



2019 OECD ECONOMIC SURVEY OF THE SLOVAK REPUBLIC

Towards an innovative and inclusive society

Bratislava, 5th February

www.oecd.org/economy/surveys/slovak-republic-economic-snapshot



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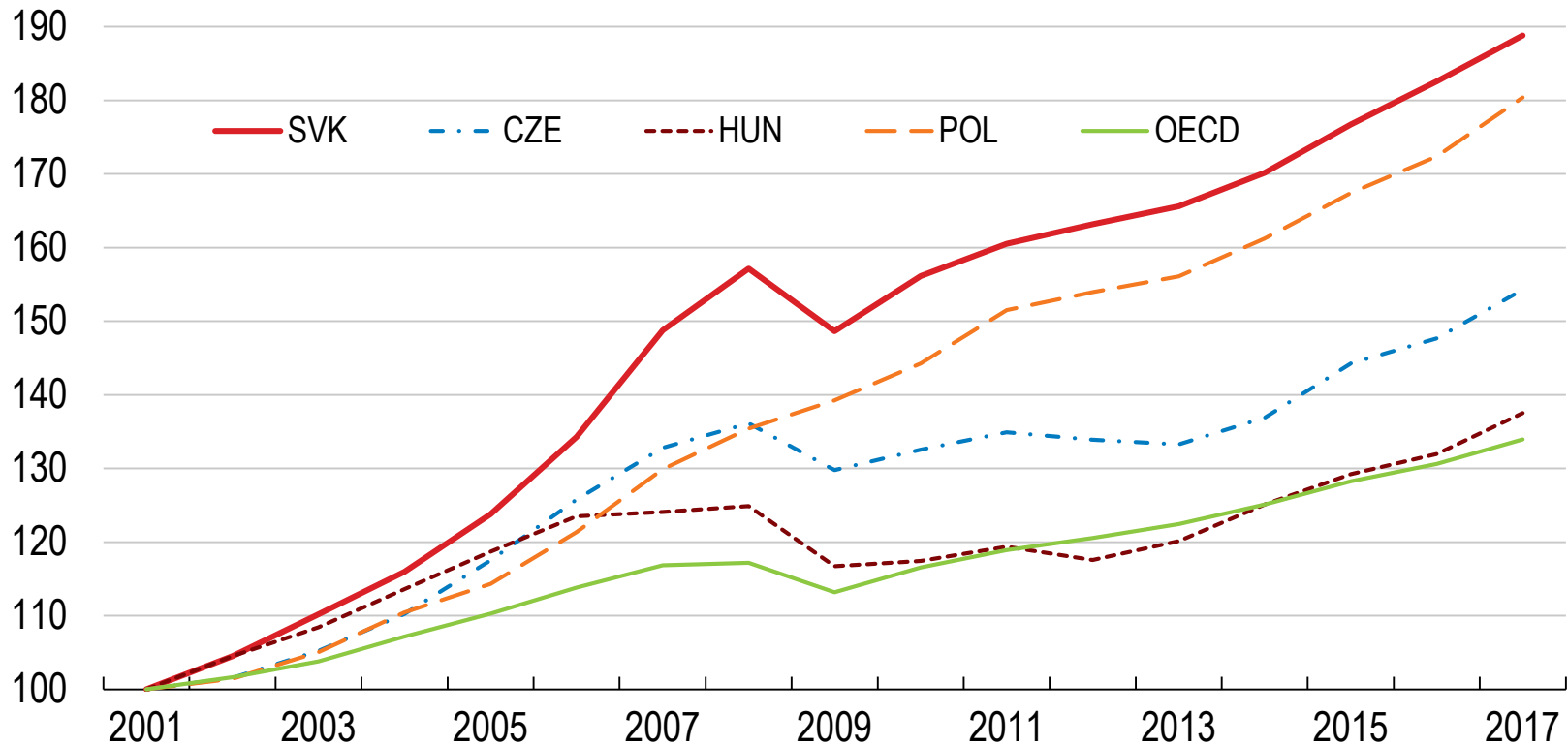


The economy is flourishing



Growth has been robust

GDP index, volume

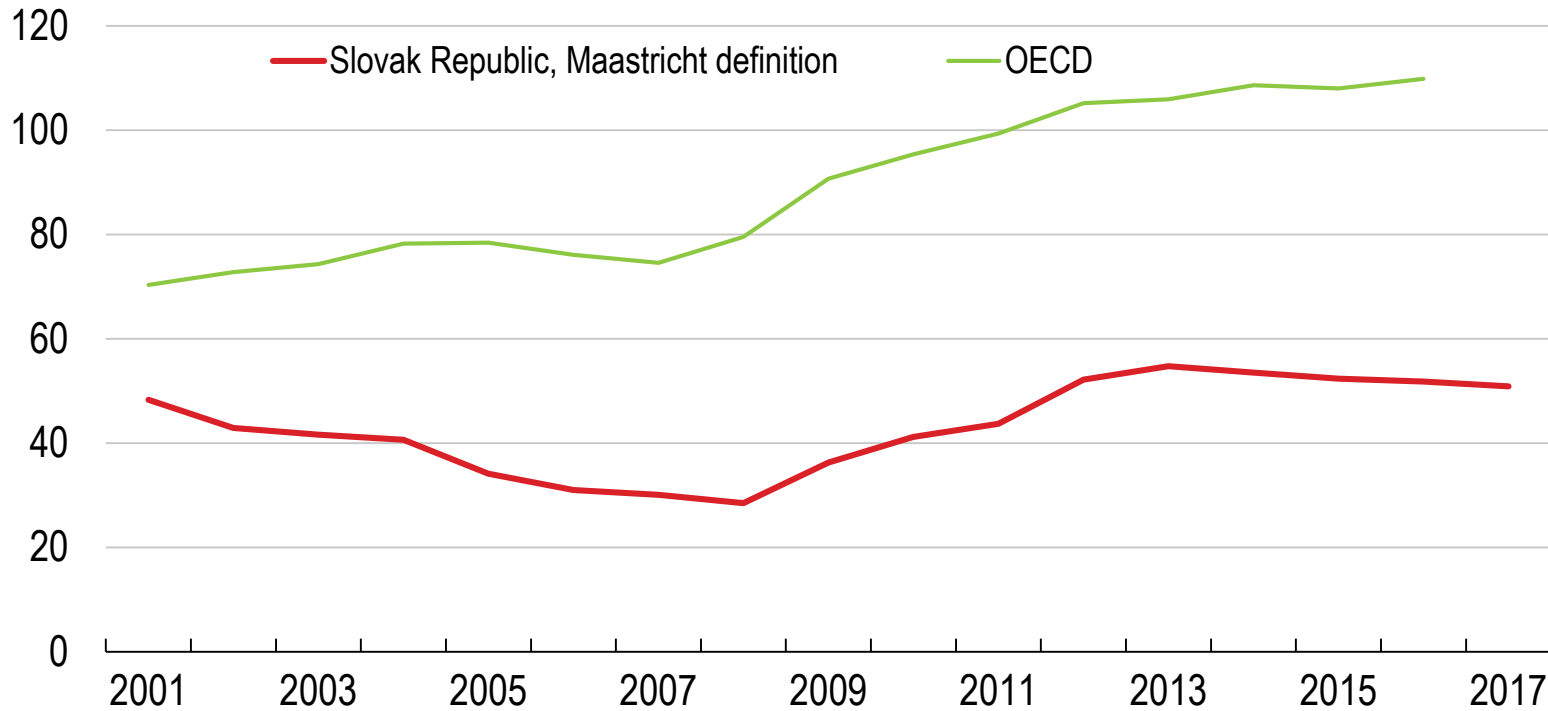


Source: OECD (2018), OECD Economic Outlook: Statistics and Projections (database).



