

Slovak Republic

Key facts and issues

The Slovak Republic is a unitary country with a population of 5.4 million. It is the 10th most centralised country in the OECD with regards to public spending, as subnational governments are responsible for only 11%. It is the 3rd least urbanised country in the OECD, with only 11% of the population living in predominantly urban regions. Bratislava was responsible for almost one third of the country's GDP growth between 2000 and 2013. With 54 municipalities per 100 000 inhabitants, the Slovak Republic is the 2nd most administratively fragmented country in the OECD.

The Slovak Republic has a GDP per capita of nearly USD 28 900, 30% below the OECD average, ranking 27th among OECD countries. Gaps in GDP per capita among small regions (TL3) are high, as measured by the Gini index, placing the country among the most unequal on this measure. The Gini index increased between 2000 and 2013, illustrating growing inter-regional inequality. Over the same period, the difference between the top 20% and bottom 20% regions in per capita GDP grew at an average of 1.2% a year. Between 2008 and 2013, the disparities grew because richer regions' GDP outgrew that of poorer regions. Bratislava is outperforming the rest of the country in educational attainment, disposable household income, R&D expenditures, life expectancy, unemployment rate and the gender gap in labour force participation. Only one region, East Slovakia, is keeping pace with the labour productivity growth of Bratislava, while the rest of the country is being outpaced.

Slovak Republic: regional, urban and rural development policies

Policy Area	Enabling Document, Strategy, or Framework	Strategic Objectives and Means	Lead Ministry, Agency or Committee
Regional	Regional Development Support Act (2008) National Strategy for Regional Development (2010, updated in 2014)	Strong focus on integrated strategies; sustainability and balanced development, higher living standards, environmental quality	Ministry of Transport, Construction and Regional Development
Urban	No over-arching framework, however elements can be found in: National Strategy for Regional Development (2010, updated in 2014)	(see Regional policy) Strong focus on integrated strategies; sustainability and balanced development, higher living standards, environmental quality	Ministry of Transport, Construction and Regional Development
Rural	Slovak Rural Development Programme (2014)	Quality of life and agricultural production	Minister of Agriculture and Rural Development

General policy approach

Regional policy in the Slovak Republic is framed by the 2008 Regional Development Support Act, amended in 2014, and by the National Strategy for Regional Development (NSRD) from 2010, updated and approved by Government decree in 2014. Both are in the portfolio of the Ministry of Transport, Construction and Regional Development. The NSRD and associated regional and local Programmes for Economic and Social Development (PHSRs) provide a cross-sectoral medium-term strategic planning framework for national, regional, and local governments. The strategies link development goals to the advantages and opportunities for growth in each region and municipality. A network of 34 regional development agencies are distributed around the country, and they play a role in elaborating regional PHSRs, engaging in social and economic partnerships, organising events and sharing information, and providing advisory services with respect to regional and local development and planning. Each NUTS 3 region (*kraje*) produces a “regional integrated territorial strategy” in order to access the Integrated Regional Operational Programme. Urban issues are currently addressed in the NSRD but an Urban Development Policy is under preparation. The Rural Development programme focuses on quality of life and agricultural production.

