Government at a Glance 2011
Country Note: SLOVAK REPUBLIC

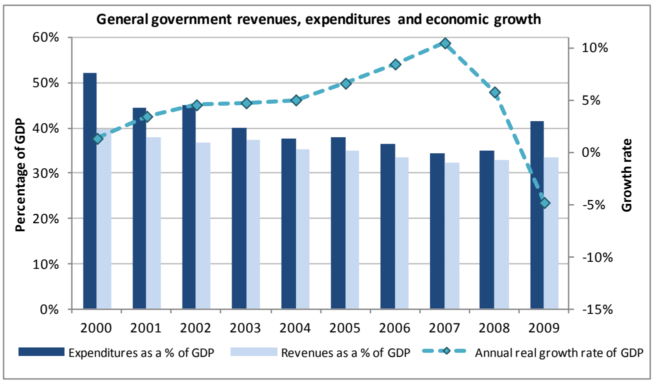
CONTEXT

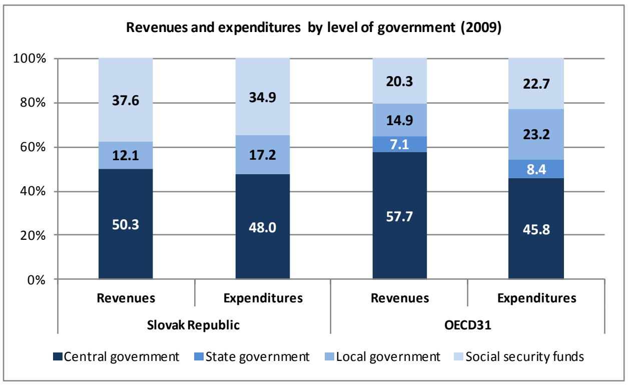
SYSTEM OF GOVERNMENT: **Parliamentary**
- No. of ministries: 13 (2010)
- No. of governments over last 20 years: 7
- No. of coalitions over last 20 years: 7

STATE STRUCTURE: **Unitary**
LEGISLATURE: **Unicameral**
- Upper house: none
- Lower house: elected using Proportional Representation

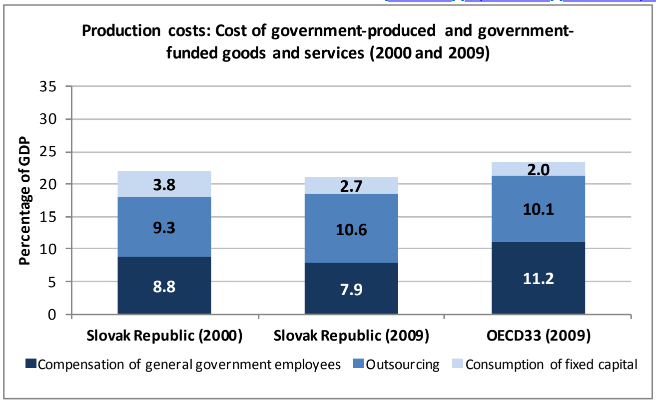
PUBLIC FINANCE AND FISCAL SUSTAINABILITY

With expenditures of just over 40% of GDP in 2010, the Slovak government is smaller than the OECD average. The Slovak economy performed strongly in recent years, recording a record rate of 10.5% in 2007. Thanks to this growth and fiscal consolidation efforts, public finances improved from 2002-07. However, the economy was hit hard by the global crisis and suffered a deep recession, and the deficit sharply increased to 7.9% of GDP when revenues dropped and fiscal stimulus was implemented. The government is relatively centralised, with the central government collecting over 50% of revenues and represents almost 50% of all expenditures.