Public debt is low and stable

Gross public debt, % of GDP



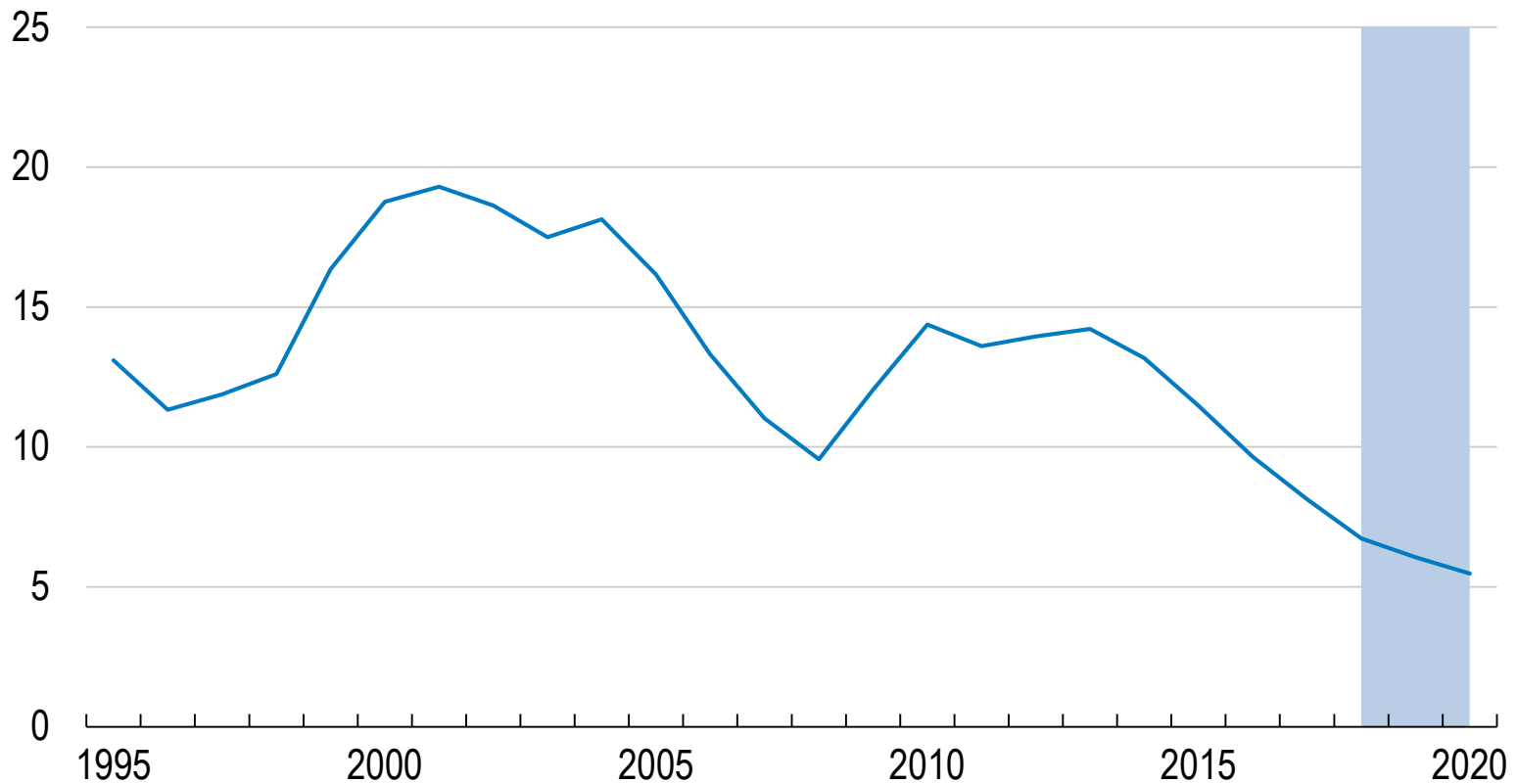
Source: OECD (2018), OECD Economic Outlook: Statistics and Projections (database).



The labour market is strong

The unemployment is at historic lows

Unemployment rate (%)



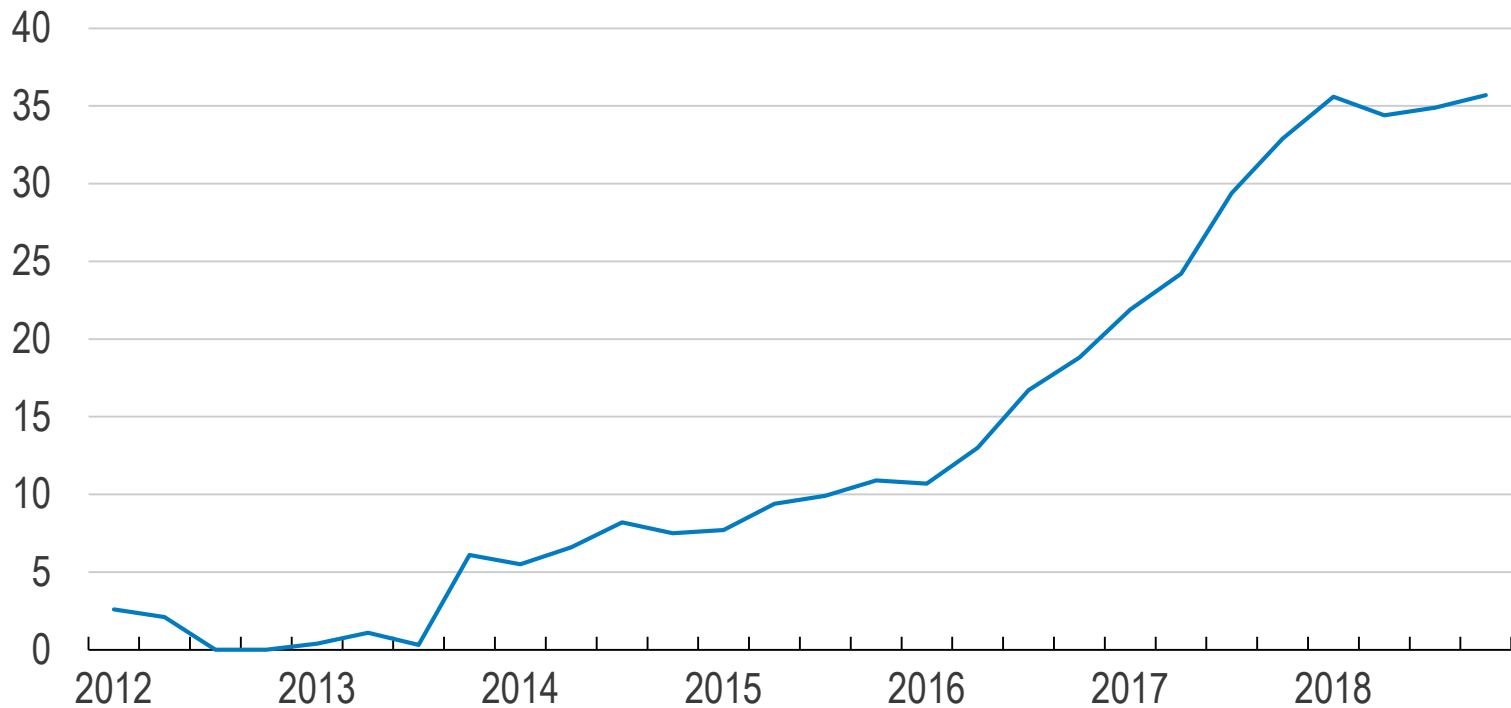
Source: OECD (2018), *OECD Economic Outlook: Statistics and Projections* (database).



Capacity constraints are beginning to bite

Labour shortages are already limiting production

Share of manufacturing firms pointing to labour shortages as a factor limiting production, (%)



Source: Eurostat, Industry Database.

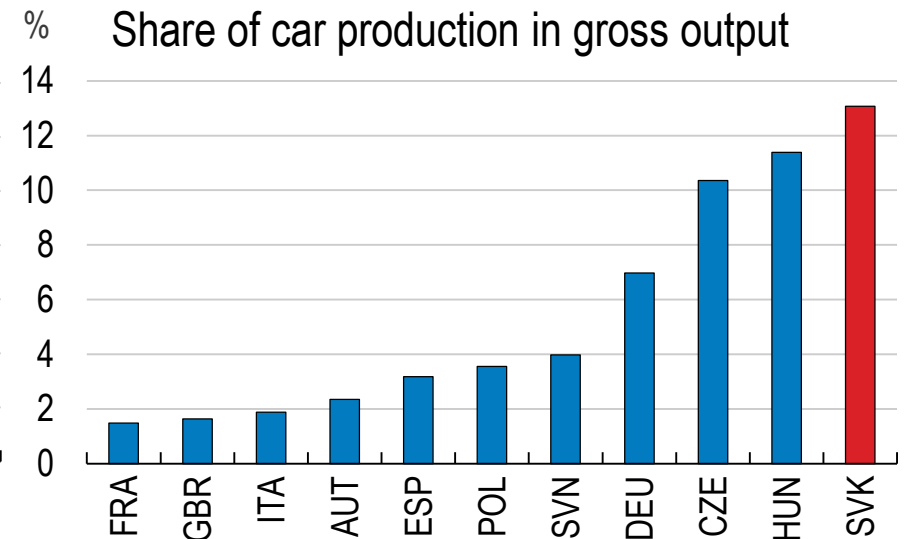
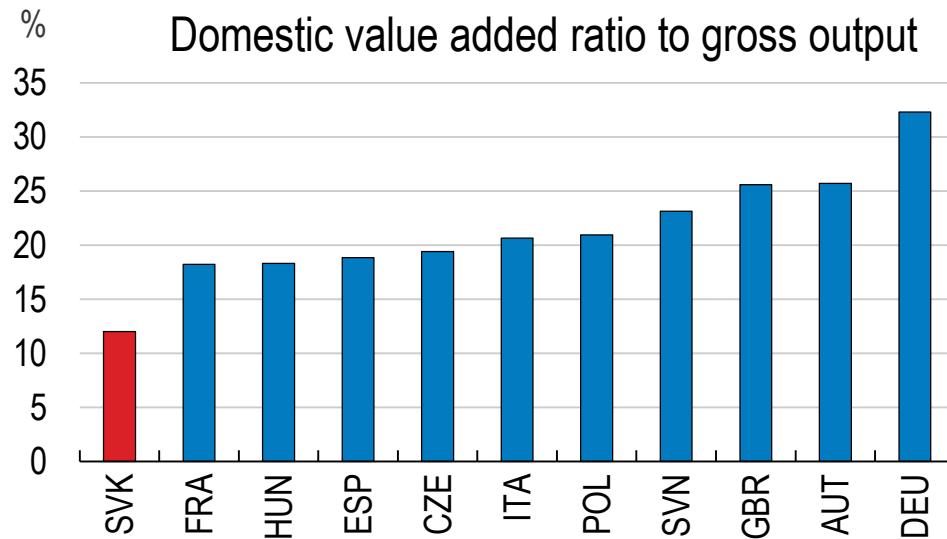


Diversification and more innovation will help sustain Slovakia's economic success