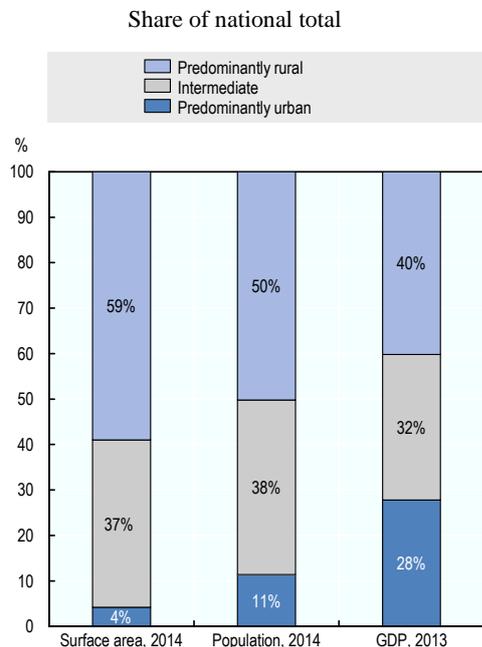
Recent policy changes

- In 2012, the Slovak Republic launched the ESO (Efficient, Reliable and Open) Reform Programme of the public administration and governance. Reforms introduced in 2012 and 2013 included streamlining the deconcentrated state government administration by consolidating numerous specialized offices into more efficient 72 district offices and merging highly fragmented municipalities. Reforms are still in progress.
- The OECD Recommendation on Effective Public Investment across Levels of Government became a part of the updated National Strategy for Regional Development in 2014.
- Political discussions are underway to increase local engagement in local and regional development processes, to help reduce inter-regional disparities, and decentralise new functions to municipalities.
- For the 2014-2020 funding period, the Slovak Republic is pursuing an Integrated Territorial Investment strategy in the context of the EU-funded Integrated Regional Operational Programme (IROP). This strategy will require each *kraje* (NUTS 3 region) to produce a "regional integrated territorial strategy" (RIUS) in order to access those funds. Each RIUS is expected to have a "Partnership Council" composed of representatives of the region, municipalities, civil society, other government actors, and business. While higher territorial units will act as the lead authorities for RIUS preparation and implementation, the Partnership Councils will play an oversight role.
- An Urban Development Policy is under preparation with broad participation of other central administration bodies and municipalities as well as the academic, business and civil society sectors. The main element of future policy will be a strategic, integrated and multi-level governance approach in order to systematically support liveable and productive cities.

Slovak Republic: Main regional, urban and rural development policy tools

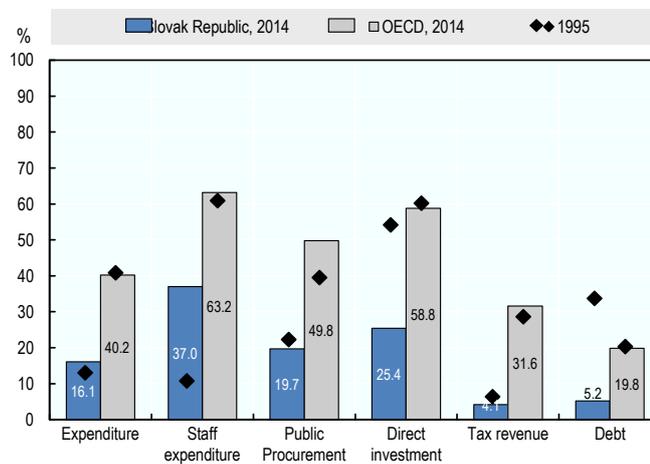
Policy Instrument	✓	Examples
Transport Infrastructure investments and systems of cities	✓	Operational Programme Integrated Infrastructure 2014-2020 Integrated Regional Operational Programme 2014-2020
Other Infrastructure investments	✓	Operational Programme Integrated Infrastructure 2014-2020 Integrated Regional Operational Programme 2014-2020 Rural Development Programme 201-2020
Service delivery (subsidies for public services)		
Business development/ innovation support	✓	Integrated Regional Operational Program 2014-2020 Operational Program Research and Innovation
Urban renewal	✓	Integrated Regional Operational Program 2014-2020
Urban form and land use		
Sustainability policies	✓	Operational Programme Quality of the Environment
Rural-urban linkages		
Clusters/technology platforms/ centres of expertise		
Special economic zones		
Rural landscape preservation	✓	Rural Development Programme 201-2020
Skills/training programmes	✓	Operational Programme Human Resources 2014-2020
Capacity building for subnational governments	✓	Operational Programme Technical Assistance 2014-2020

