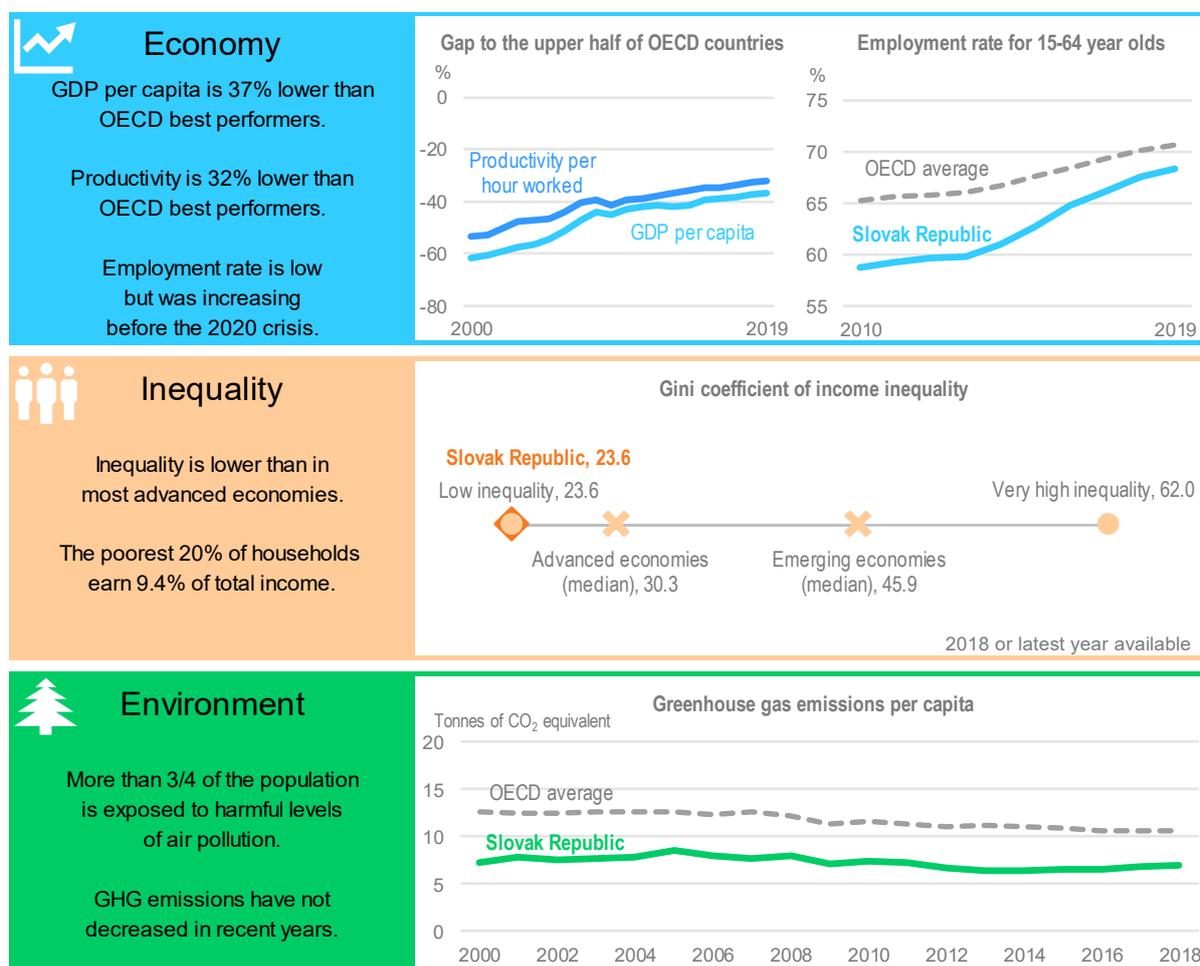


Slovak Republic

The sectors most affected by the pandemic (i.e. tourism, retail, and construction) traditionally provide seasonal or temporary jobs for vulnerable workers, notably low-skilled, women, youth, and marginalised Roma. The pandemic highlights a need to strengthen skills across the population. This will improve employability of vulnerable groups, boost productivity, make the economy more resilient to future shocks and prepare it to make the most out of digitalisation.

