of EUR 6.434 billion. Resources were channeled through eleven operational programs. While the managing authority of the Rural Development Program is the Ministry of Agriculture and Rural Development of the Slovak Republic, other operational programs fall under the Ministry of Finance of the Slovak Republic. In the case of five programs - Technical Assistance (TA), Rural Development Program (RDP), Interact III (IN III), Human Resources (HR) and Effective Public Administration (EPA), at the beginning of May the drawdown was higher than the total drawdown average in under the seven-year MFF (41.94%). In the case of the other six operational programs - Environmental Quality (EQ), Integrated Infrastructure (II), Integrated Regional Operational Program (IROP), Interreg SK-CZ (SK-CZ), Interreg SK-AT (SK-AT), Fisheries (F), the level of resource utilization was lower at the beginning of the new multiannual period starting in January 2021.

Graph 2 Allocation and drawing of EU funds within the operational programs in the period of the MFF 2014-2020 in mil. EUR



Source: Author´s own work based on data Úrad vlády SR, 2021.

3.3 The Covid-19 Crisis as a Unique Opportunity to Draw on Unused EU Funds?

The outbreak of the SARS-CoV-2 coronavirus pandemic in Asia at the end of 2019 gradually began to affect the individual economies of the EU Member States. The adoption of a wide range of restrictive measures to minimize societal harm has brought a number of challenges that will be faced by the Member States themselves, but also by the EU as a whole. Due to different measures, procedures, restrictions and legislation adopted in individual European states, the constantly changing situation, further waves of growth of infected Europeans in the autumn and winter months at the turn of 2020 and 2021, estimates of the decline in European output for 2020 also differed significantly. It is clear that (not only) Europe was hit by a decline in real GDP in 2020, which de facto led to a recession in the world economy. The initial, quite moderate forecasts of several international institutions as well as many Slovak forecasts published at the beginning of 2020 lost their credibility over time with increasing restrictions and measures taken. Many forecasts from the later months of 2020 predicted the deepest recession since the 1930s, accompanied by a high rise in unemployment and other accompanying phenomena. (CRS, 2020) In its May 2020 forecast, the European Commission (EC) expected the biggest economic crisis in the history of the EU and the overall economic downturn in the EU in 2020 at almost 7.5% and 6.75% in the case of the Slovak Republic respectively. (European Commission, 2020a) Equally pessimistic were the International Monetary Fund (IMF) forecasts that, for the first time since the Great Depression, forecasted a general recession in both developed and developing countries of the world economy. Overall, the world economy is facing an economic downturn of 3% of world GDP. (Gopinath, 2020) The latest estimate of the Statistical Office of the Slovak Republic from December 2020 predicted a decrease in the GDP of the Slovak Republic at the level of approximately 6%.

Following the evolution of the pandemic situation, European leaders and EU legislators have begun to discuss their action, modify existing rules and coordinate joint action to combat a new virus affecting the entire world economy. The issue of financial assistance to compensate the damage caused by a wide range of restrictions has also become part of the main negotiations between the highest authorities. The system of financial assistance to mitigate the effects of the virus in the Member States can be divided into two basic categories according to the origin of the resources:

- Part of the unspent financial resources allocated to the European Structural and Investment Funds for the MFF 2014-2020;
- Future financial resources approved for the MFF 2021-2027 period, together with additional financial instruments to address the crisis, such as the newly created Next Generation EU Fund.

It is the first category of financial resources that currently represents an opportunity, thanks to which the Slovak Republic can additionally draw on those EU funds of previous MFF that have not yet been used. The EC approved such possibility by creating a so-called Coronavirus Response Investment Initiative (CRII). The total amount of financial resources that the EC will release according to the calculation is EUR 36.751 billion. Approximately 8 billion comes from the unspent resources of the European budget from 2019 and the rest from the funds earmarked for 2020. (Euractiv, 2020a) In the case of Slovakia, the available funds amount to EUR 2.475 billion of unspent resources from the EU budget. The determination of the CRII resources available for each country has triggered a wave of criticism from some Member States regarding the fairness of resource allocation. For a better imagination, the arisen situation can be illustrated on example of the sum of resources earmarked for France and Germany (1.476 billion euros), which represents only about 60% of resources earmarked for the Slovak Republic. (European Commission, 2020b) The explanation for these abysmal differences is the fact that the total amount of resources available is based on compliance with the basic principles of cohesion policy and the level of resources that Member States did not use before the corona crisis. (Surubaru, 2020) In general, the "worst EU funds drawers" and the poorest EU Member States can receive the biggest funding. However, given the level of absorption of resources in Slovakia stated in the previous section (41,94% as of December 31, 2020), doubts about the actual intensity of absorption of these resources may come to the fore. More intensive drawing in the current period could occur mainly due to the changes introduced by the EC within CRII:

- Allowing Member States to request EU co-financing of cohesion policy programs up to 100% of the investment;
- Facilitating transfers of allocated resources between funds as well as between categories of regions;
- Providing full flexibility in the redistribution of resources to the areas most affected by the current crisis;
- Simplification of procedures related to program implementation and audit.