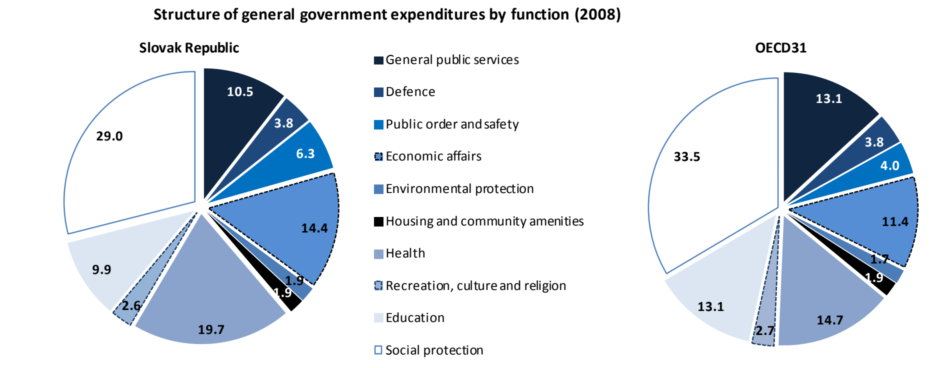


Source: OECD National Accounts and Economic Outlook 89. [Revenues] [Expenditures] [Revenues by level of government] [Expenditures by level of government]



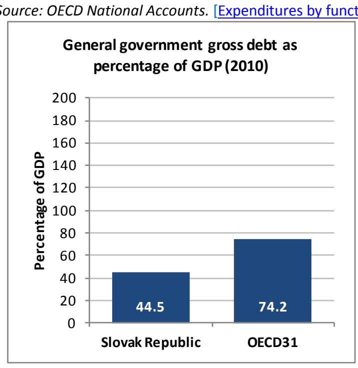
About 21% of the economy was devoted to producing public goods and services in 2009, slightly less than in 2000. Between 2000 and 2009, the use of outsourcing increased as the government began using less of its own staff and capital to produce goods and services and relying more on private sector actors. In 2009, about 50% of the costs of goods and services were outsourced, higher than the OECD average of 43%.

Source: OECD National Accounts. [Production costs]



The Slovak government devotes relatively large shares of expenditures towards public order and safety (the highest in the OECD area), economic affairs (including infrastructure) and health. In comparison, it spends a relatively smaller proportion of resources on social protection, education and general public services.

Source: OECD National Accounts. [Expenditures by function]



The debt burden is relatively low, at around 44.5% of GDP, but recent deficits have increased the need for fiscal consolidation (OECD definitions of debt are different than Maastricht criteria). In order to consolidate finances, the government has set a goal of lowering the budget deficit to below 3% of GDP by 2013 based on expenditure cuts and revenue enhancements. Wage bills and operating costs are targeted for cuts of 10% and the VAT rate will increase from 19% to 20%.

Source: OECD Economic Outlook 89. OECD average refers to the unweighted average [Debt]

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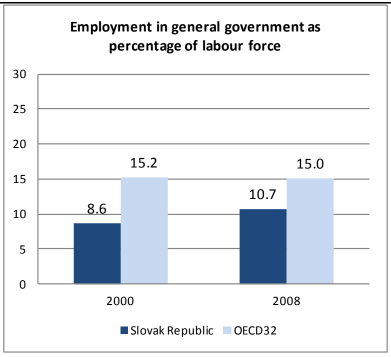
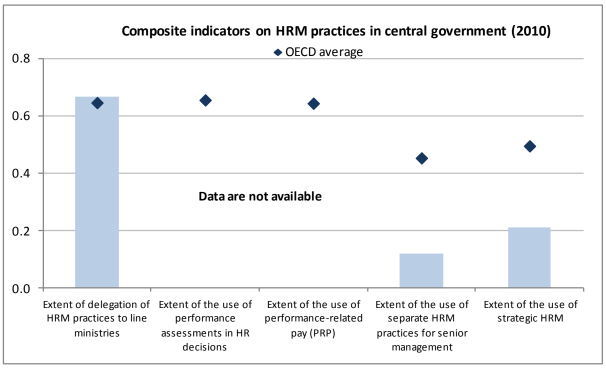
GOVERNMENT EMPLOYMENT AND HRM PRACTICES



In the Slovak Republic, government employment as a share of the labour force rose 2.1% between 2000 and 2008, from 8.6% to 10.7%, but remained well under the OECD average of 15%. The Slovak government plans to reduce the number of general government employees by 10% and to reduce the salaries of state administration employees. As of April 2011, a new Labour Code is out for consultation with the public.

Source: International Labour Organisation. [General government employment] [Distribution by level]



The central government's HRM system delegates limited responsibilities to line ministries, such as the allocation of the budget envelope between payroll and other expenses, and decisions on the number and types of posts in organisations. All other decisions are either the sole or primary responsibility of the Centre. While information on the use of performance assessments and performance-related pay for general staff is not available, performance pay is utilised for senior managers. The Slovak government does not have a separate cadre of senior civil servants. There is also much room for improvement regarding the strategic use of HRM in central government.

