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Economic and Monetary Affairs

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The social and employment situation in Slovakia and outlook of the Slovak EU Presidency 2016

Study for the EMPL Committee



DIRECTORATE GENERAL FOR INTERNAL POLICIES
POLICY DEPARTMENT A: ECONOMIC AND SCIENTIFIC POLICY

The social and employment situation in Slovakia and outlook on the Slovak EU Presidency 2016

STUDY

Abstract

This study, commissioned by the European Parliament's Policy Department for Economic and Scientific Policy at the request of the Committee on Employment and Social Affairs, presents key indicators on employment and poverty, reviews existing social and employment policies, and discusses the current issues relevant to this field. It also provides an outlook on the priorities of the Slovak EU presidency 2016.

This document was requested by the European Parliament's Committee on Employment and Social Affairs.

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LIST OF ABBREVIATIONS

ALMP	Active labour market policies
CJEU	Court of Justice of the European Union
COLSAF	Central Office of Labour, Social Affairs and Family
CSO	Civil society organisation
CSR	Country specific recommendation
EEA	European Economic Area
EPSCO	The Employment, Social Policy, Health and Consumer Affairs Council configuration
ESF	The European Social Fund
ESO	Effective, Reliable and Open state administration
EU	European Union
GDP	Gross Domestic Product
IFP	Institute for Financial Policy
MoLSAF	Ministry of Labour, Social Affairs and Family of the Slovak Republic
NEET	Not in employment, education or training
NGO	Non-governmental organisation
NPR	The National Reform Program
PES	Public employment services
PLMP	Passive labour market policies
SK PRES	The Slovak Presidency of the Council of the European Union
SOSR	The Statistical Office of the Slovak Republic

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EXECUTIVE SUMMARY

Background

This **paper on the employment and social situation in Slovakia** was prepared by the **Central European Labour Studies Institute (CELSI)** at the request of the **Committee on Employment and Social Affairs of the European Parliament** in view of its delegation visit to Slovakia in May 2016. The paper provides an overview of the key indicators of employment and poverty, reviews existing social and employment policies, and discusses the current issues in this field. It also provides an outlook on the priorities of the Slovak EU presidency of 2016.

Key findings

Over the past few years, several patterns characterised the employment and social situation in Slovakia. On the one hand, Slovakia went through a period of **turbulent business cycle** and changing internal and external supply and demand conditions, an **extensive labour market adjustment** within an environment of persistent structural imbalances and (long-term) unemployment, as well as **entrenched labour market segmentation** and social exclusion of some groups. On the other hand, it remained **one of the most dynamic EU economies**, continued to experience relatively **low levels of income inequality**, benefited from **growing employment rates** and a moderate **decline in the unemployment rate**, and enjoyed a generally **stable social situation**. Whereas Slovakia has done much to attenuate social and economic cleavages, due to an **insufficient monitoring and evaluation framework**, significant resources are likely to have been wasted on inefficient and/or ineffective social and employment policies.

The key recent developments and outlooks include:

Development of employment and poverty

Slovakia has experienced a remarkable **increase in the employment rate** (from 54% in 2009 to 62.7% in 2015), accompanied by a **moderate decrease in the unemployment rate** (from 14.5% in 2010 to 10.3% in January 2016). **Long-term unemployment** is a key challenge for the Slovak labour market, with most of the unemployed being long-term (65.8%).

The **female employment rate** is below the EU average (55.9% vs. 60.4 in 2015) and below the male employment rate (69.5% in 2015); females also experience a higher **unemployment rate** than their male counterparts (11.9% vs. 8.9% in 2015). The **youth unemployment rate** and the **NEET-youth rate** continue to be rather high (23.9% in March 2016 and 19.9% in 2015, respectively).

Working without any type of contract is uncommon (estimated 2.1-3.3% in 2014); however, **undeclared work** (mostly for home repairs and renovations), under-reported income of students, and envelope wages are more common.

Although Slovakia's Gini coefficient (as a measure of **income inequality**) remains among the lower in the EU (26.1 vs. 30.9 EU average), the majority of unemployed adults face the **risk of poverty**. Educational inequality and widespread discrimination are the key factors behind the severe **labour market segregation of the Roma population**, which contributes to their social exclusion.

Overview on social and employment policy

Slovakia has implemented several reforms and changes to its social and employment policies in the period 2014-2016. The **statutory minimum wage** has continuously been increased every year to a gross of 405 EUR per month in 2016. In 2015, in an effort to facilitate **employment of the low-skilled**, health insurance contributions were reduced for employees with low wages, which increased their net wages and decreased labour costs for their employers. To facilitate their **attachment to the labour market**, since 2014, assistance to materially deprived people has been conditioned by their active participation in public '**activation works**'.

To reduce the risk of poverty for pensioners, Slovakia has guaranteed a **minimum pension** for retirees with low lifetime earnings, as of July 2015. However, as only those who have reached a certain minimum employment history threshold qualify, some of the most vulnerable retirees do not benefit from this measure.

With respect to the **involvement of stakeholders**, **social partners** in Slovakia are focusing their attention on shaping social and employment policies through legislation at the national level, however, they rarely refer to a European Semester cycle when formulating their demands. **NGOs/CSOs** lack a platform to influence social and employment policies; they call for better involvement of civil society in the control and implementation mechanisms.