As mentioned above the additional use of unspent resources can benefit in particular those EU Member States which, before the outbreak of the current corona crisis, used the allocated resources less intensively. Due to the adopted changes, by which the EC within the framework of CRII facilitated the drawing of resources by the state in an unprecedented way, is the use of almost 2.5 billion available to Slovakia important for minimizing the economic and social impacts of the corona crisis. In particular, facilitating the transfer of resources provided according to the real needs of individual states represents a unique opportunity to support small and medium-sized enterprises in Slovakia. An equally important measure of the EU Council in the composition of ECOFIN was the historically first suspension of budgetary rules by using the crisis exemption of the Stability and Growth Pact, which also aims to reduce the effects of the crisis by increasing public spending. (Euractiv, 2020b)

The final phase of negotiations on the future MFF for the period 2021-2027 was largely influenced by the outbreak of a new coronavirus pandemic and its spread (not only) to all EU Member States. A new financial instrument created to finance the recovery of the European economy after the damage caused by the virus has become the EU's Next Generation Fund, approved in the total amount of EUR 750 billion. The approved recovery fund will provide funding for projects through grants (€ 390 billion) and loans (€ 360 billion) and the first payments are planned for the second half of 2021. (Repubblica, 2020) Proportion of financial resources attributable to the Slovak Republic from the fund represents approximately EUR 7.5 billion. The proposed MFF was also approved in 2020, despite a momentary veto of the proposal by Hungary and Poland due to the criteria governing the use of funds by maintaining democratic principles and the rule of law. The approved MFF budget of EUR 1,074.3 billion together with the Next Generation

EU Fund, it represents the historically largest comprehensive financial package for financing European policies in the total amount of more than EUR 1,800 billion (at current prices in 2018). The MFF is divided into seven expenditure headings by the areas of expenditure:

- Single Market, Innovation and Digital;
- Cohesion, Resilience and Values;
- Natural Resources and Environment;
- Migration and Border Management;
- Security and Defence;
- Neighbourhood and the World;
- European Public Administration. (Council of the EU, 2020)

3.4 Issues Associated with the EU Funds Absorption in Slovakia

The level of intensity of absorption of EU structural and investment funds varies from one Member State to another. As in the case of other EU Member States, the drawing of EU funds in Slovakia faces several difficulties. The level of their drawing in Slovakia has been steadily declining in recent years. In the search for causal factors of this trend, a broader view of the problems associated with drawing funds from the EU in Slovakia is needed. In the next part, we present several points that to a greater or lesser extent affect the actual drawing of funds from the EU structural and investment funds in Slovakia:

1. **Corruption** and corruption scandals have become an integral part of the perception of EU funds among the general public. The high level of corruption growing during the first governments after the independence of the Slovak Republic began to gradually decline with the beginning of Slovakia's accession processes to the EU. (Fazekas et al., 2014) However, since the accession to the EU in 2004, there have been several financial frauds, including EU funding. It is in such cases that there is an additional non-payment of funds from the EU institutions, or their (national) enforcement and subsequent return to the EU budget. (European Commission, 2020d) Probably the most well-known corruption cases in Slovakia in recent years have included financing of science and research and agricultural subsidies provided to support agriculture. It is, of course, impossible to quantify the overall level of corruption associated with the use of EU funds. In its annual report on the Slovak Republic, the EC repeatedly points to the lack of progress in detecting and prosecuting corruption and the need to improve public procurement. (European Commission, 2020e) In the overall assessment of the presence of corruption in individual member states, the Slovak Republic, together with the Balkan states, ranks among the lowest ranks. The World Economic Forum (WEF) also evaluates the level of corruption in Slovakia negatively. (WEF, 2019) Since 2004, EU structural and investment funds alone have been additional financial sources to government expenditure. The growing incidence of corruption in connection with the financing of EU policies is pointed out, for example. (Fazekas et al., 2014)
2. **Sectoral and regional focus of operational programs.** The eleven operational programs under way in the previous programming period differ in their

sectoral focus. A wide range of these programs is implemented throughout the whole area of Slovak Republic. The choice of operational programs in some EU Member States currently prioritizes the focus of programs on individual regions (France, Poland, Portugal, etc.) over sectoral focus. from the EU structural funds. The only regionally focused operational program of the Slovak Republic running during the previous multiannual periods is the OP Bratislava Region (2007-2013). Given the level of development of the capital region, the funds of the program represented only approximately 1% of the total funds allocated to the territory of the Slovak Republic in the period 2007-2013. (SME, 2009) While the capital region can generally be ranked among the richest regions in the EU, the regions of western, central and eastern Slovakia are below the European average by the competitiveness index. (European Commission, 2019) The preference for the regional aspect in the choice of operational programs over the sectoral one could thus partially contribute to reducing regional disparities between regions and streamlining the absorption of funds in individual regions.

