



## Terms of Reference for informatization spending review

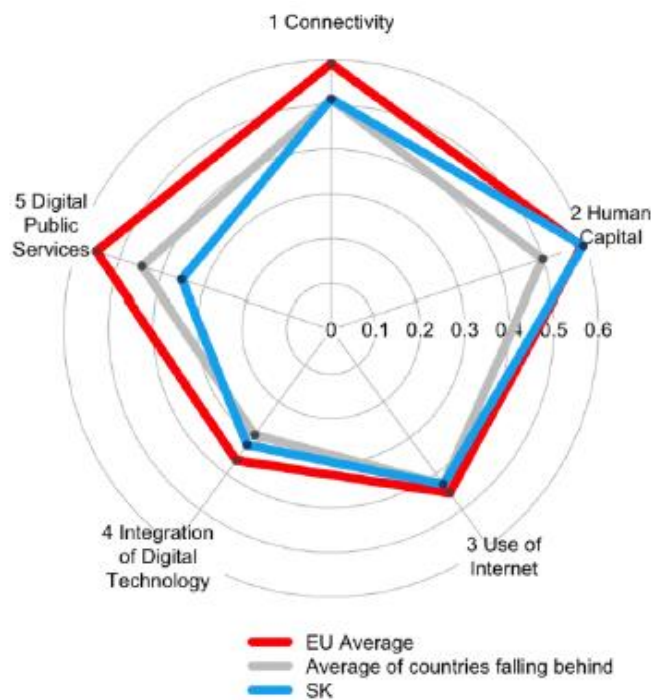
The review of informatization expenditures (0.6% of GDP annually) will propose measures for creating additional fiscal space preliminarily estimated at 30% (0.17% of GDP in 2019) from the planned investment and operation expenditures in a sustainable way. Savings will be achieved by optimising operations and increasing the value of investments in the Operational Programme Integrated Infrastructure (OPII). The objective is to improve the shares of pre-completed forms at the websites of state institutions and life situations of citizens that can be handled on-line

### Performance objectives

The performance objectives in the operation of State IT support services is to reach service level comparable to the commercial sphere. The indicators will be specified after mapping individual services.

The performance objective for the investments is to reduce the lag of Slovakia in the Digital Economy and Society Index,<sup>1</sup> in particular the Digital Public Services sub-index<sup>2</sup>. At least Slovakia should reach the EU average (currently 70 %).

The proposed indicators include the score in pre-completed forms at State websites and the score of share of the life situations that can be handled on-line.



### Fiscal objectives

The informatization expenditures will achieve **EUR 2.22 bn.** in the period from 2017 to 2020 **according to the baseline scenario (BS)**. The estimated assumed saving that will come into existence by implementing the project, amounts to **EUR 505 mil.**

Investment expenditures largely depend on the actual EU funds spending. In the programme period 2014 to 2020 **EUR 805 mil.** (EUR 947 mil. with co-financing) is earmarked from EU funds within the Operational Programme Integrated Infrastructure (OPII) for informatization.

<sup>1</sup> <https://ec.europa.eu/digital-single-market/en/desi>

<sup>2</sup> The index consists of indicators measuring the share of citizens communicating with authorities electronically, the number of pre-completed forms, digitisation of life situations and open data.



According to the baseline scenario, **investment expenditures** will achieve **EUR 1.3 bn.** in 2017 to 2020. Investment projects financed from the state budget as well as from EU resources will be assessed by cost-benefit analyses. Investment proposals with the highest value for money in the long-term will be preferred.

**Operating expenditures** in 2017 to 2020 will reach **EUR 877 mil** according to the baseline scenario. The operation effectiveness will be assessed by benchmarking.

**TABLE 1 - Baseline scenario of informatization expenditures (EUR mil.)**

	2013 S	2014 S	2015 S	2016 BS	2017 BS	2018 BS	2019 BS	2020 BS
630 Goods and services	184	236	222	209	212	217	222	226
710 Acquisition of capital assets	303	292	562	308	317	328	341	354
<b>Baseline scenario total</b>	<b>487</b>	<b>528</b>	<b>784</b>	<b>517</b>	<b>530</b>	<b>545</b>	<b>562</b>	<b>580</b>
<b>Value for money scenario</b>	-	-	-	-	477	436	393	406
<b>Assumed savings</b>	-	-	-	-	53	109	169	174

Note: 2015 actual spend, other years baseline scenario estimates. Expected saving of the value for money scenario 10% in 2017, 20% in 2018 and 30% of expenditures in 2019.

The Ministry of Finance will be responsible for the final report, which will be worked out in cooperation with other ministries. For the needs of preparation of the analyses of the above areas, the other ministries undertake to provide cooperation in providing complete and detailed data.

### Result objective description – value of investments

The Digital Economy and Society Index (DESI) is a composite index that was developed by the European Commission (DG CNECT). It integrates a set of relevant indicators structured in five areas: Connectivity, Human Capital, Use of Internet, Integration of Digital Technology in Business and Digital Public Services. The DESI score ranges from 0 to 1. A higher score means a better result.

The result objective of the informatization spending review is the *Digital Public Services* consisting of indicators measuring the share of citizens electronically communicating with authorities, the share of pre-completed forms, digitisation of life situations and use of open data.

In *Digital Public Services*, Slovakia falls behind the average the EU and the neighbouring countries.

**TABLE 2 - Digital public services (DESI 5) - in the aggregate**

Score - normalised indicator (0-1)	2015	2016	Year-on-year change	Year-on-year change in %	Objective in 2020
SK	0.37	0.35	-0.02	-6%	<b>EU average</b>
V3	0.45	0.45	0.00	0%	
EU 28	0.54	0.55	0.01	2%	

Source: EC



**TABLE 3 - The number of pre-completed forms at State websites (DESI 5a2)**

Score - normalised indicator (0-1)	2015	2016	Year-on-year change	Year-on-year change in %	Objective in 2020
SK	0.23	0.20	-0.03	-13%	<b>at least EU average</b>
V3	0.39	0.38	-0.01	-3%	
EÚ28	0.46	0.49	0.03	7%	

Source: EC

**TABLE 4 - The share of steps of life situations that can be handled on-line (DESI 5a3)**

Score - normalised indicator (0-1)	2015	2016	Year-on-year change	Year-on-year change in %	Objective in 2020
SK	0.46	0.59	0.13	29%	<b>at least EU average</b>
V3	0.60	0.69	0.09	14%	
EÚ28	0.75	0.81	0.06	7%	

Source: EC

#### **BOX 1 - Methodology of calculation of Informatization baseline scenario:**

Calculation of expected annual expenditures:

- The base of the baseline scenario consists of investment and operating expenditures on IT pursuant to selected items of economic classification.
- Investment expenditures are calculated as an average of investment expenditures for 2010 to 2015 indexed by GDP adjusted for the elasticity of tax and social contribution revenues.
- Operating expenditures are calculated as an average of operating expenditures for 2010 to 2015 indexed by CPI.