Concerning the possible **direction of future reforms**, Slovakia has introduced several new programme priorities with a start of a new funding period for the implementation of the European Social Fund and the Fund for European Aid to the Most Deprived.

Current issues in employment and social affairs

Structural gaps and skill mismatches hinder the efficient functioning of the Slovak labour market.

Whereas the **educational system** is developed and institutionalised, it suffers from the prevalent paradigm focusing on the memorisation and reproduction of knowledge instead of one of innovation, creativity, adaptability, and practical orientation regarding labour market needs. **Vocational education and training** has a large and comprehensive base; however, it lacks work-based learning and close cooperation with industrial partners. These deficiencies hamper labour market adjustment and permit the perpetuation of structural mismatches.

In spite of its potential, it remains unclear to what extent the **Youth Guarantee** will help to address the imminent risks related to problematic school-to-work transition, and whether any of its possible adverse effects on human capital investment will materialise.

In an effort to facilitate **employment of the low skilled**, Slovakia has introduced several measures aiming at increasing net income from employment, decreasing labour costs, and reducing the implicit tax (reduction in benefits) for newly hired workers. This includes **concurrent receipt of income from employment and social benefits**, combined with an increase of the minimum wage. Recently introduced **payroll-tax deductibles and exemptions** serve the same purpose. On the other hand, recent regulation of **services and performance contracts** (on work performed outside a regular employment relationship), which effectively increased the payroll tax rates on such contracts, hampers employment of marginal workers.

The Government has been actively pursuing policies aimed at mitigating **labour market duality**, including stricter regulation of **temporary contracts** and **temporary agency work**. The new regulation of services and performance contracts provides for a more equal treatment of workers under various types of contracts with respect to their taxes and social security entitlements.

Although **labour mobility** can alleviate labour market imbalances, it is rather low in Slovakia (1%). Labour market segmentation is both a cause (through a segmented housing market) and a consequence of limited labour mobility.

Several initiatives aim at the **reconciliation of work and family life**, mainly targeting the provision of childcare facilities. Little progress has been achieved in terms of putting **gender-neutral provisions** for parents in practice and achieving more equal labour market outcomes of mothers and fathers.

Although poverty rates are relatively low in Slovakia, the **living wage** (EUR 489-589) is above the minimum wage (EUR 405). Hence, for some workers, wages are not sufficient for decent living.

Most efforts in the area of **public employment services** have been directed towards a more efficient and effective institutional and administrative framework. Although a **comprehensive monitoring and evaluation framework** of public policies and is still missing, a recently proposed concept 'Value for Money' has been adopted in the Program Declaration of the current Government.

Overview of presidency priorities

The **SK PRES defined its priorities** within the Employment, Social Policy, Health and Consumer Affairs Council configuration (**EPSCO**), and will mostly focus on social policy and employment issues in the context of the **Labour Mobility Package**, where it plans to highlight the issue of regulations on social security systems and the **Posting of Workers Directive**. The SK PRES also states the **Accessibility Act** among its priorities.

In the area of **regulations on safety and health of workers**, the SK PRES aims to promote revisions to the existing directive on carcinogens or mutagens (2004/37/EC).

Priority will be given to the continuation of the **Youth Employment Initiative**, and to facilitate agreement in the Council on the **New Skills Agenda**. In addition, SK PRES ascribes to address the issues of the **marginalised Roma**, of the **social inclusion of women** and of **long-term unemployment**.

The **final programme** of the SK PRES's core priorities will be approved by the Government of the Slovak Republic in June 2016.

1. DEVELOPMENT OF EMPLOYMENT AND POVERTY

KEY FINDINGS

- In recent years, the employment rate has increased markedly (from 54% in 2009 to 62.7 % in 2015), and has been accompanied by a small decline in the unemployment rate (from 14.5% in 2010 to 10.3% in January 2016).
- The female employment rate in Slovakia is lower than the employment rate of men (55.9% vs. 69.5% in 2015), and is also below the average EU employment rate of women (60.4% in 2015). The unemployment rate for women is higher in comparison to men in Slovakia (11.9% vs. 8.9% in 2015).
- Long-term unemployment rate continues to be very high (7.6%, i.e. 65.8 % for all unemployed in 2015), and so is the youth unemployment rate (23.9 % in March 2016) and the NEET-youth rate (19.9% in 2015).
- Work without any type of contract is not common (estimated 2.1-3.3% in 2014); however, undeclared work (mostly for home repairs and renovations), under-reported income of students, and envelope wages (7%) are more frequent.
- The majority of unemployed adults face the risk of poverty.
- Educational inequality and widespread discrimination are the key factors behind the severe labour market segregation of the Roma population in Slovakia, which contributes to their social exclusion.

