

## Annex. Progress in structural reform

*This Annex reviews actions taken on recommendations from the previous Survey that are not covered in tables within the main body of the Key Policy Insights chapter above. Recommendations that are new to this Survey are listed at the end of the Executive Summary and the relevant chapters.*

Main recommendations	Action taken since May 2017
<b>Financial issues</b>	
Stand ready to further tighten macro-prudential policy settings if financial-sector risks do not diminish.	Countercyclical capital buffer rate was increased further from 1.25% to 1.5%. The limits on LTV has been tightening further. Gradual phase-in of the rules from July 2018 to July 2019.
<b>Fiscal issues</b>	
Pursue budget balance by 2019 as planned.	The government's draft budgetary plan has confirmed the plan to reach a balanced budget by 2020.
Supplement the current debt ceilings with a much lower non-binding debt target. Implement the promised spending ceilings.	The constitutional act on fiscal responsibility assumes continuous decline of the lowest sanction band to 40 % of GDP (between 2018 - 2027).
Create enough room over time under the debt ceiling to allow automatic stabilisers to work.	According to the recent government forecast, debt will become fully compliant with the national ceiling already in 2018 and reach 45 % of GDP in 2020.
Implement the constitutional provision of multi-annual binding spending ceilings to reinforce budget discipline in upturns.	The Ministry of Finance announced the testing of expenditure ceilings in the general government budget in the near future.
Give ministries more freedom in the allocation of funds between agencies and programmes. Reduce the number of line items in the budget, and allow carry-forward of current spending items.	No action taken.
Stabilise the functioning of the pension system: refrain from any opening-up of the two pension pillars. Consider making participation in the DC pillar mandatory for all those joining the labour market for the first time.	No action taken.
<b>Taxation</b>	
Merge the tax/customs and social security agencies to raise revenues. Link the IT systems of the tax administration and banks.	No action taken.
Further shift the tax burden from labour to less distortive bases such as property, alcohol and environmental externalities such as air pollution.	No action taken.
Further enhance the efficiency of tax administration. Continue efforts to improve tax collection.	The Third Action Plan on the fight against tax fraud for the years 2017–18 (21 measures) has been introduced including the new tax compliance index that assesses taxpayers' risk profiles, mandatory e-communication for taxpayers, and prefilled electronic tax returns for motor vehicle tax.
<b>Raising the efficiency of public spending</b>	
Continue to increase resources for growth-enhancing areas such as education, research and development, and infrastructure. Establish an effective framework for assessing and selecting infrastructure projects, using tools such as cost-benefit analysis.	No action taken.
Further boost public-spending efficiency by continuing to expand and deepen spending reviews ("Value for Money" initiatives).	The 2017 the Ministry of Finance published spending reviews on education, environment, labour market policies and the social policies reviewed expenditures. In October 2017, the government has also approved three new spending reviews (agriculture, integration of the at-risk-of-poverty-and-social-exclusion groups and spending review of employment and remuneration in general government).
Establish better human resource management, modernise public administration, and strengthen co-ordination and collaboration across government. Widen the use of performance elements in promotion, contract renewals and compensation of public staff.	New measures have been adopted, including performance evaluation, new recruitment procedures, and a new procedure to help high performing civil servants who were dismissed due to organisational changes in their service offices to get back to work. A central information system for the civil service has been established, which will help the Government Office to make informed decisions regarding the civil service based on data from all service offices.
Use performance budgeting and e-government to modernise management. Train more staff in computer and internet skills.	No action taken.