The production is narrowly specialised and based on downstream activities

The economy is specialized in the car production with very little value added

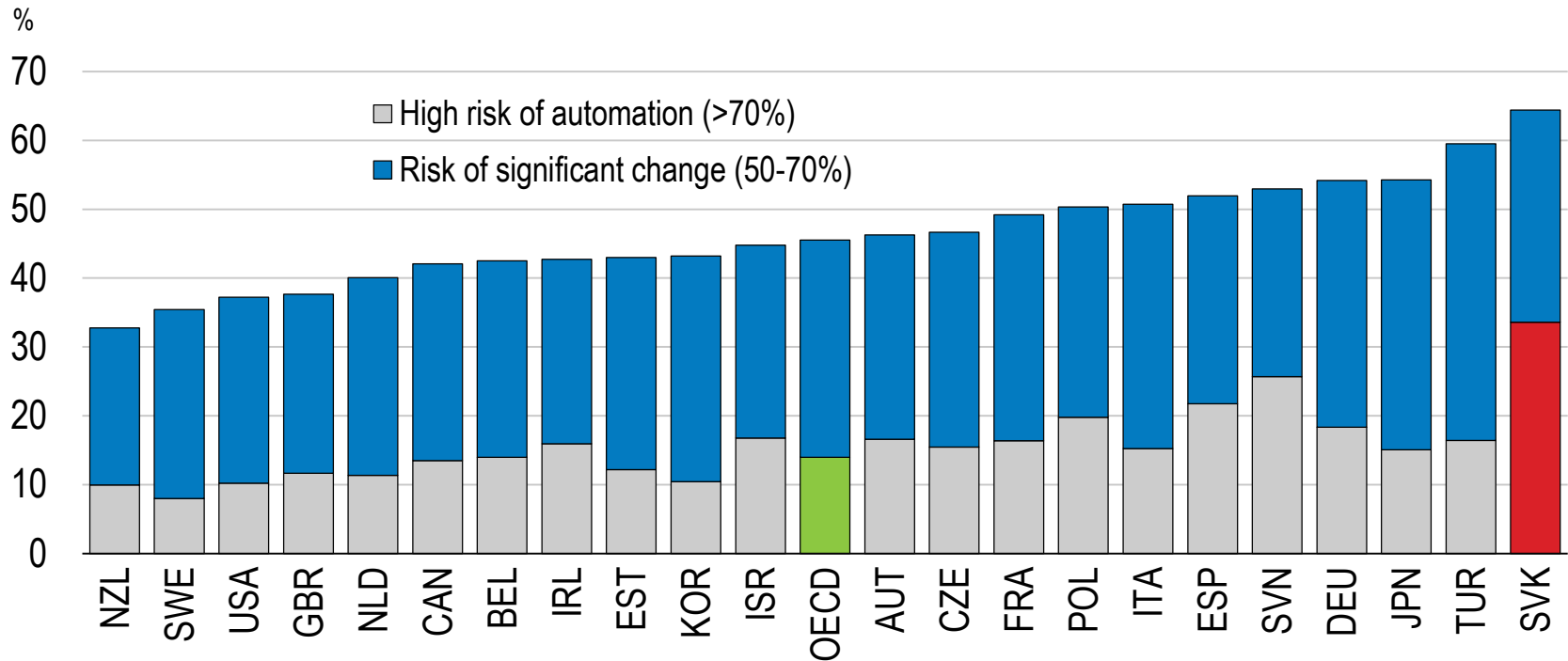


Source: OECD STAN Database.



Slovakia's employment looks vulnerable to the likely increase in automation

More than 60% of jobs are at risk of automation
Percent of jobs at risk by degree of risk

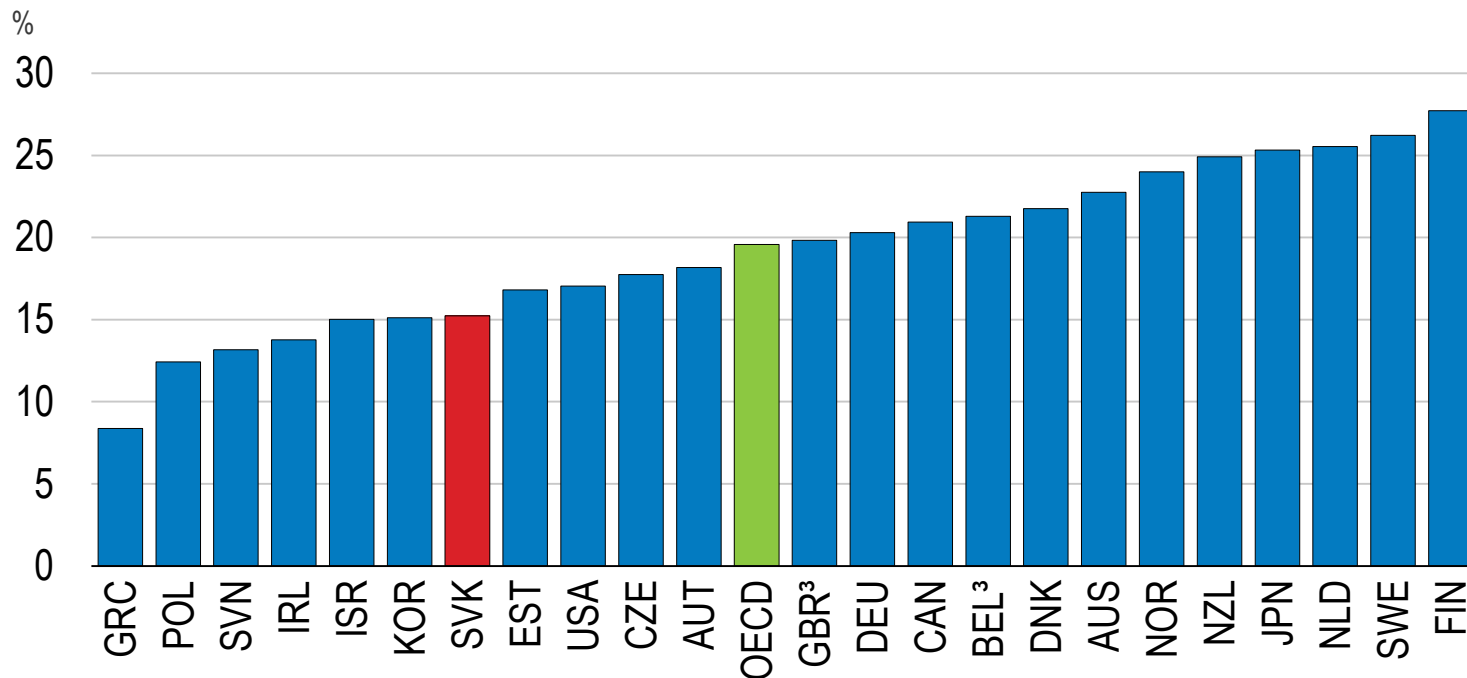


Source: L. Nedelkoska and G. Quintini (2018), "Automation, skills use and training".



The Slovak workforce is not sufficiently prepared for the digital transition

Proportion of adults having high-level skills
16-65 year olds

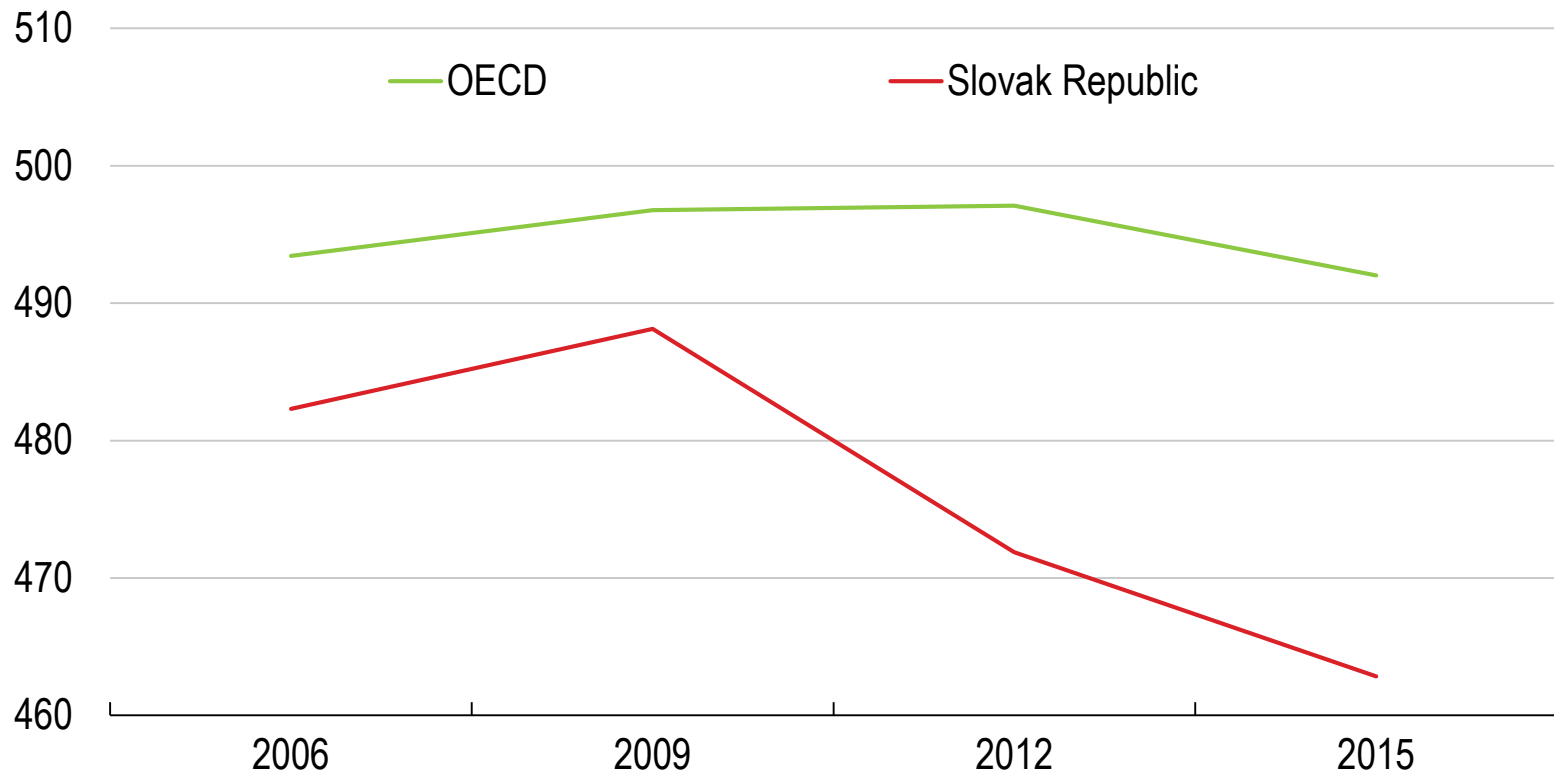


Source: OECD (2017), *Education at a Glance 2017: OECD Indicators*.