1.1. Introduction¹

Slovakia, an EU Member State with one of the **swiftest recoveries from the Great Recession**, is expected to attain a real **GDP growth rate of more than 3%** in both 2016 and 2017.² Improving GDP figures, increasing employment rates, and, subsequently, a lowered unemployment rate, however, have not yet translated into the improvement of one of the most frustrating problems of the Slovak labour market; notably, of the very **high rate of long-term unemployment**. In addition, low-skilled workers, young people, women with young children, and the socially excluded Roma communities are at a particularly high risk in terms of their labour market integration.³

1.2. Employment and unemployment rates

The employment rate in Slovakia, that had been steadily increasing prior to the Great Recession, declined somewhat in the period between 2008-2010, and has been slowly recovering since (Figure 1). With continued economic expansion, the **employment rate continued to improve in 2015**, attaining 62.7% in 2015, according to the Eurostat.⁴ These aggregate numbers mask important variations, however. Those **particularly vulnerable are low-skilled workers**, whose employment rate has persistently been among the lowest among EU Member States (Lubyová, Štefánik et al. 2015).

The **unemployment rate had decreased** from almost 20% in 2001 to the pre-crisis low of 9.6% in 2008, after which it increased to almost 14% by 2013. A declining trend that

¹ The authors thank Peter Harvan, Slavomír Hidas, Monika Martišková, Štefan Kišš, and Branislav Žúdel for their valuable comments and suggestions; Miriama Hviščová for research assistance; and Adrian Bronson who assisted in the proof-reading of the manuscript. Any errors that remain are our sole responsibility.

² Source: European Commission (2016) Country Report Slovakia 2016, Available at: http://ec.europa.eu/europe2020/pdf/csr2016/cr2016_slovakia_en.pdf, accessed: March 31, 2016.

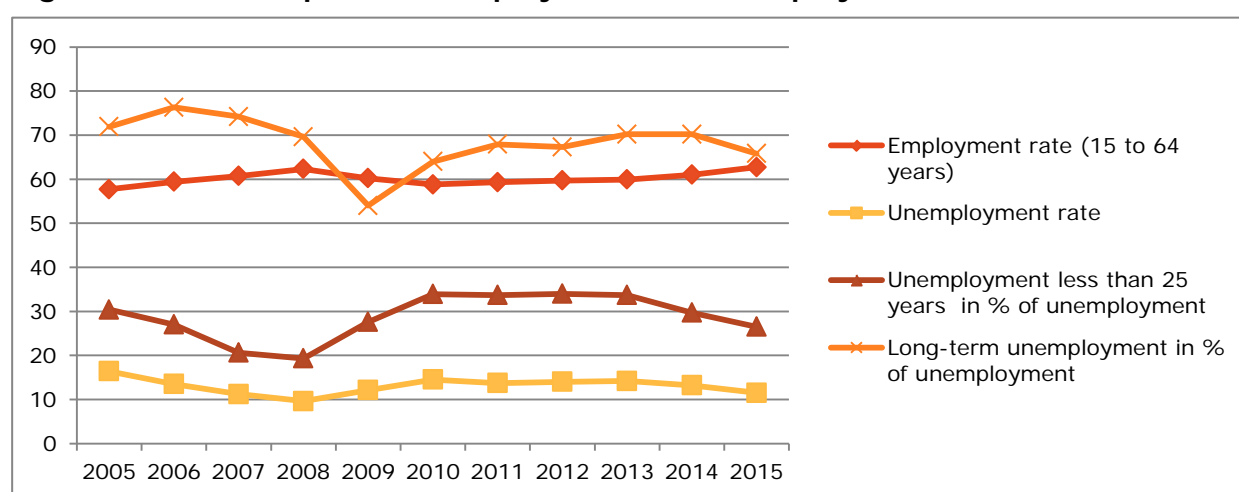
³ Source: *ibid.*

⁴ Source: Eurostat, accessed: April 26, 2016

started in 2013, has resulted in an unemployment rate of 10.3% by January 2016.⁵ However, the level of **unemployment differs markedly across regions**. In 2014, Bratislava, the most developed region, attained the nation's lowest unemployment rate of 6%, whereas Eastern Slovakia reached Slovakia's maximum at 16.6%.⁶

Structural unemployment and sluggish creation of new vacancies are some of the main factors behind the high unemployment rate in Slovakia. Whereas the **industrial structure inherited from the pre-1989** command economy can explain some of the structural imbalances, the **inflexible educational system** is responsible for their persistence. The **exclusion of the low-skilled, poorly educated Roma population** is another factor hindering the potential of the Slovak labour force. In addition, the combination of high social contributions, which weaken labour demand, with tax-benefit system, which discourages labour supply, has long been criticised in Slovakia.⁷ Such disincentives to work are especially relevant to low-skilled workers, who constitute about 27% of all unemployed.⁸

Figure 1: Development of employment and unemployment in Slovakia



Source: Eurostat

Note: Rates in percent

1.2.1. Female employment and unemployment

The **female employment rate** in Slovakia has not only been **lower than the employment rate of men** (55.9% and 69.5% in 2015, respectively), but has also been **lower than the average EU employment rate of women** (60.4% in 2015).⁹ Figure 2 shows that in 2015, the employment rate of women in age cohorts between 15-39 and over 60 years of age have been lower than in other EU countries. The longer childcare in age cohorts between 25-34 years of age compared with EU-28 countries contributes to the lower employment rates of Slovak women. Women with children under three years old prefer to stay at home, which is driven by **social stereotypes and disincentives**, such as the duration of parental leave entitlements or fiscal disincentives to work.¹⁰ Similarly, **early**