Source: OECD 2010 Strategic HRM Survey. [Delegation] [Performance assessment] [PRP] [Senior management] [Strategic HRM]

PUBLIC PROCUREMENT

Transparency in public procurement, 2010

	Central proc. website	Contracting entity website	Domestic printed or electronic journal	Other website	Pct. OECD countries that publish info
Information for potential bidders	**Yes**	**No**	**No**	**No**	**97%**
Selection & evaluation criteria	**Yes**	**Yes**	**Yes**	**No**	**97%**
Tender documents	**No**	**No**	**No**	**No**	**82%**
Contract award	**Yes**	**Yes**	**Yes**	**No**	**100%**
Justification for award	**No**	**No**	**No**	**No**	**59%**
Tracking procurement spending	**No**	**No**	**No**	**No**	**32%**

Percentages refer to the share of OECD countries that reported publishing information "always" or "sometimes".

Achieving greater transparency in public procurement is important, especially given that the Slovak Republic spent an estimated 11% of GDP on procurement in 2008. Like the majority of OECD countries, the Slovak Republic publishes most public procurement information on its central procurement website: http://www.uvo.gov.sk. Additionally, contracting entity websites may disclose procurement plans, selection and evaluation criteria, and the name and amount of contract awards to a selected supplier. Some of this information, such as selection and evaluation criteria and contract award, is also published in the domestic printed/electronic journal. Currently, the Slovak Republic does not publish justifications for awarding a contract to a selected contractor and does not allow tracking of public procurement spending on line. This is done by 59% and 32% of OECD member countries, respectively. Tender documents are not published on line. Since the second half of 2010, the government operates a new, electronic central registry of contracts for the whole public administration: http://www.vlada.gov.sk. Providing an adequate degree of transparency throughout the entire public procurement cycle is critical to minimise risk of fraud, corruption and mismanagement of public funds in order to ensure fairness and equitable treatment of potential suppliers. Additionally, it allows for effective oversight by concerned institutions and the general public.

Source: OECD 2010 Survey on Public Procurement. [Transparency in public procurement]

REGULATORY GOVERNANCE

Regulatory governance mechanisms, 2008

Functions of the oversight body		Percentage of OECD countries responding "yes"	SLOVAK REPUBLIC
Consulted as part of process of developing new regulation	2005	73%	No
	2008	82%	Yes
Reports on progress made on reform by individual ministries	2005	43%	No
	2008	56%	Yes
Authority of reviewing and monitoring regulatory impacts conducted in individual ministries	2005	43%	No
	2008	50%	Yes
Conducts its own regulatory impact analysis	2005	43%	No
	2008	47%	No
Anticipating compliance and enforcement			
Regulatory policies require that issue of securing compliance and enforcement be anticipated when developing new legislation	2005	57%	Yes
	2008	70%	Yes
Guidance for regulators on compliance and enforcement	2005	37%	No
	2008	47%	No
Existence of policy on risk-based enforcement	2005	N.A.	N.A.
	2008	30%	No

This table presents two elements drawn from the wide range of activities for managing regulatory quality.

The government of the Slovak Republic has developed an institutional structure for regulatory management. There is no single central oversight body responsible for all aspects of regulatory management as in some other OECD countries. This responsibility is shared by several ministries.

The Ministry of Economy is responsible for the Better Regulation agenda. It coordinates the administrative burden reduction programme for business. It also plays a leading role in the government programme to implement regulatory impact assessment (RIA) in the rule-making process, more particularly in the production of a RIA methodology, which was approved in 2008. According to the government plan for RIA, analytical centres are to be created in four ministries (Finance, Environment, Social Affairs, and Economy) with responsibility for reviewing impact assessments prepared by other departments within their ministry. The Office of the Prime Minister is another major player in regulatory management through the Legislative Council of the Government, which reviews all draft legislation regarding technical and legal issues, following inter-ministerial consultation.

The Slovak Republic has not developed an explicit risk-based policy on enforcement. The 2008 OECD survey on regulatory management shows that the Slovak Republic has integrated compliance and enforcement issues in the RIA procedure.

