



REPUBLIC OF SLOVENIA
COURT OF AUDIT

AUDIT REPORT

Regional development

Performance audit

Audit period: 1 January 2014 to 31 December 2017



Regional development



Promotion of Balanced Regional Development Act

defines that the **State and municipalities** are responsible for planning of regional policy and implementing regional development tasks.

The audit reviewed **the efficiency of the auditees in managing regional development**



212 MUNICIPALITIES



STATE - Government, Ministry of Economic Development and Technology and other ministries

Defining regional policy

• municipalities co-founders
 • **12 regional development agencies and 14 participating development institutions**



12 development regions
 represented by municipalities

Regions adopted
12 regional development programmes (2014-2020)



12 agreements for regional development between the State (Ministry of Economic Development and Technology) **and regions** (development regional councils)

AUDITEES



Government of the Republic of Slovenia

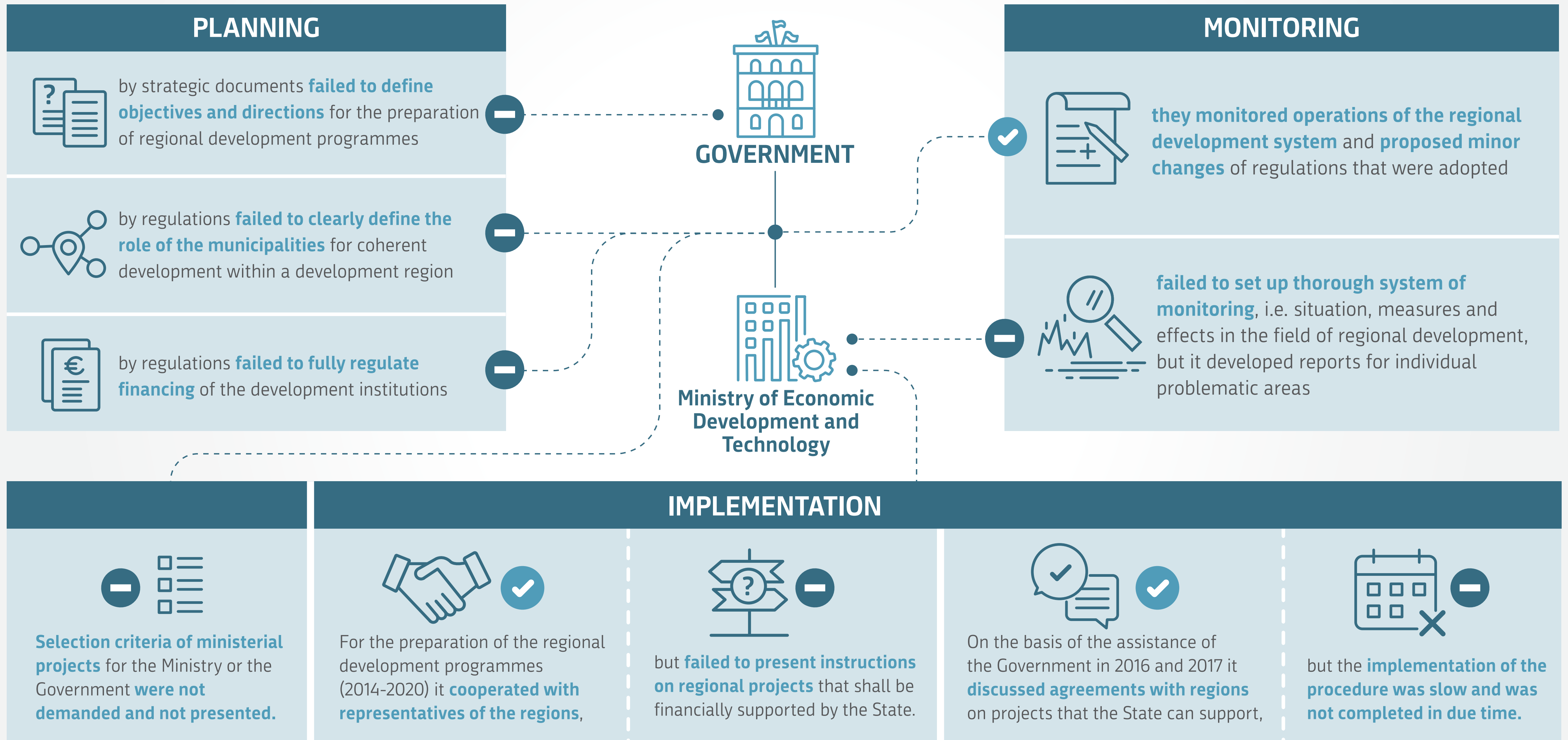


Ministry of Economic Development and Technology



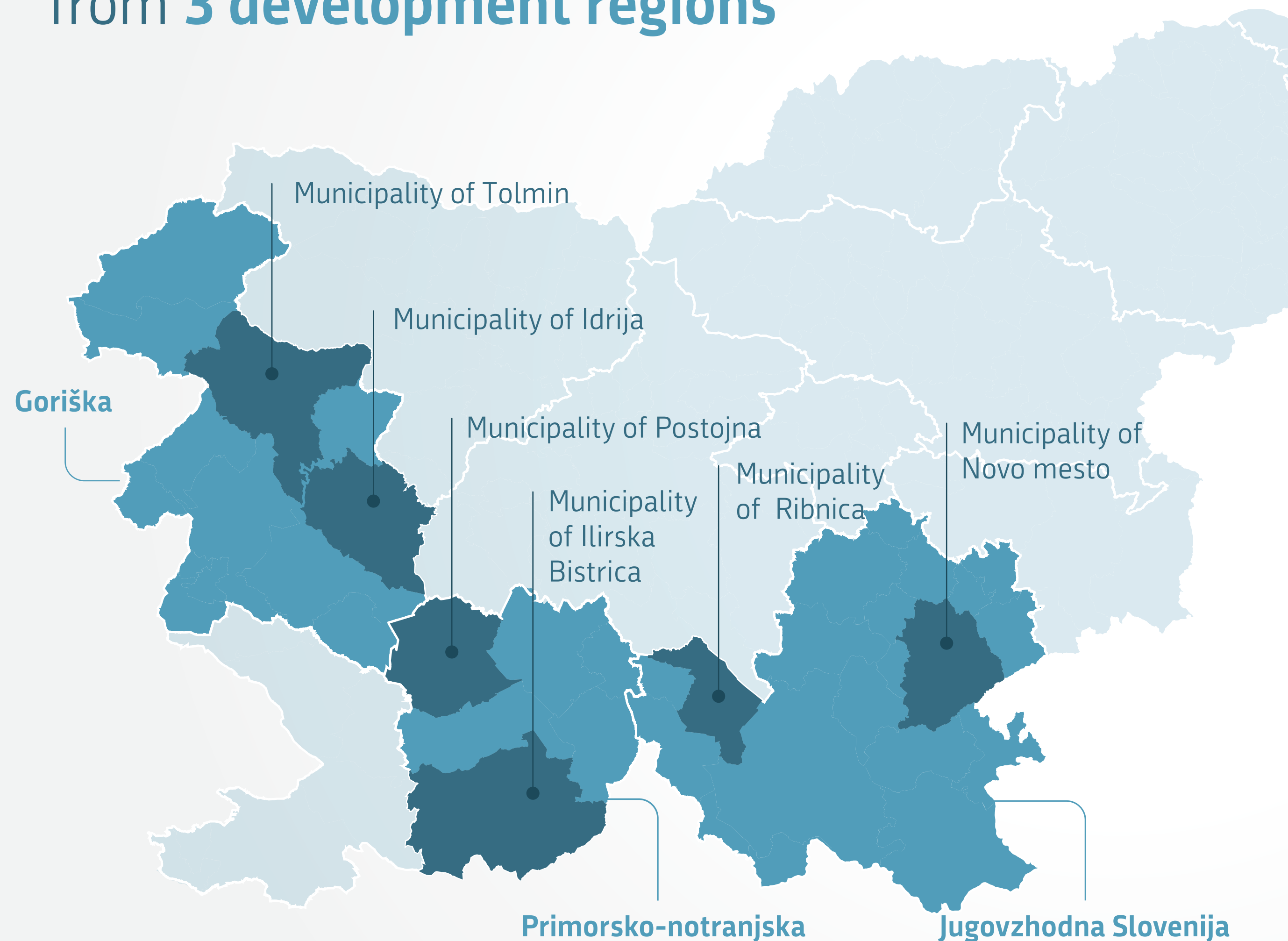
6 MUNICIPALITIES – Municipality of **Tolmin**, Municipality of **Idrija**, Municipality of **Postojna**, Municipality of **Ilirska Bistrica**, Municipality of **Novo mesto** and Municipality of **Ribnica**

Government and Ministry of Economic Development and Technology



Municipalities

The audit included **6 municipalities** from **3 development regions**



Planning regional development



- ✓ Municipalities **defined** in their strategic documents **some objectives** that were **indirectly linked to regional development**,
- but **failed to directly define objectives** of municipalities **in the field of regional development**.
- ✓ Municipalities **cooperated in drawing up** regional development programmes, **in defining objectives** at the level of development regions, and **submitted their project proposals**,
- but **the proposals** usually **failed to originate in broader aspect of balanced development of those regions**, rather were based on direct needs of the proposing municipality

Municipalities | Implementing the tasks

Directing development institutions



✓ Municipalities **supported the operations** of the development institutions **towards the regionalism**,



– but **failed to direct** the work of the development institutions **towards the coherent development** or reducing the differences within the development region.