Improving education outcomes should be a priority

PISA average of mean scores in science, reading and mathematics

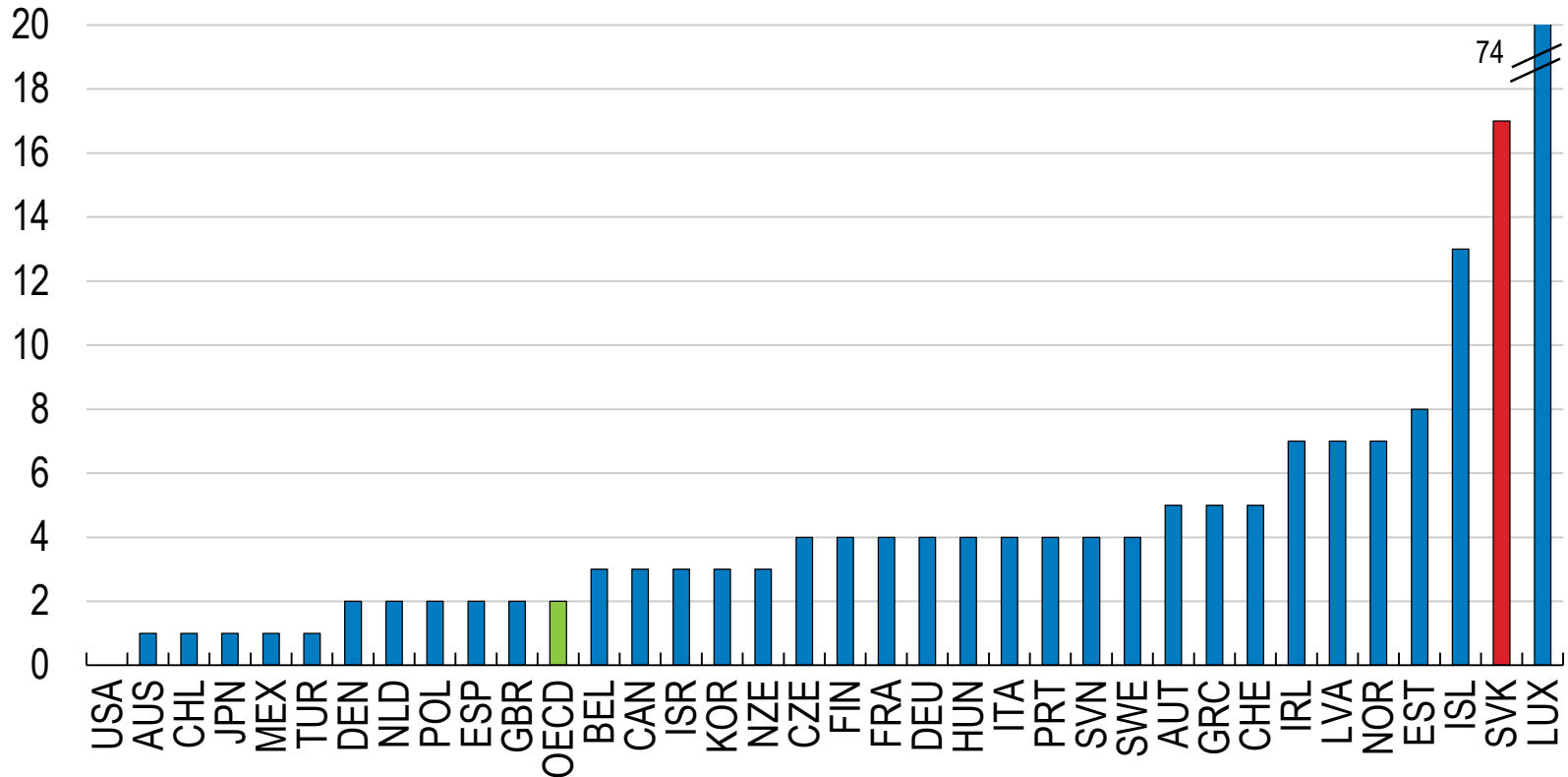


Source: OECD (2016), *PISA 2015 Results (Volume I): Excellence and Equity in Education*.



Tertiary education needs to improve so fewer students choose to study abroad

Percentage of total tertiary students studying abroad, 2016



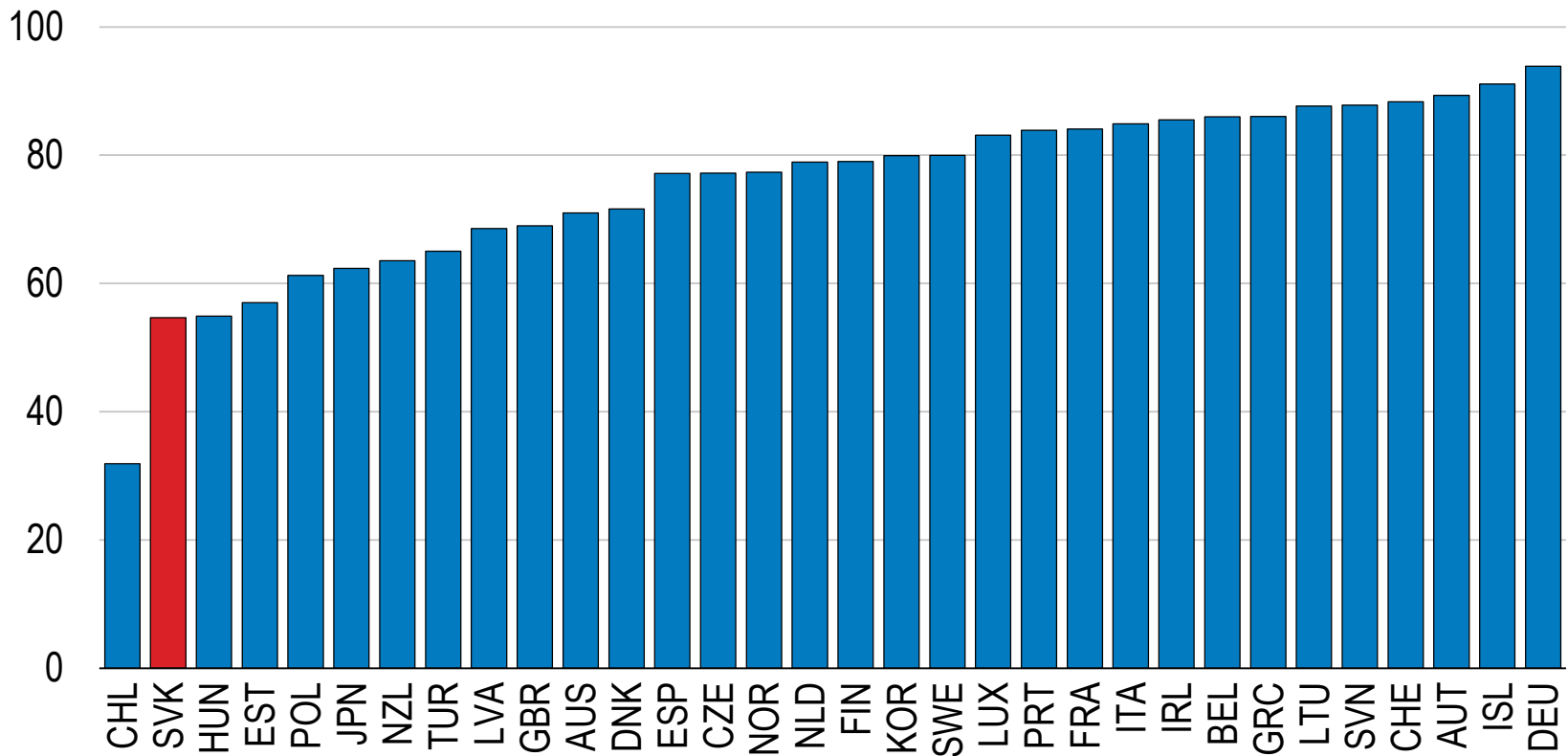
Source: OECD (2018), *Education at a glance 2018: OECD Indicators*.