Source: OECD 2008 Survey on Regulatory Management; OECD (2007), "Regulatory Management Capacities of Member States of the EU that Joined the Union on 1 May 2004: Sustaining Regulatory Management Improvements through a Better Regulation Policy", Sigma Papers, No. 42, OECD Publishing, Paris. doi: 10.1787/5kml60q573g6-e
[Oversight bodies] [Compliance and enforcement]

OPEN GOVERNMENT

Disclosure of public sector information, 2010

Types of information disclosed	Proactive disclosure: Slovak Republic	OECD32	Publication channels
Budget documents	●	94%	Not published*
Audit reports	○	72%	Not published
List of public servants and their salaries	○	28%	Not published
Sharing of administrative data			
Administrative data sets	⊙	66%	MA
Requirements on publishing in open data formats	Yes	53%	–

● Required to be proactively published by FOI laws
⊙ Not required by FOI laws, but routinely proactively published
○ Neither required nor routinely published
CP= central portal; MA= ministry or agency website; OW=other website
OECD percentages refer to the percentage of the 32 responding OECD countries that either require that information be published by law or do not require it but routinely publish information.
* Published, but not online

Similarly to most OECD countries, the Slovak Republic publishes budget documents, although these are not available on line. The government also publishes administrative data sets and has in place requirements for publishing information in open data formats, which promotes and facilitates the re-use of public data by other parties. However, the country's access to information legislation- which includes among other provisions Act nr. 211/2000 on Freedom of Information- does not require the government to publish audit reports or lists of public servants and their salaries.

Source: OECD 2010 Survey on Access to Information. [Disclosure of information] [Publication channels]

E-GOVERNMENT

E-Government building blocks and e-procurement, 2010

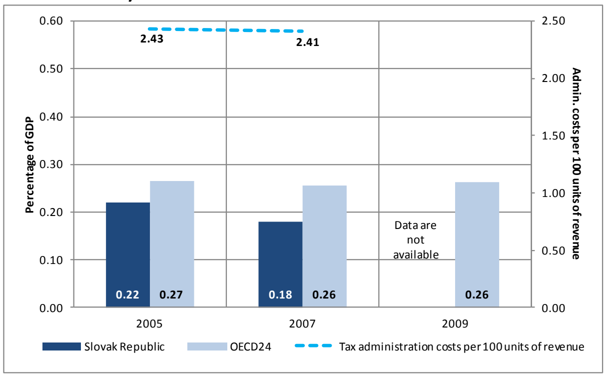
e-enabling laws and policies	Slovak Republic	OECD25
Recognition & use of digital signature	●	100%
Electronic filing within the public sector	●	88%
Administering PPPs for e-government projects	●	64%
Services offered on single-entry procurement website	**Slovak Republic**	**OECD34**
Tender searches	○	62%
Tracking of outcomes of contracts	●	32%

OECD percentages refer to percentage of responding countries answering in the affirmative. ● Yes ○ No .. Data unavailable

Like most OECD countries, the Slovak Republic has put laws and/or has policies in place to promote the use of digital signatures and electronic filing in the public sector. It also administers public-private partnerships for e-government projects which can help increase innovation in public administrations through greater knowledge transfers and exchange of best practices between the public and private sectors. Contrary to most OECD countries with a single-entry procurement website, it does not allow businesses to perform tender searches. However, the site is one of the few in the OECD that allows users to track the outcomes of contracts, an important functionality for making the public procurement transactions more transparent. The Slovak Republic's site also has automated opening and evaluation of bids and the availability of eAuctions.

Source: OECD 2010 e-Government Survey and OECD 2010 Public Procurement Survey. [E-enabling laws] [E-procurement]

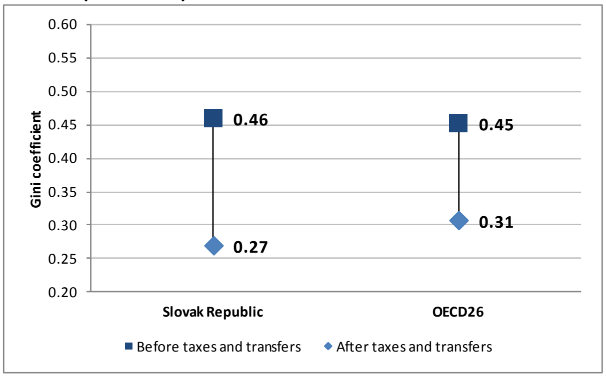
Tax efficiency: Total revenue body expenditures as a percentage of GDP and tax administration costs per 100 units of revenue (2005, 2007 and 2009)