– Municipalities **financially supported only few projects** of the development institutions **that could be categorised as regional projects according to the criteria of the Court of Audit**. Usually they jointly supported projects that are co-financed by the State.

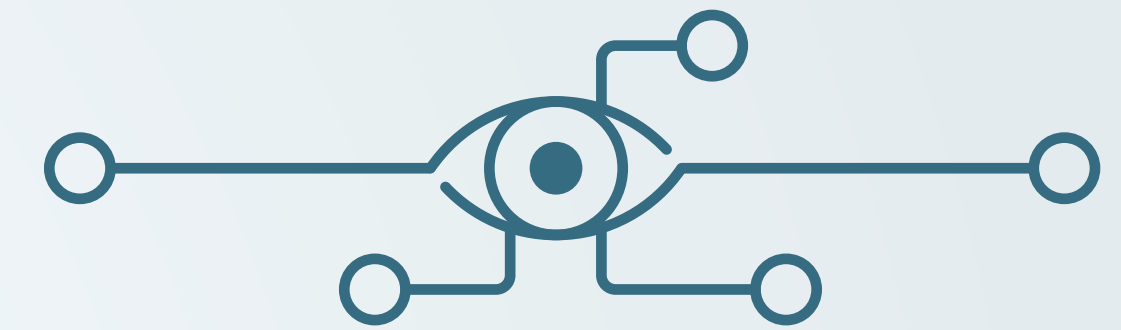


✓ **Regulation of the co-financing** of the development institutions is relatively **well defined for general tasks and projects within the agreements for regional development**,



– but **the method of financing** development institutions pertaining to **other regional projects activities** of development institutions is **not defined**. Some municipalities concluded direct contracts with development institutions in order to financially cover those activities.

Supervising development institutions

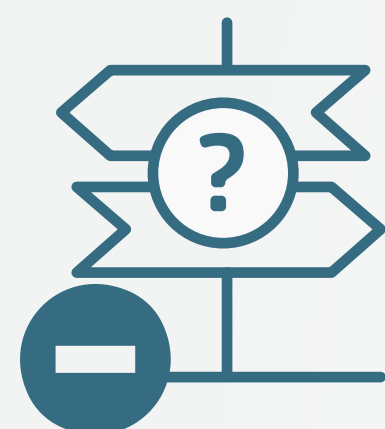


– Key supervision approach of municipalities was in verifying annual programmes of work and annual reports of the development institutions, whereby the **impact of each municipality differed according to the share of their voting rights in a development institution**. Those shares did not necessarily correspond to shares of population in the region.

– Municipalities failed to divide basic or common development tasks among several development institutions in the development region, **thus failed to appropriately reduce the risk of duplication of tasks**.

Key weaknesses in managing regional development

Government and Ministry of Economic Development and Technology:



their strategic and programming documents **failed to provide clear and timely directions** on which **regional issues** and thereto related projects shall be financially supported by the State



in their regulations **failed to clearly define the role of the municipalities** in ensuring coherent development within a development region



in their regulations **failed to fully address funding** of development institutions

Občine:



their **operations were not oriented towards coherent development** within a development region

OPINION OF THE COURT OF AUDIT



The Government of the Republic of Slovenia and the Ministry of Economic Development and Technology were **partially efficient** in managing regional development.



Municipalities of Tolmin, Idrija, Postojna, Ilirska Bistrica, Novo mesto and Ribnica were **partially efficient** in managing regional development.

Demands

The Court of Audit demanded the implementation of the following corrective measure:

-    The Government of the Republic of Slovenia has to present a **plan of activities for defining objectives and directions of regional policy**.



Recommendations

The Court of Audit issued 15 recommendations, among others:

Government of the Republic of Slovenia



shall draw up regulations **comprehensively defining rules of financing** development institutions for municipalities



shall **ensure** the regional policy authority **access to** cohesion policy **information system**



shall ensure policy coherence, namely of: European cohesion policy, local self-government policy and harmonious development of regions policy

Ministry of Economic Development and Technology



shall **demand** that regional projects **must be based on analyses** of the entire area of a development region



shall **prepare multi-annual programme** of regional policy

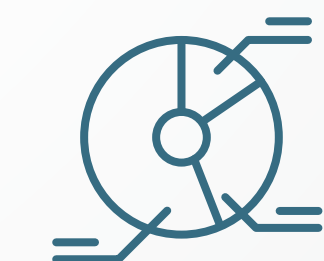
Municipalities



shall **set up** municipal **objectives** in the field of regional policy



shall support regional projects **oriented towards the reduction of development differences** within a development region



shall draw up and support regional projects **based on analyses** of the entire area of a development region