

Executive summary

Slovakia has reduced some environmental pressures but faces challenges in several areas

The Slovak Republic has a small, open economy that grew steadily between 2010 and 2019. After a deep contraction during the COVID-19 crisis, gross domestic product (GDP) rebounded in 2021 and has grown moderately since. Over 2010-19, the country reduced domestic material consumption, emissions of greenhouse gases (GHGs) and major air pollutants, and to a lesser extent, energy supply and freshwater abstractions. However, air pollution remains a health concern; much municipal waste ends up in landfills; and progress in remediating contaminated sites has been slow. The country has improved wastewater treatment but faces the challenge of expanding coverage in the many small municipalities.

The country needs to step up its ambition to achieve carbon neutrality by 2050

Slovakia met its 2020 climate targets. However, national projections indicate it is not on a net-zero pathway. Most of the GHG emission reductions by 2030 are expected to come from energy industries (with additional nuclear capacity), and to a lesser extent from industrial processes, which are covered by the EU Emissions Trading System (ETS). The projected increase in GHG emissions in some non-ETS sectors, especially transport, and the decline of net carbon removals from forests, put at risk the achievement of 2030 targets and the net-zero goal. Enshrining carbon neutrality in legislation, as proposed in 2023, would strengthen long-term integrated strategic planning. With consistent sectoral pathways, such a law would hold the line ministries accountable for progress.

Climate is a priority of the recovery plan, but price support limits incentives to save energy

Slovakia's Recovery and Resilience Plan (RRP) is supported until 2026 by EU grants representing 6.4% of its 2021 GDP. The country has dedicated 45% of its RRP budget to climate objectives. Energy efficiency and sustainable transport are key priorities. This is positive, as the country needs to limit car dependency and shift investment from road to rail in order to curb transport emissions. Between 2022 and 2023, to mitigate the effects of the energy crisis, the government adopted measures amounting to 3.3% of GDP, a level above the EU average. However, they mainly consist of untargeted energy price support measures. From an environmental and fiscal point of view, it would be justified to keep the price signal and help the most vulnerable with support unrelated to energy consumption. This requires defining energy poverty and gathering the relevant data to target support while encouraging energy saving.

Effective use of EU funds is key for green investment

Spending on environmental protection is mainly financed by EU funds. However, over 2014-20, Slovakia had a low absorption rate of structural funds for environmental infrastructure and climate adaptation. The country should accelerate use of these funds by streamlining public procurement procedures and strengthening project preparation capacity of recipients, particularly at local level. Further applying the polluter- and user-pays principles is also necessary to support environmental infrastructure needs. Tariffs for water services are too low to recover the costs of service provision, especially for small municipalities. Consolidating municipal water services would improve the operational efficiency and financial sustainability of the sector. Slovakia should also ensure that expenditure of the Environmental Fund is aligned with environmental and climate objectives.

The green tax reform should be pursued

Slovakia has pledged for a fiscally neutral green tax reform. However, the tax burden has not shifted from labour to environmentally harmful activities. Carbon prices (from permit prices in the EU ETS and fuel excise taxes) are low compared to EU countries. They do not provide consistent incentives to cut GHG emissions across fuels and sectors. Revenue from taxes on motor vehicles, and on pollution and resources is also below the OECD Europe average. Slovakia can be praised for removing subsidies for electricity produced from domestic coal in 2023. This is essential for reducing GHG emissions and local air pollution. The country has mapped fossil fuel subsidies and should pursue efforts to phase them out.

Slovakia must scale up its efforts to halt and reverse biodiversity loss

Approximately 75% of species and 60% of habitats are in a poor or bad state, owing to pressures such as unsustainable agricultural and forestry practices, infrastructure development, and invasive alien species or other problematic species. The cost of foregone ecosystem services due to ecosystem degradation is estimated at EUR 20 billion per year. The development of a National Biodiversity Strategy and Action Plan to 2030 provides an opportunity to strengthen the country's ambition and strategic framework for biodiversity, ensuring alignment with the Kunming-Montreal Global Biodiversity Framework and the European Biodiversity Strategy 2030. It will be critical for Slovakia to address existing barriers to its implementation, including inadequate financing and low institutional capacity and co-ordination.

The protected area network is extensive but requires reform

More than 37% of the country is designated for protection, which is higher than the OECD average and surpasses international targets. However, the protected area network has several shortcomings. These include a low share of national parks' area under strict protection, overlapping systems of protection that are misaligned and confusing, and a lack of management plans. Pursuing the protected area reform is vital. A priority is to complete national park zoning, which is challenging due to tensions between landowners and the state, conflicts between economic and biodiversity interests, and the large share of privately owned land. Strong participatory processes, effective communication and economic incentives will be crucial.

Slovakia has taken promising steps to align agriculture and forestry with biodiversity objectives, but challenges remain

Past land-use decisions have resulted in large monoculture fields and the removal of landscape elements. This situation has persisted under the Common Agricultural Policy (CAP) and biodiversity in agricultural land continues to decline. However, Slovakia's CAP 2023-27 Strategic Plan is better geared towards protecting biodiversity and could help to break this trend if implemented effectively. While all of Slovakia's forests are under management plans, these do not always align with biodiversity objectives. Furthermore, a high intensity of salvage and sanitary logging in response to wind damage and bark beetle infestations has degraded critical habitat. Slovakia has taken steps to address these challenges and should continue to promote close-to-nature forestry as the preferred forestry practice.

The land-use, land-use change and forestry (LULUCF) sector is a declining net carbon sink

Even with additional planned measures, the country projects its GHG net removals will fall short of its LULUCF 2030 target set out in the EU Regulation. The main reason is the declining removals from forests resulting from the disproportionate share of mature tree stands. Slovakia must move swiftly to implement its planned measures and to identify other opportunities to increase carbon removals. It should seek synergies across biodiversity, climate mitigation and adaptation action by, for example, scaling up close-to-nature forestry, restoring grasslands, wetlands and other ecosystems, and promoting landscape planning. Potential trade-offs across these objectives need to be carefully managed.



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