Growing fiscal constraints have led to increased attention on improving the efficiency of tax administrations. The "cost of collection ratio," for instance, is one efficiency measure which compares the annual administration costs incurred by a revenue body with the total revenue collected over the course of a fiscal year. Over time, a decreasing trend could reflect greater efficiency in terms of lowered costs and/or improved tax compliance. In the Slovak Republic, the administration costs of collecting 100 units of revenue have decreased slightly from 2005 to 2007, but the ratio remained above the OECD average. Total revenue body expenditure decreased over the same period, and is below the OECD average, suggesting improvements could be made to increase tax compliance and/or revenues. Indeed, government officials have reported that from January 2012 there will be a fundamental change in the structure of revenue authorities in the Slovak Republic—the currently existing 8 branch offices of the Tax Directorate and 101 local tax offices will be abolished and 8 new regional tax offices with their branches at some of the current local tax offices will be introduced. Optimization of specific processes is planned, mostly at the central level (e.g. methodology, internal administration, IT etc.) and through a concentration of activities at the regional level. From January 2013, there will be a merger of the tax and customs administrations into one institution.

Source: OECD (2011), Tax Administration in OECD and Selected Non-OECD countries: 2010 Comparative Information Series, *OECD Publishing, Paris*. [Total revenue body expenditures] [Tax administration costs per 100 units of revenue]

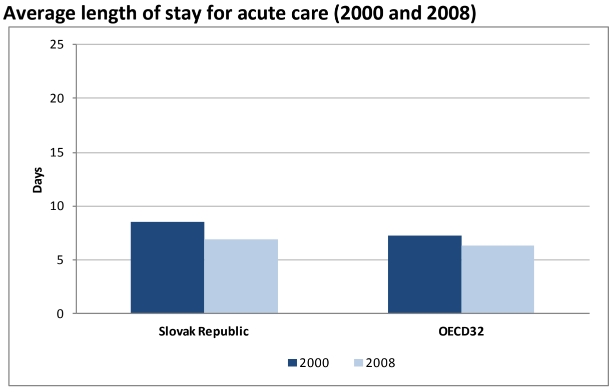
Differences in income inequality pre- and post-tax and government transfers (mid-2000s)



One method of assessing the effect of government tax and transfer policies on income inequality is by assessing a country's Gini coefficient before and after taxes and transfers. The effect of government redistributive policies on income inequality is slightly higher in the Slovak Republic than the OECD average. The Slovak Republic achieved a 0.19 point reduction in the Gini coefficient following its tax and transfer policies, compared to an average 0.14 point reduction in OECD countries.

Source: OECD (2008), Growing Unequal? Income Distribution and Poverty in OECD Countries, *OECD Publishing, Paris*. [Differences in inequality]

Average length of stay for acute care (2000 and 2008)



The average length of stay (ALOS) for acute care indicates the average number of days that patients spend in the hospital for curative care. Similar to other OECD countries, the ALOS in the Slovak Republic decreased between 2000 and 2008 (from 8.5 to 6.9 days respectively). This decrease is higher than that of the OECD average, where the reduction was about one day over roughly the same period. Over time, reductions in ALOS could reflect efficiency gains, as it could signal that hospitals are expanding early discharge programmes, shifting to day-case surgery for suitable procedures, utilising less invasive procedures, and/or improving pre-admission assessment, all of which can help reduce costs. Too short a length of stay however could cause an adverse effect on health outcomes.

Source: OECD Health Data 2010. [ALOS for acute care]

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METHODOLOGY AND DEFINITIONS

Production costs are a subset of total government expenditures, excluding government investment (other than depreciation costs), interest paid on government debt and payments made to citizens and others not in exchange for the production of goods and services (such as subsidies or social benefits). Production costs include compensation costs of general government employees, outsourcing (intermediate consumption and social transfers in kind via market producers), and the consumption of fixed capital (indicating the level of depreciation of capital).