Land, population and economy in rural and urban regions



Subnational government role in public finance

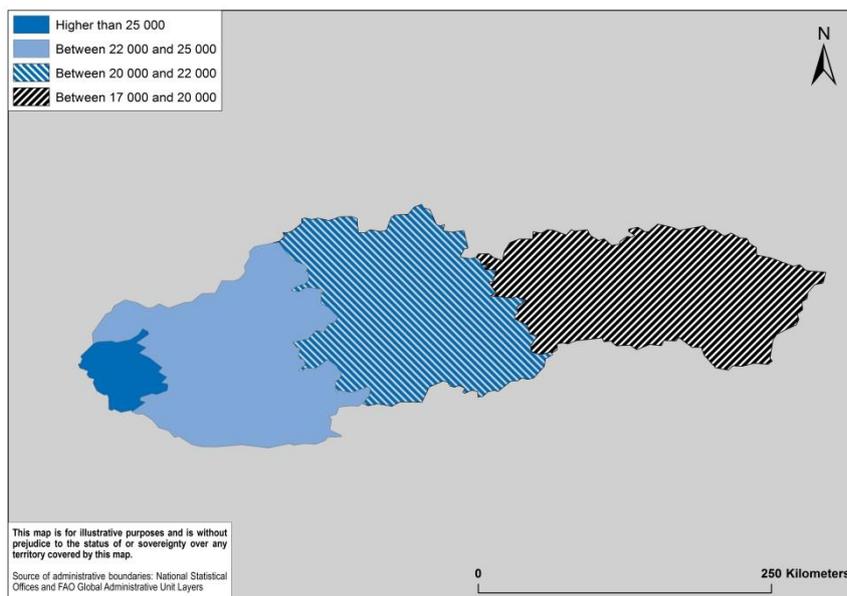
Share of general government



Number of subnational governments

Municipal level	Intermediary level	Regional or state level	Total
2 927		8	2 935

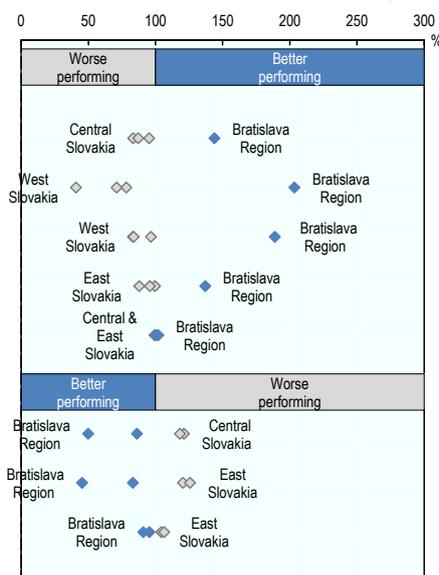
Regional differences in GDP per capita levels, 2013



Note: GDP per capita in constant prices and constant USD PPP (base year 2010).

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Inter-regional disparities (as a % of the country average)



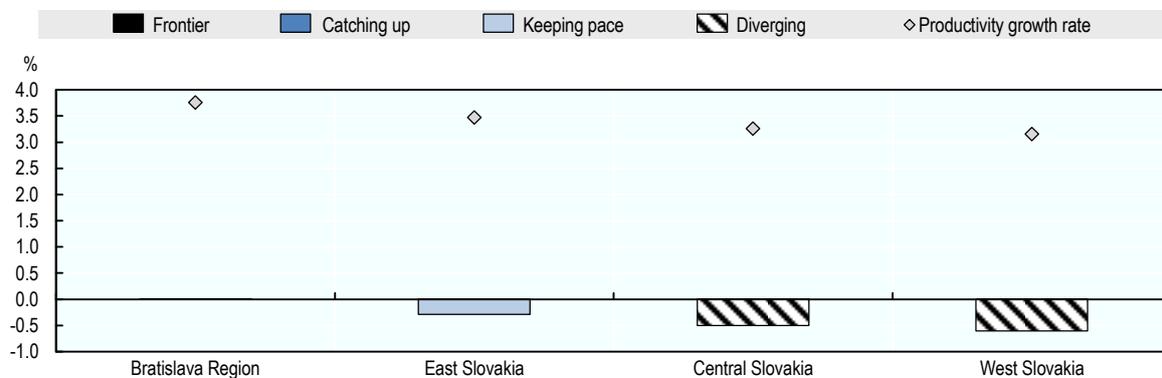
Variable	Min.	Max.	Country Avg.	OECD Avg.	Disparities up or down since 2001
GDP per worker (2013)	53 086	91 576	63 593	74 520	up
R&D expenditure as a % of GDP (2013)	0.34	1.69	0.83	2.4	up
Share of labour force with tertiary education	17.4	39.5	20.9	32.3	down
Disposable household income (2011)	19 141	29 839	21 761	34 866	n.a.
Life expectancy (2013)	76.2	78.1	76.5	80	down
Share of workforce with only primary education	3.3	8	6.6	25.2	up
Unemployment rate	6	16.6	13.2	7.3	down
Gender gap in participation rate	-14.1	-16.5	-15.5	-15.9	down