⁵ Source: Eurostat

⁶ Source: European Commission (2016) Country Report Slovakia 2016

⁷ Source: Inštitút finančnej politiky (2014) Unemployment in Slovakia. Available:

http://www.finance.gov.sk/Components/CategoryDocuments/s_LoadDocument.aspx?categoryId=9888&documentId=12633, accessed: April 20, 2016

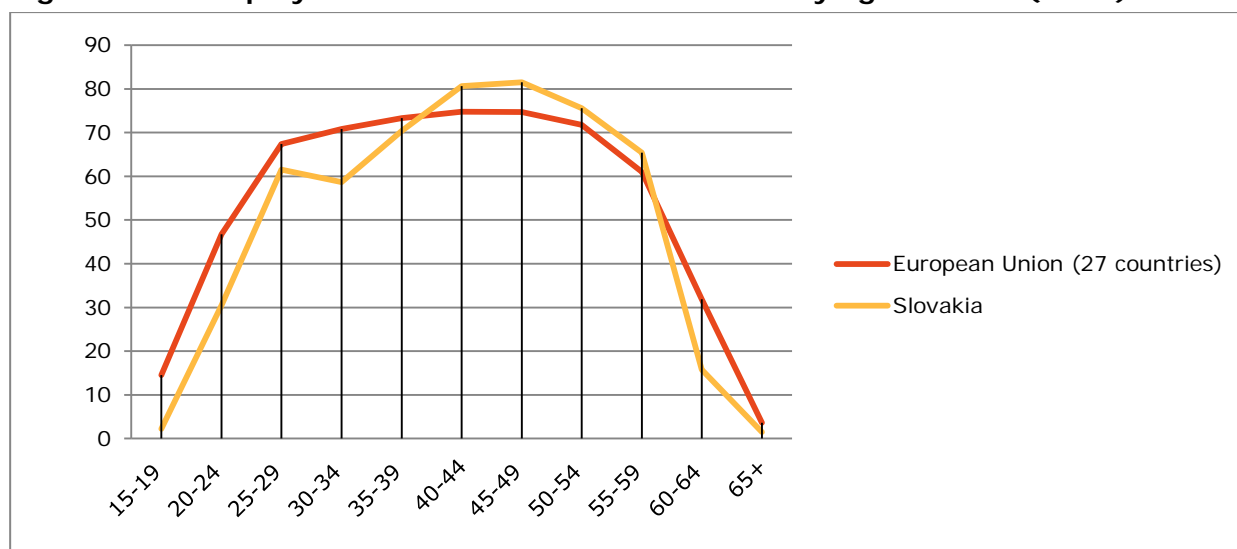
⁸ Source: *ibid.*

⁹ Source: Eurostat, Employment rates [Ifsa_ergan], accessed: April 26, 2016

¹⁰ Source: IFP Background report, Female participation on labour market; OECD (2013), Slovak Republic: Fostering an Inclusive Job-rich Recovery, Available at: http://www.keepeek.com/Digital-Asset-Management/oecd/economics/slovak-republic-fostering-an-inclusive-job-rich-recovery_9789264201637-en#page22, accessed: April 14, 2016

retirement in age cohorts between 60-64 years old have had an effect on lowering employment rates for women older than 60. Women also struggle with a higher unemployment rate, which in 2015 was at 11.9%, compared to a 8.9% rate for males (age 25-74).¹¹

Figure 2: Employment rate of women in Slovakia by age cohorts (2015)



Source: Eurostat [Ifsa_ergan]

Note: employment rate in percentage

1.2.2. Long-term unemployment

The **long-term unemployment rate** in Slovakia is **one of the highest among European countries** (7.6% of active population), trailing only Croatia, Spain and Greece.¹² Compared to the EU-28's average of 48.2%, almost two-thirds (65.8 %) of all unemployed people in Slovakia are unemployed for 12 months or more (Figure 1).

The Institute for Financial Policy (IFP) at the Ministry of Finance suggests that the **low outflow rate from unemployment to employment** is contributing to a prolongation of unemployment duration in Slovakia. According to their analysis, almost half of the newly hired employees in 2013 were previously unemployed for longer than a year. This may signal that it takes too long until unemployed people find a suitable vacancy; however, it may also be that a relatively large number of long-term unemployed found a job in the respective period.¹³ **Long-term unemployment decreased in 2015** and, during the same year, Slovakia introduced several new tools within its active labour market policies (ALMP) to tackle the unemployment of specific vulnerable groups (see chapter 3).

1.2.3. Youth unemployment

Similarly to other EU Member States, **youth unemployment** continues to be a **persistent problem** in the Slovak labour market. Compared to 2008, when it reached its historic low (19.3%), as a result of the economic crisis, the youth unemployment rate increased to 33.9% by 2010 and stayed at about the same level until 2013, when it started to decline, attaining a rate of 26.5% in 2015 (Figure 1) and 23.9% in March 2016.¹⁴ A similar picture