Performance prior to the COVID-19 crisis



Economy: Percentage gap with respect to the population-weighted average of the highest 18 OECD countries in terms of GDP per capita (in constant 2015 PPPs).

Inequality: The Gini coefficient for disposable income measures the extent to which the distribution of disposable income among households deviates from perfect equal distribution. A value of zero represents perfect equality and a value of 100 extreme inequality.

Environment: Greenhouse gas (GHG) emissions include emissions or removals from land-use, land-use change and forestry (LULUCF). A high exposure to air pollution refers to above 10 µg/m³ of PM_{2.5}.

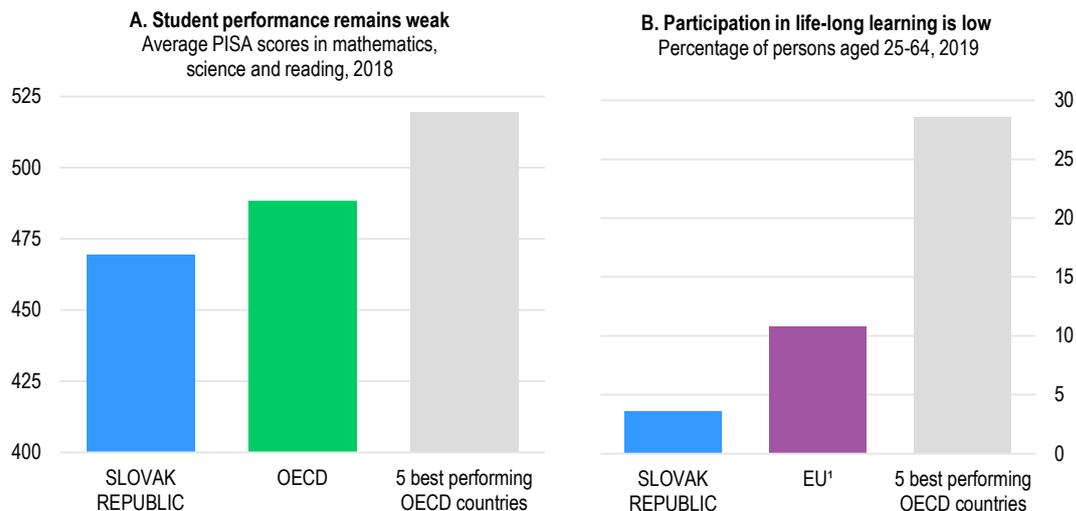
Source: Economy: OECD, National Accounts, Productivity and Labour Force Statistics Databases; Inequality: OECD, Income Distribution Database and World Bank, World Development Indicators Database; Environment: OECD, Environment Database and United Nations Framework Convention on Climate Change (UNFCCC) Database.

Upskilling the labour force for the transition to a knowledge-based economy

Student performance in secondary schools remains weak compared with other OECD countries (Panel A) and participation in adult learning is low (Panel B). To supply the skills demanded in the labour market, improve reintegration of unemployed workers, and promote reallocation from sectors facing extended low demand to expanding sectors, **enhancing training and improving the quality and equity of the education system** is crucial. The government is increasing training measures, but more targeted policies are needed for the groups most at risk of unemployment and to increase overall digital skills. This should entail financial incentives to train low-skilled workers and open online courses for parents who are generally more constrained due to family care commitments. The responsiveness of tertiary education to labour market needs should be increased by tracking graduates' labour market outcomes. More funding for disadvantaged schools should increase salaries for teachers in disadvantaged schools and Roma teaching assistants who liaise between schools and the Roma community.

Spending on research is weak, the share of innovative firms low and strong productivity growth in the foreign-owned sector has not spilled over to most domestic firms. **Strengthening the innovation capacity** should aim to reduce the remaining burdensome regulations affecting start-ups and restrictions on foreign business entry in services. Facilitating firm exit by streamlining insolvency procedures is essential to foster resource reallocation during the recovery phase from the pandemic. The fragmented public research programmes should be consolidated to increase efficiency, while public investment in the lagging digital infrastructure would better prepare the country for the ongoing increase in demand for digital services.

Vulnerabilities and areas for reform



1. EU27.

Source: Panel A: OECD, PISA Database; Panel B: Eurostat, Education and Training Database.