Note: Each diamond represents a TL2 region. Unless specified, all data are for 2014. Disparity is measured as the difference between the top and bottom region in the country.

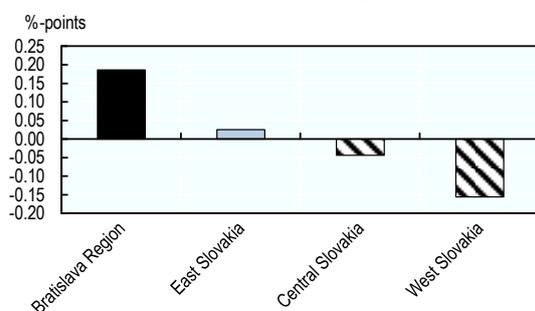
Productivity and catching-up trends among regions

Average annual labour productivity (GDP per worker) growth rate [diamonds] and deviation from the growth rate of the country's productivity frontier [bars], 2000-2013

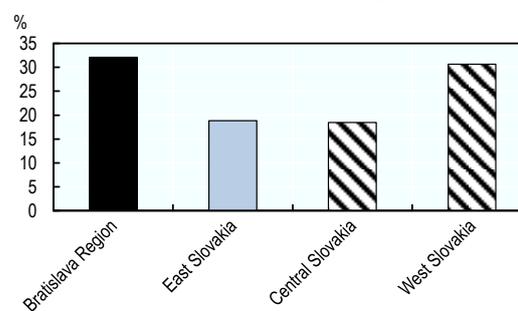
See country page notes for classification of regions



Contribution to labour productivity growth, 2000-13



Percentage contribution to national GDP growth, 2000-13



Note: Difference between national labour productivity growth as calculated with and without the indicated region.

Note: The contribution is the product of a region's GDP growth rate by its initial share of GDP.