¹¹ Source: Eurostat, Unemployment rates [une_rt_a], accessed: April 26, 2016

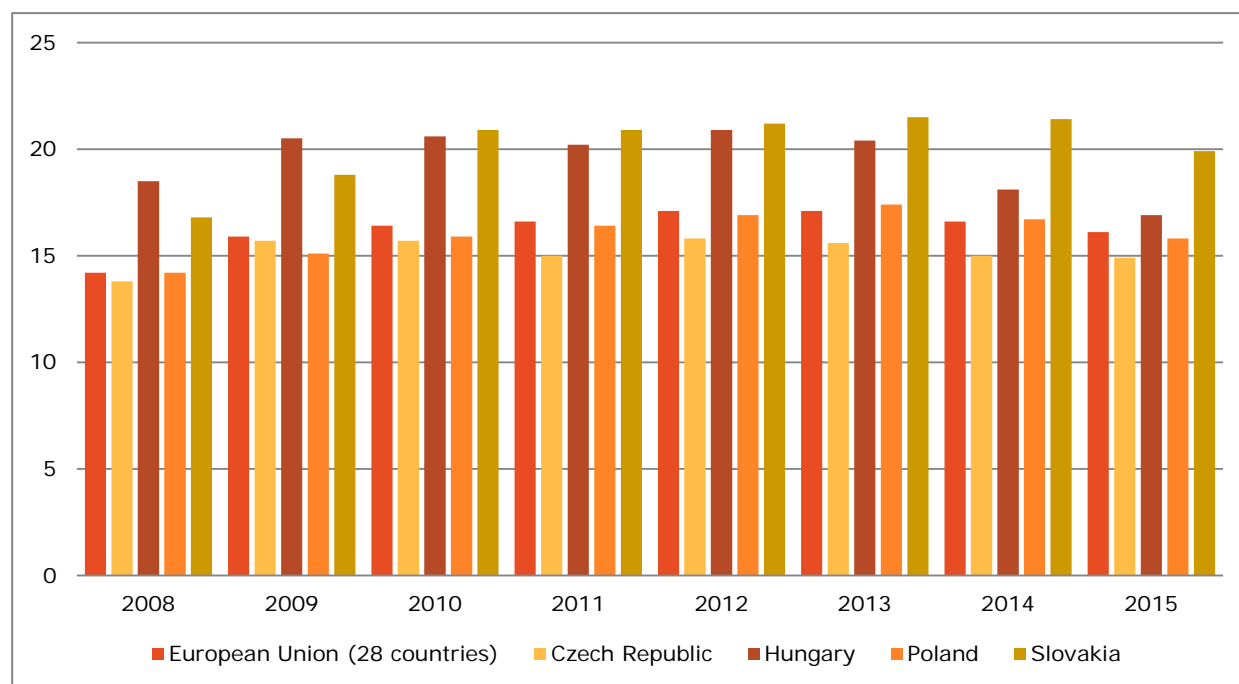
¹² See: Eurostat, Long-term unemployment rates [une_ltu_a], accessed: April 26, 2016

¹³ Source: Inštitút finančnej politiky (2014) Unemployment in Slovakia. Available: http://www.finance.gov.sk/Components/CategoryDocuments/s_LoadDocument.aspx?categoryId=9888&documentId=12633, accessed: April 20, 2016

¹⁴ Source: Eurostat, Unemployment rates [une_rt_m], accessed: April 29, 2016

transpires for young people between 15 and 34 years old that are neither employed nor in education or training (NEET). Of the Visegrad countries (CZ, HU, PL, SK), Slovakia has consistently the **highest share of NEET youth**. The NEET rate reached 19.9% in 2015, compared to the EU average of 16.1% (Figure 3).

Figure 3: Young people neither in employment, nor in education or training



Source: Eurostat, NEET rates in percentage

The OECD report on inclusive job recovery in Slovakia (2013) concludes that the high youth unemployment rate is driven by the **high unemployment rate of graduates from vocational schools**, which constitute the majority of all graduates in Slovakia.¹⁵ Therefore, in 2015, Slovakia introduced a new act on vocational education and training, aiming at better school-to-work transition for young graduates (see chapter 3.1).

1.2.4. Undeclared work

In Slovakia, only about 2.1% to 3.3% of employees **work without any type of contract**.¹⁶ Nevertheless, a large share of employees in Slovakia report **undeclared income**, and instances of **under-reported income** have also been observed.¹⁷ According to the Special Eurobarometer on undeclared work from 2014, the most usual type of undeclared work in Slovakia, which is at the same time the **highest in the EU, is undeclared home repair and renovation services and product purchases**. In other words, 53 % of respondents stated that those services and products are more likely to be bought undeclared, followed by 39% of respondents who stated that purchases of car parts and servicing are more likely to be bought undeclared.¹⁸

Envelope wages (cash-in hand), either full or partial, were reported to be paid in 7% of jobs.¹⁹ The Ministry of Finance's study found that additional forms of flexible employment,

¹⁵ Source: OECD (2013), Slovak Republic: Fostering an Inclusive Job-rich Recovery

¹⁶ The EC defines undeclared work as "paid activities that are lawful as regards their nature but not declared to public authorities, taking into account differences in the regulatory system of Member States" (Special Eurobarometer 402).