Main recommendations	Action taken since May 2017
Encourage joint public-service delivery for small municipalities and strengthen the revenue-raising power and spending responsibility of viable local government.	No action taken.
Further strengthen the efficiency and independence of the judicial system. Continue to increase judicial capacity in particular through investment in IT systems.	New measures have been introduced, including an assessment of judges' work by the members of professional assessment juries/commissions named by the Judicial Council of the Slovak Republic.
Product market reforms	
Ease regulation in retail trade. Lower licencing restrictions for legal services, architects and engineers.	No action taken regarding retail trade.
Further reduce public-sector involvement in network industries.	No action taken.
Further reduce bureaucratic costs and make regulations more business-friendly.	New measures to reduce bureaucratic costs were introduced in 2017, which among others will provide courts with access to the tax debtor's database. In 2018 the Government adopted a long-term strategy for better regulation "RIA2020-Strategy for Better Regulation, which will implement advanced methodologies and tools for better regulation including the use of available digital solutions (eg. e-consultations)
Pursue further entry of private capital in electricity generation and distribution and gas distribution sectors.	No action taken.
Labour market reforms	
Develop further training as well as job-search support, and phase out public-works programmes.	The number of training programmes has increased, mainly requalification courses focusing on obtaining soft and technical skills (communication skills, personal development, computer skills and language skills).
Implement systematic evaluations of ALMPs, and increase spending on programmes with demonstrated effectiveness. Continue to test new programmes with pilot projects before implementation at the national level.	The Social Policy Institute has conducted an evaluation of the ALMPs.
Enhance advanced skills and education	
Further increase teachers' salaries, particularly for starting teachers, conditional on improved teaching quality through high-quality professional development and increased focus on disadvantaged pupils.	Implementation plan for Education 2018 include increase in the teachers' salaries by 10% in 2019 and 10% in 2020.
Increase the transparency and independence of the tertiary quality-assurance framework to international standards.	The new measure has been adopted in 2018 in which main principles of the ESG 2015 were introduced.
Ease the conditions for foreign professors and researchers to teach at Slovak universities.	Amendment to the Act on Higher Education approved by the parliament in September 2018 opens positions of professors and docents for a period of three years also to applicants who do not hold respective titles (professor or docent).
Introduce a graduate tracking system to improve responsiveness of tertiary education to labour market needs. Develop professionally oriented vocational bachelors programmes. Strengthen careers counselling.	No action taken.
Develop a system of information and cultural outreach to expatriate communities.	No action taken.
Attract foreign students by expanding the number of tertiary courses in English, and strengthen scholarship programmes.	The Ministry of Education has increased scholarship funding in the National scholarship programme by 10 % (up to 1,1 mil. Euro) in 2018.
Improve the health- and long-term care systems	
Further centralise hospital procurement, and professionalise their management.	The MoE finalised central procurement of CT scanners and beds.
Introduce performance-related pay for hospital doctors, and decouple salaries from national average wage.	No action taken.
Further increase medical school places for general practitioners, and expand their prescription-writing authority.	No action taken.

Main recommendations	Action taken since May 2017
Expand fee-for-service payments for primary care procedures of general practitioners.	No action taken.
Implement e-health and e-prescription programmes.	E-prescription has been fully implemented, achieving roughly 80-85% of penetration, e-health was made mandatory as of January 2019.
<b>Innovation</b>	
Reform the R&D tax credit to make it refundable. Promote cluster facilitators and a competition-based funding process.	100% of R&D spending can now be deducted from the tax base, increased from 25%. At the same time, in 2018 the so-called patent box was introduced; this exempts revenues coming from the use of selected intangible assets (patents, utility models and software) from taxation.
<b>Environment and green growth policy</b>	
Gradually phase out coal subsidies and tax breaks for energy use.	No action taken.
Consider introducing a CO <sub>2</sub> tax in sectors not covered by the EU- ETS and raising the tax rate on diesel fuel.	No action taken
Phase out support to renewables as they become competitive.	The Ministry of the Environment has prepared the draft legislation that will introduce an auction system and a Feed-in-Premium will be paid to producers based on auction competition.
Develop a comprehensive strategy for protected areas, taking account of the benefits and costs of different options. Further develop the monitoring and information system for biodiversity protection. Continue cleaning up contaminated sites, applying the polluter pays principle.	A comprehensive strategy for protected areas has been incorporated into the forthcoming Environmental Strategy up to 2030.



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