Structure of government expenditures: Data on expenditures are disaggregated according to the Classification of the Functions of Government (COFOG), which divides government spending into 10 functions. More information about the types of expenditures included in each function can be found in Annex B of *Government at a Glance 2011*.

"Gross general government debt" refers to general government gross financial liabilities that require payments of principal and interest. For the European Union countries, gross public debt according to the Maastricht criteria is not presented here (see Annex Table 62 of OECD Economic Outlook No. 89). These data are not always comparable across countries due to different definitions or treatment of debt components. Gross debt is used rather than net debt due to the difficulties in making cross-country comparisons of the value of government-held assets, and because it is more relevant in the context of debt interest payments.

HRM Composites: The indexes range between 0 (low level) and 1 (high level). Details about the theoretical framework, construction, variables and weighting for each composite are available in Annex E at: www.oecd.org/gov/indicators/govataglance.

- The **delegation index** gathers data on the delegation of determining: the number and types of posts needed in an organisation, the allocation of the budget envelope, compensation levels, position classification, recruitment and dismissals, and conditions of employment. This index summarises the relative level of authority provided to line ministries to make HRM decisions. It does not evaluate how well line ministries are using this authority.
- The **performance assessment index** indicates the types of performance assessment tools and criteria used, and the extent to which assessments are used in career advancement, remuneration and contract renewal decisions, based on the views of survey respondents. This index provides information on the formal use of performance assessments in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **performance-related pay (PRP) index** looks at the range of employees to whom PRP applies and the maximum proportion of base pay that PRP may represent. This index provides information on the formal use of performance related pay in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **senior management index** looks at the extent to which separate management rules and practices (such as recruitment, performance management and PRP) are applied to senior civil servants, including the identification of potential senior civil servants early in their careers. The index is not an indicator of how well senior civil servants are managed or how they perform.
- The **strategic HRM index** looks at the extent to which centralised HRM bodies use performance assessments, capacity reviews and other tools to engage in and promote strategic workforce planning, including the use of HRM targets in the assessments of middle and top managers. The index does not reflect situations where strategic workforce planning has been delegated to the ministry/department/agency level.

Compensation data: Total compensation includes wages and salaries and employers' social contributions (those to statutory social security schemes or privately funded social insurance schemes, as well as unfunded employee social benefits paid by the employer, including pension payments paid through the state budget rather than through employer social contributions (mostly for some pay-as-you-go systems)). In most cases data are for six central government ministries/departments only (interior, finance, justice, education, health and environment or their equivalents). Working time adjustment compensates for differences in time worked (both weekly working time and holidays). Compensation was converted to US dollars using purchasing power parities (PPPs) for GDP from the OECD National Accounts database. Differences in compensation policies can be the result of different bargaining powers; the state of the labour market (such as compensation in the private sector for similar positions); specific labour shortages; and the attractiveness of the government as an employer. While the survey uses the International Standard Classification of Occupations (ISCO) to standardise job categories, full comparability of responsibilities behind the occupational titles across countries presents difficulties in some cases. Annex D in *Government at a Glance 2011* fully details all limitations to data comparability, including those related to the measurement of employer's social contributions (which were based on sources outside the survey for a number of countries, leading to potential inconsistencies).

Regulatory governance: The OECD average refers to the following number of countries:

- Functions of oversight bodies 2005: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.
- Functions of oversight bodies 2008: OECD34. Data for Chile, Estonia, Israel and Slovenia refer to 2009.
- Anticipating compliance and enforcement 2005 and 2008: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.

Tax efficiency: Tax administration efficiency ratios are influenced by differences in tax rates and the overall legislated tax burden; variations in the range and in the nature of taxes collected (including social contributions); macroeconomic conditions affecting tax receipts; and differences in the underlying cost structures resulting from institutional arrangements and/or the conduct of non-tax functions.

Differences in income inequality pre- and post-tax and government transfers: The values of the Gini coefficient range between 0 in the case of "perfect equality" (*i.e.* each share of the population gets the same share of income) and 1 in the case of "perfect inequality" (*i.e.* all income goes to the individual with the highest income). Redistribution is measured by comparing Gini coefficients for market income (*i.e.* gross of public cash transfers and household taxes) and for disposable income (*i.e.* net of transfers and taxes).

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