¹⁷ Source: Inštitút finančnej politiky (2014), Unemployment in Slovakia

¹⁸ Source: Special Eurobarometer 402, Undeclared Work in the European Union, Report 2014. Available at: http://ec.europa.eu/public_opinion/archives/ebs/ebs_402_en.pdf, accessed: April 20, 2016

¹⁹ Source: ibid.

especially self-employment and so-called work agreements, are used for under-reported income. The data on income distribution of young people under 26 years of age shows an unusual increase around the income threshold for mandatory social contributions (159 EUR) after their introduction in 2014. According to the study, this finding suggests the existence of cash-in hand payments of the difference between agreed and formally declared wages.²⁰

1.3. People at risk of poverty or social exclusion

The share of people at **risk of poverty** has been stable, fluctuating around 20%, in the late 2000's and early 2010's, **declining to 18.4% in 2014**. The most vulnerable group are **children**, and particularly those in **jobless households**, who face a higher risk of poverty compared to the aggregate population.²¹ Almost **60% of all unemployed** in Slovakia were at risk of poverty in 2014; however, that is less than the EU average of 66.7% (Table 1). Based on the EU SILC data, the **Gini coefficient** measured for equivalised disposable income is relatively low in Slovakia at 26.1 in 2014, compared to an EU average of 30.9. This is similar to Belgium (25.9) and the Netherlands (26.2), and only slightly higher than in the Member States with the lowest inequality levels: Slovenia (25.0), Czech Republic (25.1), and Sweden (25.4). Redistribution policies play an important role, as the corresponding figure for equivalised disposable income before social transfers and pensions is 42.8.²²

Table 1: Percentage of people at risk of poverty in Slovakia

In %	2008	2009	2010	2011	2012	2013	2014
Total population	20.6	19.6	20.6	20.6	20.5	19.8	18.4
Total 18+	19.7	18.6	19.6	19.6	19.3	18.4	17.3
Employed persons 18+	12.4	11.3	11.1	11.3	11.0	10.5	9.7
Unemployed persons 18+	56.4	63.4	57.7	58.2	55.7	54.9	58.0

Source: Eurostat

1.3.1. Roma population

The **Roma population** in Slovakia is **one of the most disadvantaged groups** in the labour market, and, in addition, a population with a severe lack of data regarding their economic integration (Kahanec 2014). Data from the 2005 census reported a population of about 98,000 Roma in Slovakia, although unofficial (and more realistic) estimates range between 320,000 and 380,000 people (ibid.); and according to UNDP (2014) the most recent estimate is 402,840 people (about 7.4% of total population).²³ **Unemployment gaps between Roma and non-Roma population** are particularly **high for young women**, as well as those at an economically productive age, for whom the unemployment rates reach 78% and 79%, respectively (Figure 4). The **segmentation of labour markets** along Roma and non-Roma ethnic lines results in poverty, social exclusion, and lower

²⁰ Source: Inštitút finančnej politiky (2014) Unemployment in Slovakia.

²¹ Source: European Commission (2016) Country Report Slovakia 2016

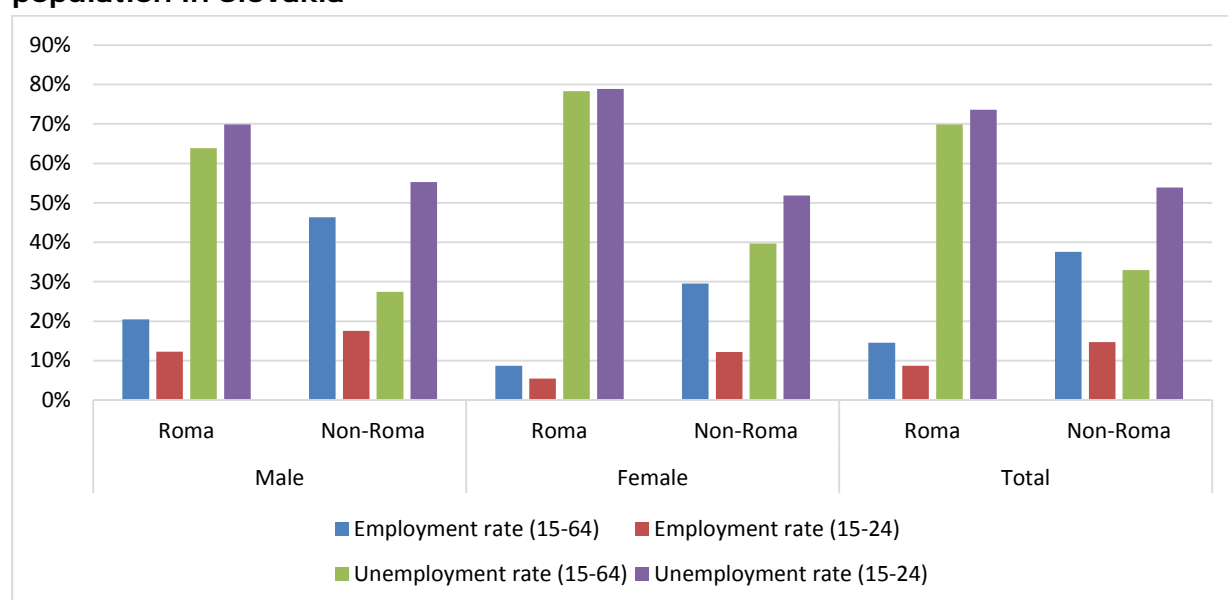
²² Gini coefficient ranges from 0 to 100, where 0 represents perfect equality in a society and 100 represents the maximum level of inequality, 2014; Source: Eurostat, EU-SILC.