Capacity to innovate and adopt new technologies should be strengthened

Innovative large firms

High R&D spenders, % of all large businesses (250 employees or more)

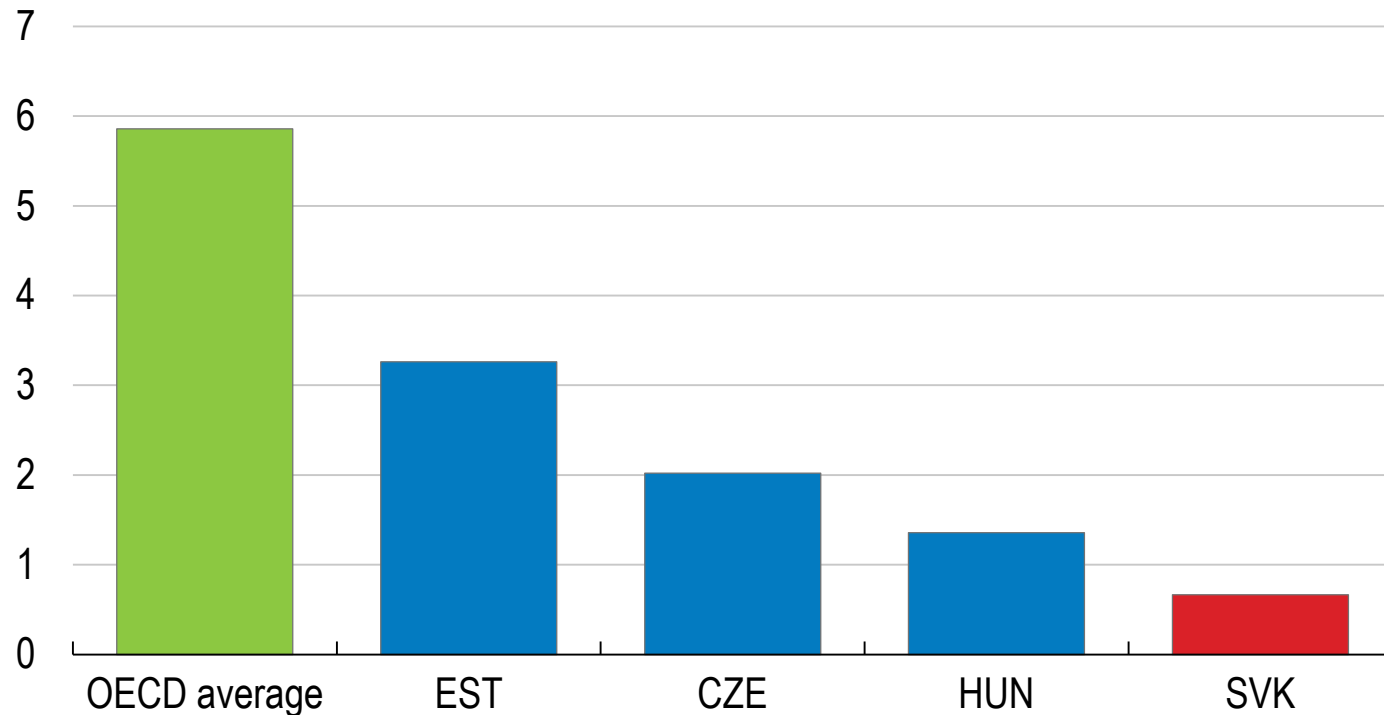


Source: OECD (2017), OECD Science, Technology and Industry Scoreboard 2017.



Facilitate immigration of skilled workers

Immigrants in population
Net flows, per 1000 inhabitants, 2016



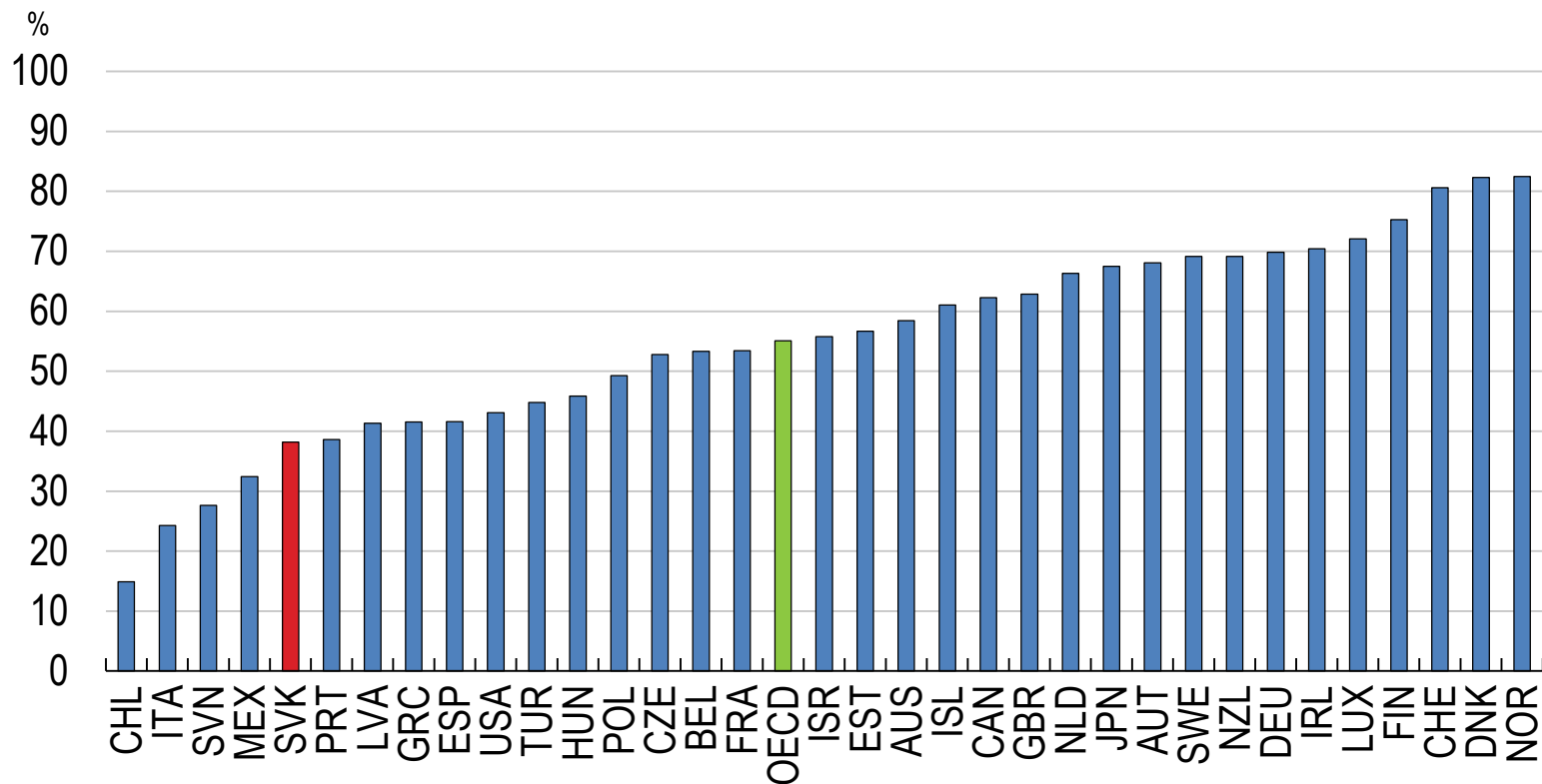
Source: OECD International Migration Database.



Strengthen the quality of public services

Low trust in the judicial system and courts

Share of "yes" answers to the question: Do you have confidence in judicial system and the courts?



Source: Gallup World Poll (database).



Recommendation on moving up the global value chain

- ✓ Increase the time spent on general and digital training in vocational education.
- ✓ Strengthen initial and continuing teacher training.
- ✓ Create larger, internationally visible research units and reorient tertiary education funding to foster research at high international standards.
- ✓ Include research collaboration with innovative companies in the assessment of universities and public research institutions.
- ✓ Continue to work with the ongoing Council of Europe project on judicial reform, and implement its suggestions.
- ✓ Accelerate the handling of insolvency procedures.
- ✓ Lower licensing restrictions for legal services, architects and engineers.
- ✓ Continue to simplify work visa and residence procedures for highly skilled workers.