3. **Institutional management of the use of EU funds**. The administrative burden associated with the use of funds and the number of intermediary bodies that assist in their use have become part of the criticism of the recipients of funds from the EU budget. Until 2020, the ongoing operational programs, according to their sectoral focus, fall under the individual ministries and the Office of the Government of the Slovak Republic, which delegate part of the competencies to intermediate bodies. Ultimately, some operational programs have an above-standard number of offices involved in the management of EU funds. (Euractiv, 2020c) In order to unify the management of EU funds, the newly elected government in the parliamentary elections in February 2020, created a new Ministry of Investment, Regional Development and Informatization of the Slovak Republic. According to the government's program statement, the newly created Ministry has become the sole managing authority for operational programs under the MFF 2021-2027. (Úrad vlády SR, 2020a) The Ministry is expected to reduce the administrative burden associated with drawing of EU funds and to rapidly shorten the assessment of applications due to the reduced number of intermediary offices. Equally important issue of the procedure for approving applications for financial support has become double-checking public procurement. In practice, the approval process of individual ministries and the Public Procurement Office often brought different results, which slowed down the public procurement process.
4. **Qualified staffing**. As another reason for the low level of absorption of EU funds can be considered insufficient qualification of official staff in cities, municipalities and various regional offices. Due to insufficient qualification of staff and lack of agenda in training of qualified experts for individual regions, many offices according to the Association of Towns and Municipalities of Slovakia rely on the assistance of consulting firms. Due to the necessary external assistance, when applying for financial support, there are currently additional costs for the applicants themselves, which increase the final costs for cities, municipalities, etc. (Euractiv, 2020d) In future, the agenda of the newly created ministry should include increasing the professionalisation of administrative capacities,

regular training of experts and the involvement of regional structures to eliminate the involvement of consulting firms and additionall increase in costs for applicants. (Úrad vlády SR, 2020b)

5. **Stability of political development.** The practice of recent decades shows that the preferences of individual political parties, which are responsible for a particular state department, also have a significant impact on the intensity of drawing funds from the EU budget. E.g. Hagemann (2019) points out the influence of the intensity of drawing funds through the rotation of government political parties in the leadership of individual ministries, which are responsible for selected operational programs. Frequent changes in the control and decision-making of EU funds at national level often result in interruptions in the implementation of projects and changes in priorities, which ultimately contributes to reducing the level of absorption of available funds. Political instability at the regional level, caused by the frequent alternation of local and regional priorities of individual offices and changes in staffing, can also play a significant role in influencing absorption performance. (Aivazidou et al., 2020) Based on WEF data assessing the stability of political developments, the Slovak Republic has been ranking on the tail of EU member states in recent years. (WEF, 2019)

Conclusion

Financial resources available from the EU budget and MFF respectively, represent additional funds for the Slovak Republic significantly supplementing government expenditures. The use of these funds over the past 16 years of EU membership has undoubtedly complemented state budget expenditure on the construction and modernization of transport infrastructure, science and research, support for farmers and a wide range of other sectors of the economy. However, the level of drawing funds from the EU structural and investment funds in Slovakia has fallen below the European average in recent years. There are several factors that have influenced and continue to influence this trend. The situation poses a risk for Slovakia and the EU as a whole in terms of meeting one of the main objectives of creating these financial instruments. The low uptake of available EU funds in some Member States runs counter to one of the basic principles of cohesion policy - cohesion. The continuing under-execution of potential financial assistance in poorer Member States may exacerbate existing disparities between European regions. There are several main reasons for the low absorption rates in the Member States, but also several country-specific characteristics.

After the parliamentary elections at the beginning of 2020, a new ministry was established in Slovakia, the most important aim of which is to simplify the entire spectrum of procedures associated with drawing EU funds. Its origin comes at a very important time, when the project of modern European integration is experiencing the deepest recession in its history. The outbreak of the new coronavirus pandemic and its spread to all EU Member States is marked by ever-increasing social and economic damage. The EU therefore came up with the historically largest package of funding. The current period of the MFF 2014-2020 in Slovakia is marked by a very low rate of absorption of financial assistance - 41.94% at the beginning of 2021. However, the current literature does not provide a comprehensive analysis that would evaluate the main causes of low intensity of absorption of available funds in Slovakia, or provided a comparative analysis of these causes with disbursements in other EU Member States.

However, the current crisis has led the EC to adopt crisis solutions, aim of which is to simplify the drawing of additional funds and to enable the drawing of unused forfeited funds. In addition to the standard seven-year MFF, funding for European policies in the coming period in amount of more than EUR 1074 billion will also take place through the newly created Next Generation EU Fund in the amount of EUR 750 billion for the recovery of the European economy after the outbreak of the so-called corona crisis. Drawing funds from the European Structural and Investment Funds thus awaits the most important, but according to the changes made by the EC, also the simplest period ever.

In case of Slovakia, EU Funds represent on average up to 80% of government investment and continuously contribute to reducing the gap between GDP per capita in Slovakia and the European average from the original approximately 55% at the time of Slovakia's accession to the EU to more than 75% currently. (MIRRI, 2018) In the forthcoming programming period, approximately EUR 7.5 billion is earmarked for Slovakia from the new Next Generation EU recovery fund and more than EUR 18 billion within the MFF 2021-2027. In order to ensure the further reduction of economic disparities between Slovakia and other EU countries, institutional, personnel and implementation reform is therefore necessary, that will really initiate drawing available funds from future EU budgets and minimize the level of decommitments.

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