²³ Source: UNDP (2014) ATLAS rómskych komunit na Slovensku 2013. Available at: http://www.minv.sk/?atlas_2013&subor=203148, accessed: April 24, 2016

labour market status for the Roma, which, in turn, undermines the economic potential of some of Slovakia's poorest regions, where the Roma are concentrated (Kahanec 2014; Mýtna Kureková 2015).

The **key factors behind labour market gaps** between Roma and non-Roma populations are low educational attainment and qualification, and widespread barriers to, including outright discrimination in, access to education, housing, health care and the labour market (Kahanec 2014; IFP 2014). According to the estimates of IFP, the unemployment rate in Slovakia will stay high (around 12%) if the Roma labour force participation and employment do not increase. It was estimated that the aggregate unemployment rate could decline by as much as four percentage points, if Roma attained parity with the non-Roma population in terms of their employment rates.²⁴ Support for marginalised Roma communities is therefore crucial; however, with mixed results so far (see chapter 2.4.1).

Figure 4: Employment and unemployment gaps between Roma and Non-Roma population in Slovakia



Source: UNDP/WB/EC, 2011 Online at: <http://www.eurasia.undp.org/content/rbec/en/home/ourwork/sustainable-development/development-planning-and-inclusive-sustainable-growth/roma-in-central-and-southeast-europe/roma-data.html>, accessed: April 2, 2016

1.3.2. Migrant workers

Migrant workers constitute only a **small fraction of all workers** in Slovakia. According to data on employment of foreigners from March 2016, Slovakia has 27,349 foreign workers (approx. 1% of active population, of which 25% are female and 74% male, mostly low-skilled and predominantly working in the automotive sector²⁵). The vast majority of foreign workers come **from the EU/EEA area** (20,620), originating mainly from Romania (6,484 persons), The Czech Republic (3,427) and Hungary (3,104).²⁶ The rest come from third countries and only 2,954 of them have official work permit. While the employment rate is about the same among both native-born Slovaks and second-generation immigrants, the **employment rate** among first-generation immigrants is 3.2 percentage points higher than

²⁴ Source: Inštitút finančnej politiky (2014) Unemployment in Slovakia

²⁵ Source: Data from the Central Office of Labour, Social Affairs and Family (March 2016), available at: http://www.upsvar.sk/buxus/docs/statistic/cudzinci/2016/cudzinci_1603.xlsx, accessed: April 22, 2016

²⁶ Source: Data from the Central Office of Labour, Social Affairs and Family (March 2016), available at: http://www.upsvar.sk/buxus/docs/statistic/cudzinci/2016/cudzinci_1603.xlsx, accessed: April 22, 2016

among natives. The **unemployment rate** of second-generation immigrants is 3.1 percentage points lower than that of natives (Table 2).

According to the Slovak government, the official strategy for the employment of foreign workers is to fill the gaps in labour market by the **domestic workers first**. This policy grossly ignores the fundamental role of labour mobility in filling labour and skill shortages, alleviating demographic challenges, and providing for job creation.²⁷

Table 2: Employment and unemployment rates for native and immigrant workers (2014)

	Total	Native-born with native background	Native-born with mixed background and foreign background (second generation of immigrants)	Foreign-born (first generation of immigrants)
Total population 15-64 (in thousands)	3 852,7	3 748,8	73,0	30,5
Employment rate 15-64	60.7	60.7	59.7	63.9
Unemployment rate 15-64	13.2	13.3	10.2	-

Source: Eurostat

Note: Immigrants are persons with usual residence in another country than they were born, for a period at least 12 months. Second-generation immigrants refer to two different groups of immediate descendants of immigrants. The first group, with a mixed background, is defined as persons who are born in the country of interview (native born) and who have one foreign-born parent and one native-born parent. The second group, with a foreign background, is defined as persons who are native-born, with both parents being foreign-born.

²⁷ Source: Kahanec, Martin. 2013. "Labor Mobility in an Enlarged European Union", in A.F. Constant and K.F. Zimmermann (eds.), *International Handbook on the Economics of Migration*, Cheltenham: Edward Elgar, 137-152.

2. OVERVIEW ON SOCIAL AND EMPLOYMENT POLICY

KEY FINDINGS

Slovakia has implemented several reforms and changes to its social and employment policies during 2014-2016:

- The statutory minimum wage has continuously been increased every year to a gross of 405 EUR per month in 2016.
- In 2015, health insurance contributions were reduced for employees with low wages, which increased their net wages and decreased labour costs for their employers.
- Since 2014, assistance to materially deprived people has been conditioned by their active participation in public “activation works”.
- Since July 2015 Slovakia has guaranteed minimum pension for retirees with low lifetime earnings, but who have reached a certain minimum employment history threshold.
- Social partners in Slovakia focus their attention on shaping social and employment policies through the legislation at the national level.
- NGOs/CSOs lack a platform to influence social and employment policies, nevertheless, they call for better involvement of civil society in the control and implementation mechanisms.
- Slovakia has introduced several new programme priorities with a start of a new funding period for the implementation of the European Social Fund and the Fund for European Aid to the Most Deprived.