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Country page notes

Main indicators

OECD average	represents the weighted average of OECD country/region values for the given year or closest year available.
OECD Regional Well-being framework	considers a combination of individual characteristics and local conditions in eleven dimensions that shape people's material conditions (income, jobs and housing) and their quality of life (health, education, access to services, environment, safety, civic engagement and governance, community, and life satisfaction).
Gross domestic product (GDP); GDP per capita; and labour productivity (GDP per worker)	is the standard measure of the value of the production activity (goods and services) of resident producer units. Regional GDP is measured according to the definition of the System of National Accounts (SNA 2008). To make comparisons over time and across countries, it is expressed at constant prices (year 2010), using the OECD deflator and then it is converted into USD using purchasing power parities (PPPs). For regional labour productivity, GDP (gross value added for Turkey) is divided by the number of workers (at place of work) or, for GDP per capita, the number of residents. For comparisons of current (per capita) GDP across countries, GDP for 2015 is converted to USD using PPPs for 2015.
Subnational government role in public finance	is mainly derived from the OECD National Accounts, harmonised according to the new standards of the System of National Accounts (SNA 2008), with the exception of Chile, Japan and Turkey, which are still under SNA 1993. General government includes four sub-sectors: central/federal government and related public entities; federated government ("states") and related public entities; local government i.e. regional and local governments and related public entities, and social security funds. Subnational governments are local (regional and local) governments and state governments (in countries with a federal or quasi-federal government system).
Gini index (regional income inequality)	The Gini index is a measure of inequality in terms of GDP per capita among all regions of a given country, with equal weight for each region. The index takes on values between 0 and 1, with zero interpreted as no disparity.
R&D expenditure	is the total gross domestic expenditure on research and development by the government, higher education, business, and private non-profit sectors.
Household disposable income and poverty rate	is the income generated directly from market transactions, adding all current transfers from the government, except social transfers in kind, and subtracting current transfers, such as income or regular wealth taxes and social contributions. It is expressed in USD Purchasing Power Parities (PPP) at constant prices (year 2010) and using a standard equivalised size for households across the OECD. Due to a lack of data, the indicator is expressed in per capita terms for the Czech Republic, Estonia, Hungary and New Zealand. The poverty rate is here taken as the percentage of people with disposable household income per capita of less than half the country median.
Participation rate, unemployment rate, youth unemployment and NEETs	The (labour force) participation rate is the ratio of the labour force (employed and unemployed) aged 15+ to the population (15+). The gender gap is the difference between the participation rates for women and men. Unemployed persons are defined as those who are without work, are available for work, and have taken active steps to find work in the last four weeks. The unemployment rate is defined as the ratio of unemployed persons to the labour force. Youth unemployment considers the unemployed and the labour force aged between 15 and 24. "NEETs" refers to 18-24 year-olds who are neither in employment nor in education and training (as a percentage of the population of 18-24 year-olds).
Primary and tertiary education	Primary education includes primary education, pre-primary education and lower secondary education (ISCED 0-2). Tertiary education includes both university qualifications and advanced professional programmes (ISCED 5-8). Shares are defined with respect to the labour force aged 15 and over.
Elderly	are those aged 65+. The elderly dependency rate is the ratio of the elderly to the working age population (15-64).
Air pollution	is the 1km ² grid cell population weighted average of satellite-based estimates of small particulate matter (PM _{2.5}).
Life expectancy	measures the number of years a newborn can expect to live, if death rates in each age group remain constant.

Typology of regions with respect to productivity

Frontier	is the region leading its country in terms of labour productivity, measured by the real gross domestic product per employee. In some countries the leading region accounts for a small percentage of the total workforce. Where this is the case, the frontier is the weighted average of regions with the highest labour productivity levels accounting for 10% of the country's total employment.
Catching-up regions, diverging regions and regions keeping pace	is a classification of regions based on their labour productivity growth relative to the frontier. It is based on the growth in labour productivity between 2000 and 2013 (or closest year available). Regions where labour productivity grew/dropped by at least 5 percentage points more/less than in the frontier over the period are classified as catching-up/diverging regions (about 0.4 percentage points annually), with regions that are keeping pace falling within the +/- 5 percentage points band.

Typologies of regions with respect to population or other functions

Regions (TL2 and TL3)	are classified by the OECD into two territorial levels that reflect the administrative organisation of countries. OECD's large regions (TL2) represent the first administrative tier of subnational government. OECD small (TL3) regions are contained within a TL2 region. Reference to the 20% richest/top or poorest/bottom regions, indicates the top/bottom-performing regions according to the indicator accounting for 20% of the (relevant) population.
TL3 typology (urban, intermediate, rural)	TL3 regions have been classified as: predominantly urban (PU), intermediate (IN) and predominantly rural (PR) based on the percentage of regional population living in rural communities, combined with the existence of urban centres where at least one-quarter of the regional population resides. The terms "urban", "intermediate" and "rural" refer to these categories.
Metropolitan area	is a functional urban area with 500 000 or more inhabitants defined by population density and commuting flows.

Further details and information: OECD (2016) *OECD Regions at a Glance 2016*, http://dx.doi.org/10.1787/reg_glance-2016-en.