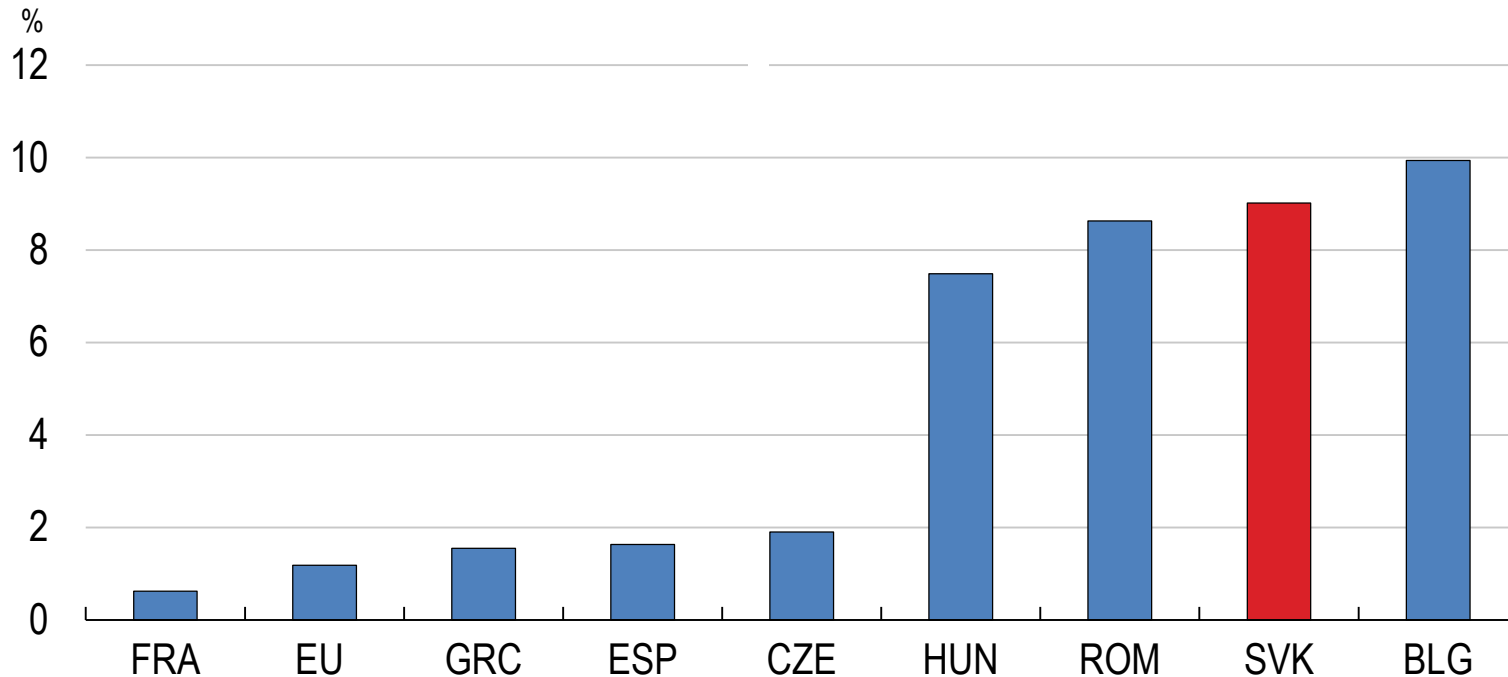


Making growth inclusive



The Slovak Republic has one of the continent's largest Roma populations

Estimated number of Roma in the EU



Note: The shares represent the average of different estimates.

Source: Council of Europe, <https://www.coe.int/en/web/portal/roma/>



Roma face social exclusion in almost every aspect of everyday life

Selected indicators of Roma exclusion

	General population	Roma
At-risk-of-poverty rate (%)	13	87
Employment rate, 20-64, (%)	68	25
NEET rate - neither in work nor in education, aged 16-24, (%)	14	65
Drop-out rate from education, (%)	7	58
Share of households living without a toilet, bathroom and shower inside the dwelling	0.6	43
Share of households living in areas affected by crime, violence and vandalism	8.7	30

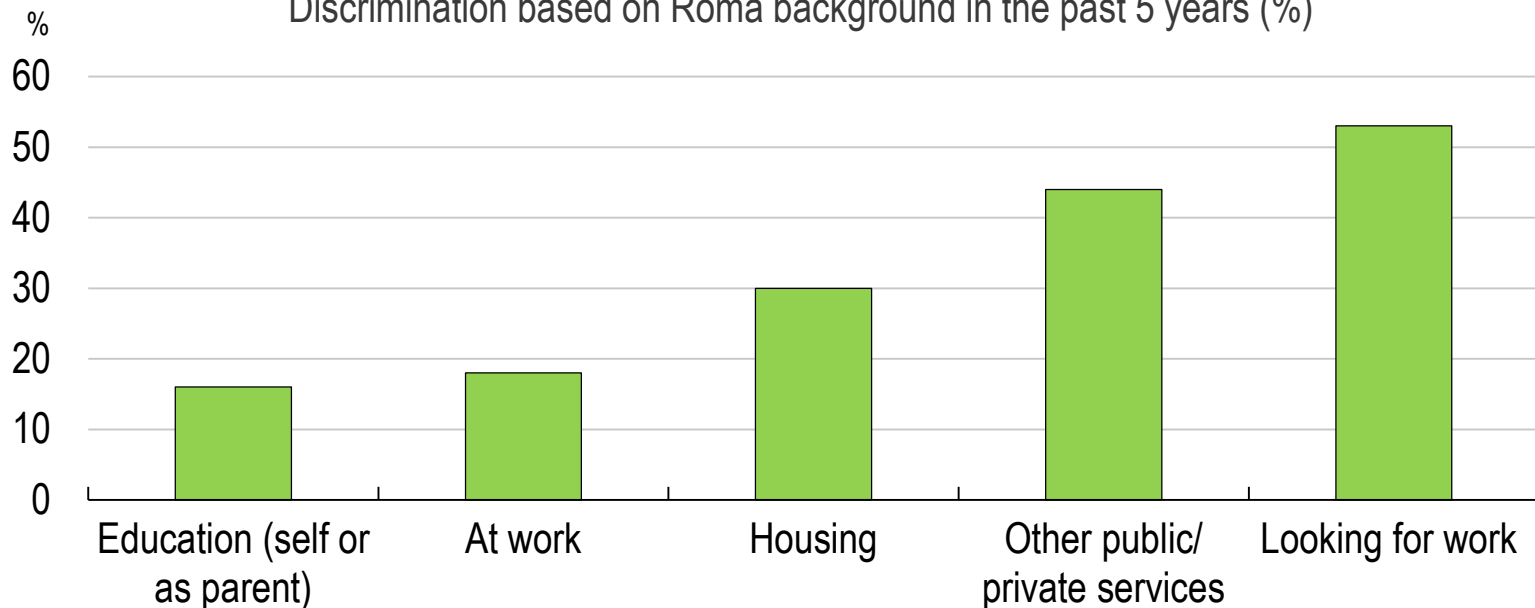
Source: EU (2016), *Second European Union Minorities and Discrimination Survey, Roma – Selected findings*, European Union, Agency for Fundamental Rights; B. Gavurová et al. (2014), “Meranie zdravia a zdravotných rizík vo vybraných rómskych osadách na Slovensku – fakty a reflexie”, in *Nerovnosť a chudoba v Európskej únii a na Slovensku*, 22-24 October, Košice.



Social exclusion is exacerbated by mistrust between Roma and non-Roma groups

More than half of the Roma felt discriminated when looking for job

Discrimination based on Roma background in the past 5 years (%)



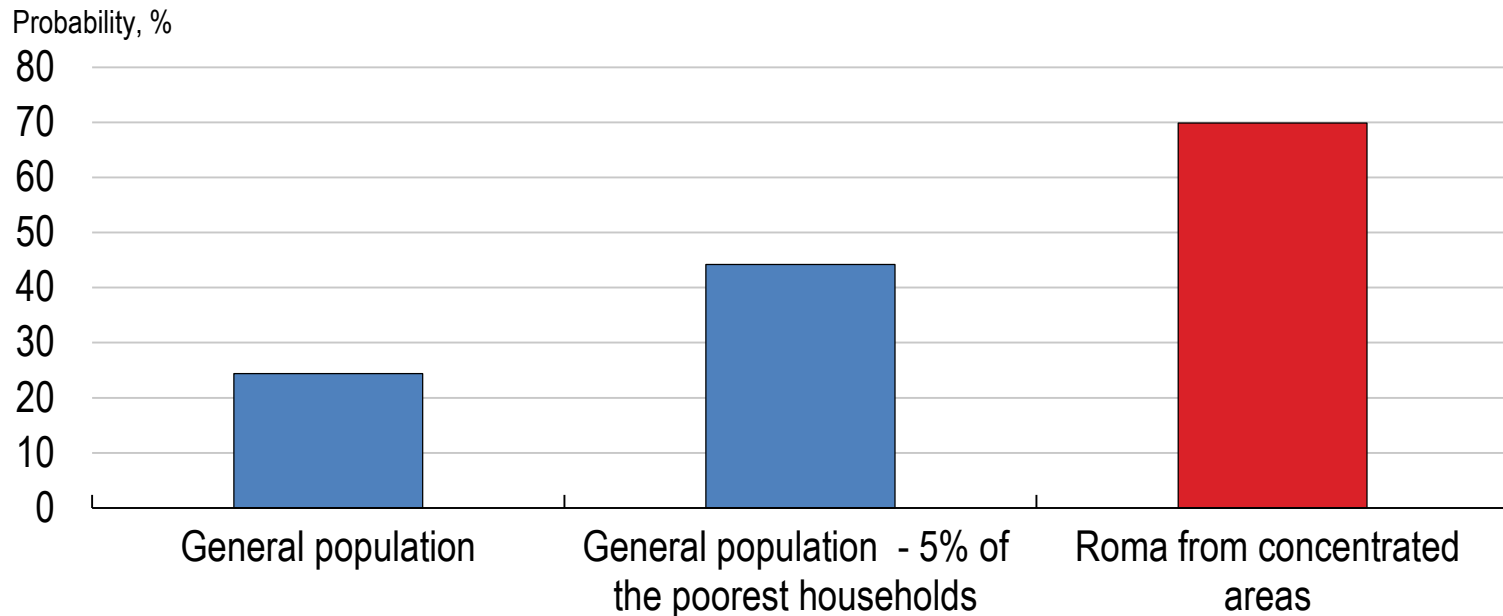
Note: Out of all Roma respondents at risk of discrimination on grounds of Roma background in at least one of the domains of daily life asked about in the survey in the past 5 years.

Source: EU (2016), Second European Union Minorities and Discrimination Survey, Roma – Selected findings, European Union, Agency for Fundamental Rights.



