

SLOVAK REPUBLIC

- The substantial income per capita gap relative to the upper half of OECD countries has further narrowed, thanks to strong labour productivity growth. However, labour utilisation is still lagging behind.
- Some progress has been achieved in reforming public funding for universities, removing barriers to competition, supporting innovation and reforming childcare subsidies. More needs to be done, especially regarding mobility barriers in the housing market, the innovation framework and active labour market policies.
- Policies aiming at activating jobseekers, improving labour mobility and reducing barriers to female labour force participation would increase overall labour utilisation by providing employment opportunities to more vulnerable groups. Improving the effectiveness of the education system, removing regulatory hurdles to competition and strengthening the innovation framework would contribute to a closing of the productivity gap.
- Beyond their impact on aggregate labour utilisation, activation programmes and education policies would reduce income inequality by improving employment rates of vulnerable groups, and fostering integration of groups most at risk of social exclusion, such as the Roma children.

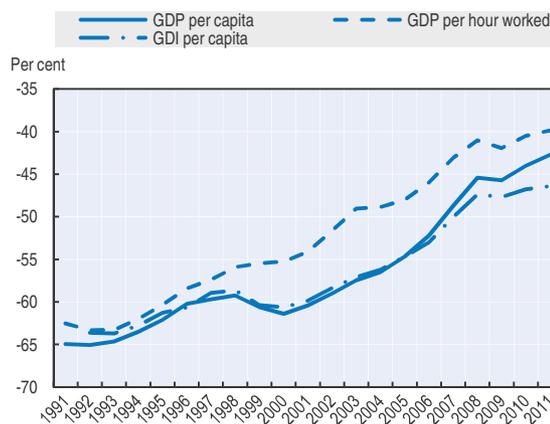
Growth performance indicators

A. Average annual trend growth rates

Per cent

	2001-06	2006-11
Potential GDP per capita	3.8	3.3
Potential labour utilisation	0.4	0.0
of which:		
Labour force participation rate	-0.1	0.0
Employment rate ¹	0.5	0.0
Potential labour productivity	3.4	3.3
of which:		
Capital intensity	0.7	1.0
Labour efficiency	2.6	2.3
Human capital	0.0	-0.1

B. Convergence in GDP per capita and productivity has resumed Gap to the upper half of OECD countries²



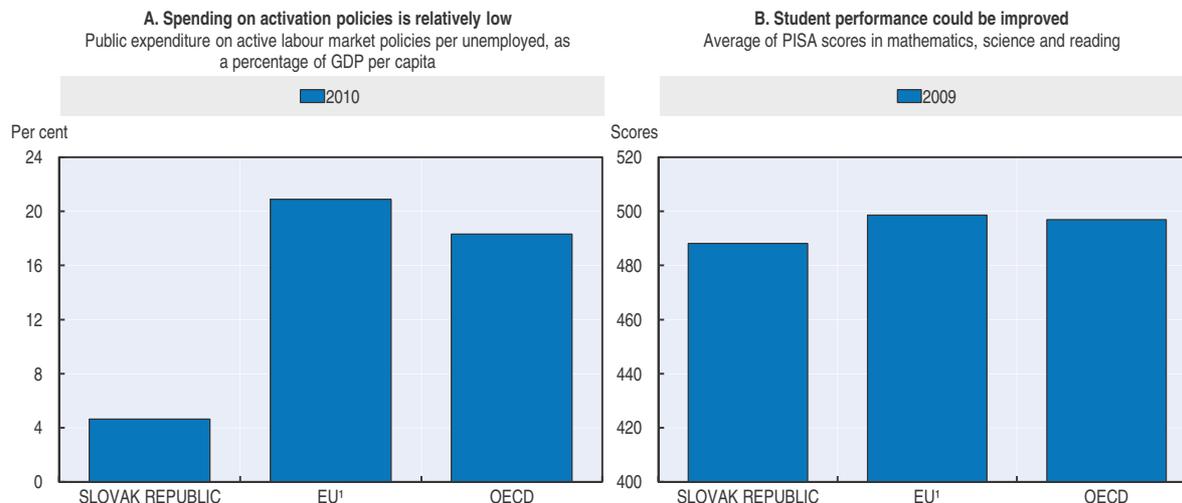
1. The employment rate is defined with respect to the economically active population and therefore captures the (inverse) changes in the structural unemployment rate.
2. Percentage gap with respect to the simple average of the highest 17 OECD countries in terms of GDP per capita, GDP per hour worked and GDI per capita (in constant 2005 PPPs).

Source: OECD, National Accounts and OECD Economic Outlook 92 Databases.

StatLink  <http://dx.doi.org/10.1787/888932777663>

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Policy indicators



1. Average of 21 EU countries members of the OECD.

Source: OECD, Public expenditure and participant stocks on LMP, OECD Economic Outlook and PISA Databases.