StatLink  <https://stat.link/yigxpu>

The gender employment and pay gaps are among the highest in EU countries. **Reducing barriers to female labour market participation** should target further investment in the accessibility of early childhood education and care for younger children, and realigning incentives in the tax and benefit systems and parental leave to improve position of mothers into the labour market.

The Roma account for almost one-tenth of the population, most of whom live in poverty, have low educational attainment and undergo long unemployment spells. **Improving opportunities and outcomes**

for the Roma population should combine a strong social safety net with extensive activation and targeted conditional budget transfers.

To ensure the effectiveness of spending measures linked to the recovery, in particular the Next Generation EU programmes, **enhancing public sector efficiency** is crucial. This will help the rapid roll out of digital infrastructure and investment in skills, but should make the health care and long-term care systems more cost-effective in particular in light of population ageing.

Slovak Republic: Summary of *Going for Growth* priorities and recommendations

| 2019-2020 Reforms | Recommendations |
|---|---|
| Education: Enhancing professional training and funding of the education system | |
| <input checked="" type="checkbox"/> The government increased teachers' salaries by 10% in 2019 and 2020 to attract better qualified teachers. | <input type="checkbox"/> Provide employers with financial incentives to train low-skilled workers. <input type="checkbox"/> Provide new forms of training such as open online courses to reduce barriers to participation caused by distance. <input type="checkbox"/> Provide more funding for disadvantaged schools, particularly for Roma teaching assistants and higher salaries for teachers teaching in disadvantaged schools. <input type="checkbox"/> Improve the responsiveness of tertiary education to labour market needs by introducing a graduate tracking system. |
| *R&D and digitalisation: Strengthening the innovation capacity* | |
| <input checked="" type="checkbox"/> *New priority * | <input type="checkbox"/> Reduce regulations affecting start-ups. Ease restrictions on foreign businesses entering the service sector. <input type="checkbox"/> Streamline the insolvency procedures. <input type="checkbox"/> Strengthen investment in the digital infrastructure. <input type="checkbox"/> Include research collaboration with innovative companies in the assessment of universities and public research institutions. |
| Labour market: Reducing barriers to female labour market participation | |
| <input checked="" type="checkbox"/> Lowering of the compulsory schooling age to 5 starting in 2021 was approved in June 2019. | <input type="checkbox"/> Enhance access to early childhood education and care for younger children. <input type="checkbox"/> Remove disincentives to work for second earners from the tax and benefit system. <input type="checkbox"/> Make a significant part of the parental allowance conditional on fathers taking a share of the parental leave. |

| 2019-2020 Reforms | Recommendations |
|--|---|
| Public sector: Enhancing public sector efficiency | |
| <ul style="list-style-type: none"> <input checked="" type="checkbox"/> The independence of the judicial system improved as the Constitutional Court is fully operational again with the appointment of the six remaining judges in October 2019. <input checked="" type="checkbox"/> A Code of Conduct for civil servants, including rules for accepting gifts and other benefits, entered into force in January 2020. | <ul style="list-style-type: none"> <input type="checkbox"/> Judicial reform should be continued as planned. <input type="checkbox"/> The Value for Money initiative should be strengthened further. <input type="checkbox"/> Further centralise hospital procurement to reduce cost, while undertaking more frequent audits to safeguard against corruption and waste. <input type="checkbox"/> Create one-stop shops with well-trained personnel to coordinate and simplify access to long-term care services. |
| Inclusiveness: Improving opportunities and outcomes for the Roma population | |
| <ul style="list-style-type: none"> <input checked="" type="checkbox"/> The new act on pedagogical and professional staff was approved on 2 April 2019, setting up the center for inclusive education and a new accreditation agency. | <ul style="list-style-type: none"> <input type="checkbox"/> Provide conditional cash transfers to raise pre-school attendance, and more resources to disadvantaged schools. Increase support for trained Roma mediator programmes to promote Roma access to health care. <input type="checkbox"/> Develop statistics to monitor the support will help improve the effectiveness of these policies. |

Recent progress on structural reforms

While in 2019 some progress was made in public sector governance, notably the independence of the judiciary, the Slovak Republic has generally made limited progress on structural reforms. Since the outbreak of the COVID-19 pandemic, the government's priority has been dealing with the economic crisis.