Roma can be trapped in a cycle of poverty for generations

Probability of ending up in poverty according to parents' economic and ethnic status

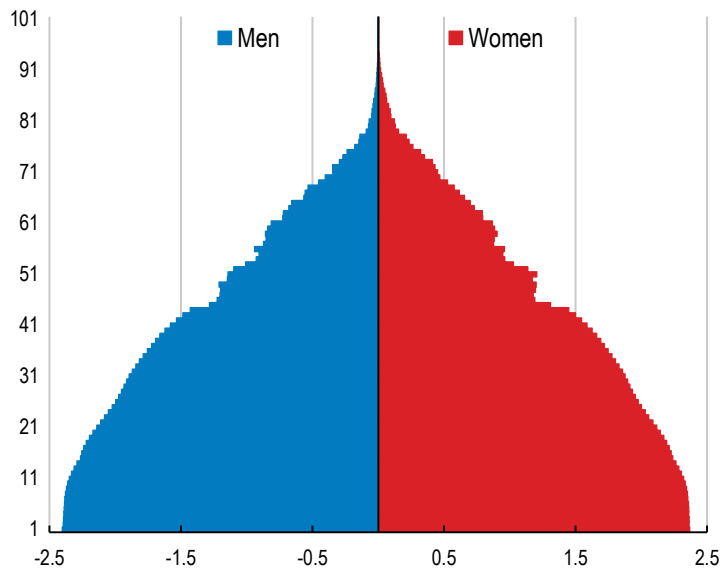


Source: OECD calculation based on J. Rizman (2018), "Jablko padá d'aleko od stromu", Institute of Financial Policy, Ministry of Finance of the Slovak Republic, Policy Brief, No. 09.

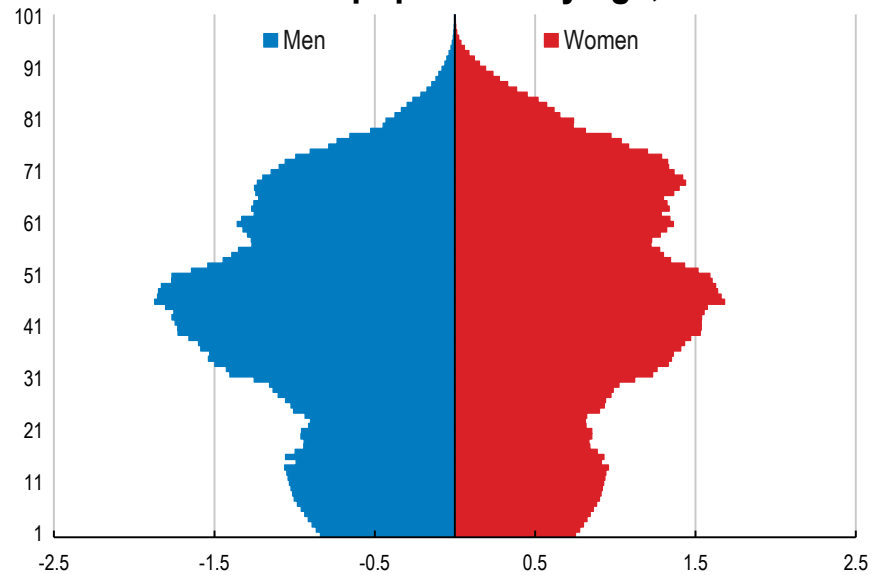


Demographic trends underline the importance of Roma integration

A. Roma population by age, 2015



B. Non-Roma population by age, 2015



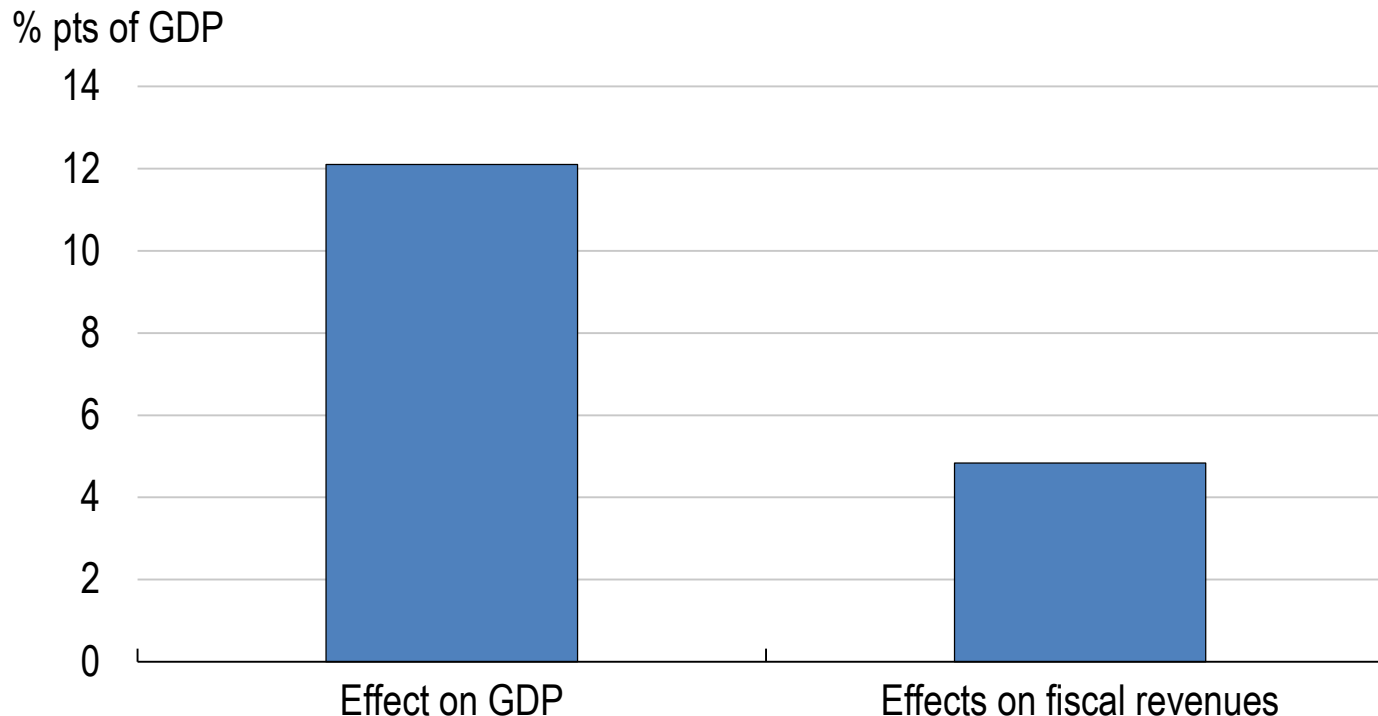
Source: Šprocha, B. (2014), *Reprodukcia rómskeho obyvateľstva na Slovensku a prognóza jeho populačného vývoja*, INFOSTAT – Výskumné demografické centrum.



Social inclusion of Roma will have positive effect on the economy

Estimated effect of Roma integration by 2060 as a % of GDP

Increasing the Roma employment rate and their productivity to the level of the general population



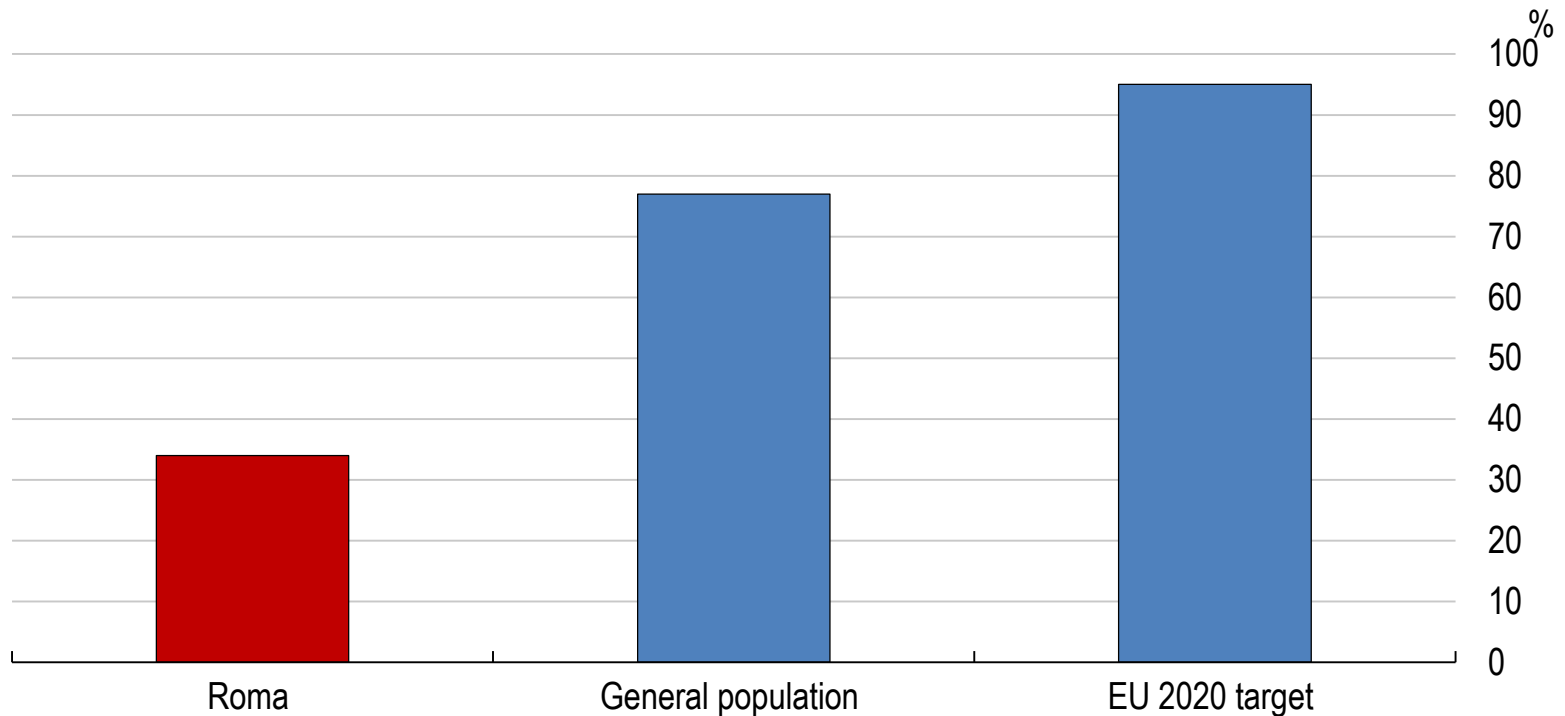
Source: Geva, A., S. Hidas and G. Machlica (2018), "The benefits of social inclusion of Roma in the Slovak Republic", Technical background paper, forthcoming.