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Identifying Going for Growth 2013 priorities

Priorities supported by indicators

Improve funding and effectiveness of the education system. International student test (PISA) scores are below the OECD average and school-to-job transition is weak, hampering both productivity and labour utilisation.

Actions taken: Since 2012, information on the educational outcomes of schools and the labour market performances of tertiary graduates is published. Funding rules for universities were reformed to create incentives for quality improvement.

Recommendations: Reduce stratification of the education system. Foster integration of Roma children, notably by expanding their enrolment in pre-school education. Develop workplace training in vocational education and training and extend tuition fees in tertiary education backed-up by income-contingent repayment loans.

Strengthen policies to promote labour mobility and activation. Low labour mobility and high long-term unemployment depress both labour utilisation and productivity.

Actions taken: No action taken.

Recommendations: Strengthen the capacity of the public employment service, target more narrowly subsidised job creation and start-up support, expand training measures, remove obstacles to the expansion of a private residential rental market, and improve the targeting of housing subsidies.

Reduce barriers to female labour force participation. Women with young children and of older ages have low employment rates.

Actions taken: Since 2011, working parents are eligible for childcare subsidies.

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Recommendations: Shorten the duration of parental leave entitlements, expand availability of childcare facilities and remove fiscal disincentives to work for second earners notably by cutting the tax allowance for non-working spouses.

Other key priorities

Reduce regulatory barriers to competition. Existing impediments to entrepreneurship and competition limit productivity growth.

Actions taken: Single contact points are fully operational since 2012. Administrative procedures to start a business were simplified in 2011.

Recommendations: Reduce further administrative burdens on corporations and resume the privatisation process in network industries, abolish compulsory chamber membership for professional services while maintaining required standards of professional qualifications.

Improve the innovation support framework. Low research and development (R&D) expenditure and innovation activity in the business sector constrain productivity growth.

Action taken: In co-operation with the European Investment Fund, the government launched in 2011 the JEREMIE initiative, an EU program providing funding to innovative small and medium-sized enterprises.

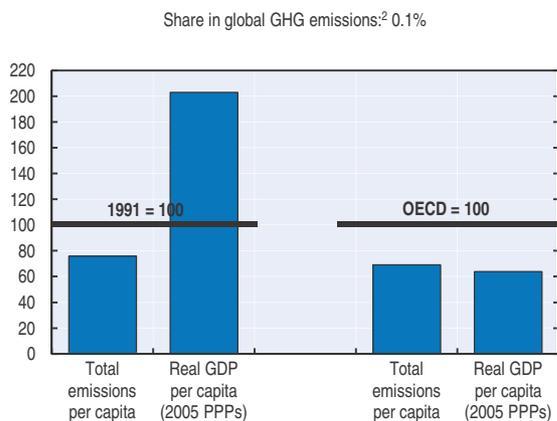
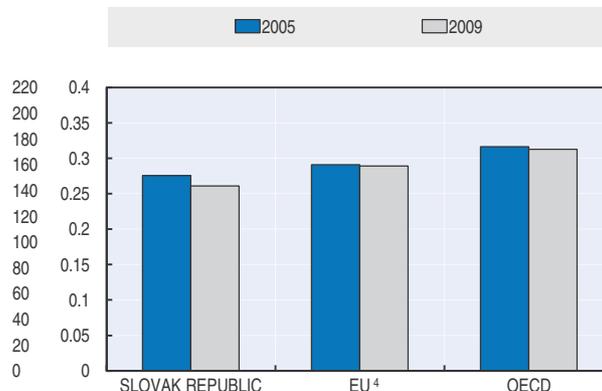
Recommendations: Facilitate access to venture capital and information and communications technology, encourage cooperation between the public and private R&D institutions, and improve the efficiency of R&D public funding.

Previous Going for Growth recommendations no longer considered a priority

For this country, all 2011 *Going for Growth* recommendations remain as priorities.

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Other dimensions of well-being: Performance indicators

A. Emissions per capita are below the 1991 level
Average 2006-10¹B. Income inequality³ remains below the OECD average and has decreased
Gini coefficient

1. Total GHG emissions including LULUCF in CO₂ equivalents (UNFCCC). The OECD average (excluding Chile, Israel, Korea and Mexico) is calculated according to the same definition.
2. Share in world GHG emissions is calculated using International Energy Agency (IEA) data and is an average of years 2005, 2008 and 2010.
3. Income inequality is measured by the Gini coefficient based on equalised household disposable income for total population.
4. Average of 21 EU countries members of the OECD.

Source: United Nations Framework Convention on Climate Change (UNFCCC) Database; OECD, Energy (IEA) Database and OECD Income Distribution Database, provisional data (www.oecd.org/social/inequality.htm).

StatLink  <http://dx.doi.org/10.1787/888932777701>