The education system should become more inclusive

Pre-school attendance is low, especially for Roma

Share of children age 4-6 (%) who participate in pre-school education

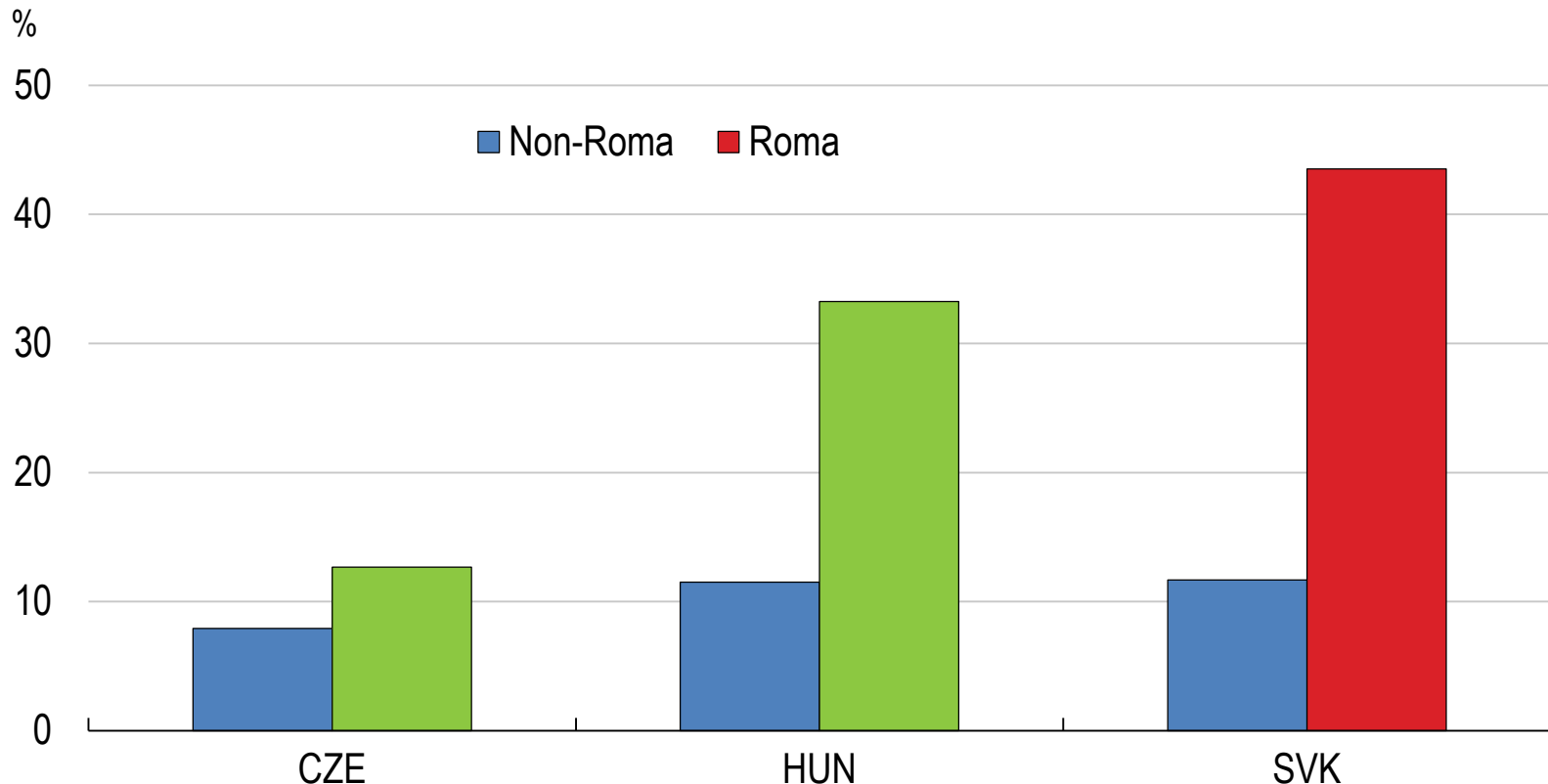


Source: OECD Family database; EU (2016), *Second European Union Minorities and Discrimination Survey, Roma – Selected findings*, European Union, Agency for Fundamental Rights



Improving living conditions for Roma is key

% of Roma vs Non-Roma living in substandard housing or slums



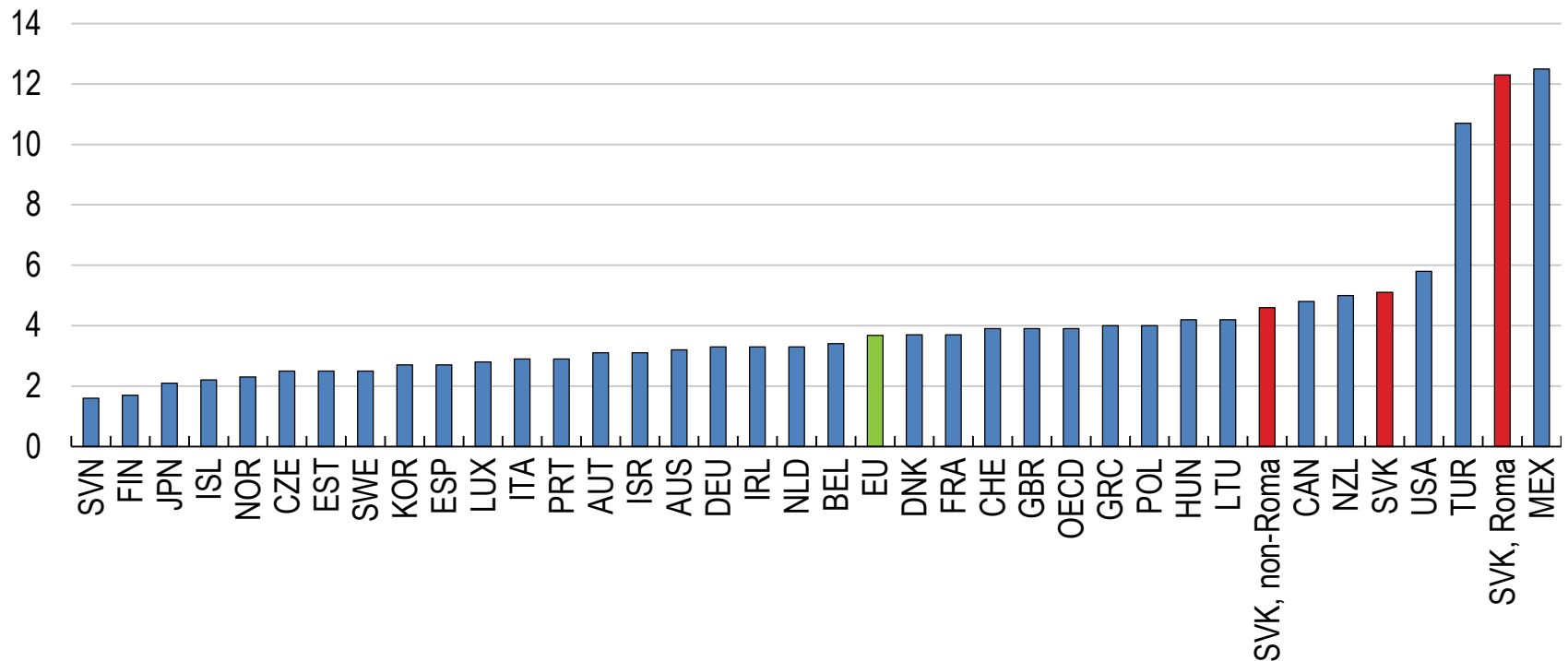
Source: United Nations Development Programme (2016), Database on vulnerability of Roma based on UNDP/WB/EC Regional Roma Survey 2011 and Pilot survey 2011 conducted by the EU Agency for Fundamental Rights (FRA); EU (2016), Second European Union Minorities and Discrimination Survey, Roma – Selected findings, European Union, Agency for Fundamental Rights.



Access to health care should be bolstered

Infant mortality is high for Roma

Deaths per 1000 live births



Source: MoF (2018), "Spending Review on Groups at Risk of Poverty or Social Exclusion", Expenditure reviews, (forthcoming); OECD Family database.



Recommendation on enhancing the social integration of Roma

- ✓ Give the office of the Plenipotentiary a bigger role in coordinating national policies and ensuring integrated provision of public services to Roma where they live.
- ✓ Scale up successful EU-funded pilot programmes and ensure sustained financing through the national budget.
- ✓ Continue expanding the provision of high-quality early education.
- ✓ Provide more funding for disadvantaged schools and higher salaries for teachers teaching in disadvantaged schools.
- ✓ Increase the number of teaching assistants speaking Roma, and provide Slovak language support for Roma children.
- ✓ Expand health-care mediator programmes, with more mediators specialising in maternal health information and preventive check-ups for mothers.
- ✓ Provide support to formalisation of Roma property rights, including legal, financial and technical support to municipalities and Roma households.



For more information



www.oecd.org/economy/surveys/slovak-republic-economic-snapshot

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