2.1. Legislation and policy on employment and labour market

2.1.1. Minimum wage

Over the past few years, Slovakia’s **national statutory minimum wage** has been **regularly adjusted** to reach, in 2016, a gross of **405 EUR per month**. The Slovak legislation stipulates six adjustment coefficients for the minimum wage according to employees’ occupational skill level. For instance, the minimum wage for specialists with Master’s degree is calculated as 1.8 times the statutory minimum wage; the highest adjustment coefficient (2.0) applies to those with a PhD degree. Social partners have different views on minimum wage - trade unions and centre-left political parties promote it as a tool to increase the income of the working poor and reduce income inequality, while centre-right parties and employers’ associations criticise it as an obstacle to job creation (Kahanec et al. 2013).

Table 3 presents average nominal wages in comparison to statutory minimum wages over the period of 2008-2016. During this period, both average and minimum wages have been growing, with the **minimum-to-average wage ratio increasing somewhat**. Only about 7% of employees with a standard, full-time employment contract earn a gross wage in the interval $\pm 5\%$ around the minimum wage, and it is more commonly earned by younger

people (11-12%), employees in Eastern Slovakia (Prešov Region, 9%), and in the accommodation and food services sector (26%).²⁸

The minimum wage is a **core topic for social dialogue** at the national, tripartite level. If social partners reach an agreement, they propose a new minimum wage to the government, which typically accepts the proposal (although it is not obliged to do so). Act No. 663/2007 on the minimum wage stipulates an **adjustment mechanism for the minimum wage should social partners not reach an agreement**; as a result, social partners behave strategically and consider “no agreement” as a viable, often preferable strategic option. As a consequence, since several years, the minimum wage has been adjusted according to the adjustment mechanism stipulated by the law.

Wages are negotiated by social partners at the sector or company level, or individually by employees and employers. In the public sector, wage adjustments are negotiated at the tripartite level, and separately for civil service and public service.

Table 3: Wages in Slovakia, EUR

	2008	2009	2009	2011	2012	2013	2014	2015	2016
Average nominal wage	723	745	769	786	805	824	858	883	-
Statutory minimum wage	269	295	308	317	327	338	352	380	405
Minimum-average wage ratio	0.37	0.40	0.40	0.40	0.41	0.41	0.41	0.43	-

Source: Statistical Office of the Slovak Republic

The concept of a **living wage**, recognised by the International Labour Office (ILO) as a basic human right, aims to ensure that wages meet the basic needs of workers. In Slovakia, the minimum subsistence level for an individual is set at 198.09 EUR/month (since July 2014) and the **national poverty line** sits at 341 EUR/month. However, according to the WageIndicator²⁹ that collects data on living wages around the world, the living wage for an individual in Slovakia is much higher, calculated between 489-589 EUR/month. Living wage is also higher than the statutory minimum wage

Table 4). As the WageIndicator data better matches the actual prices and expenditures by individuals and households, the discrepancy between actual wages some people earn and living wages is worrying.

²⁸ Source: Inštitút finančnej politiky (2016), Malý vplyv zvyšovania minimálnej mzdy na nezamestnanosť, available at: http://www.finance.gov.sk/Components/CategoryDocuments/s_LoadDocument.aspx?categoryId=10571&documentId=14129, accessed: April 21, 2016.

²⁹ See WageIndicator at: <http://www.wageindicator.org/main/salary/living-wage>, Accessed: March 30, 2016

Table 4: Living Wage in Slovakia (2016)

Individual	EUR per month	
	Min	Max
World Bank Poverty Line	33	-
National Poverty Line	341	-
Statutory Minimum Wage	405	405
Living Wage	489	589
Family (2+2)		
World Bank Poverty Line	113	-
Living Wage	853	1070

Source: WageIndicator.org, Living Wage Map, available: <http://www.wageindicator.org/main/salary/living-wage/living-wage-map>, accessed: April 6, 2016

Note: WageIndicator defines the living wage as “the amount of money sufficient to cover food expenses, accommodation costs, transportation expenses and other expenses together with a provision for unexpected events.” (WageIndicator Living Wages Methodological Note 2014). For more information see: http://www.wageindicator.org/documents/publicationslist/publications-2014/141110-Living-Wage-Method_FINAL.pdf, accessed: April 6, 2016.

2.1.2. Social contributions and transfers

Employers in Slovakia are obliged to pay mandatory social contributions to the social security system for every employee (Table 5). **Self-employed** workers are responsible for their own contributions to the social security system. The latter generally contribute only the legally stipulated **minimum payments** (87% of all self-employed contributed only the minimum in the early 2010s).³⁰ As a consequence, they may be **at risk of receiving a low pension** (approx. half of the pension of an employee with an average wage) upon retirement.

Until 2013, employers were not obliged to pay social contributions for the most common forms of flexible employment, agreements on ‘**work performed outside an employment relationship**’. While popular among employers and employees (and often used as a substitute for regular contracts), they provided only a minimum level of social protection for employees. Since 2013, obligatory social security and health insurance deductions were introduced even for such agreements, which resulted in a drop of their usage.

Another important change to social contributions was an amendment to the Act no. 580/2004 on Health Insurance, valid since January 2015, which **lowered employers’ health insurance contributions for workers with low wages**, thus decreasing labour costs for employers and increasing the net wage of low-earners. The measure was introduced as a response to a criticism that Slovakia had a relatively high **tax wedge for**

³⁰ Source: Kahanec et al. 2013

low-earners.³¹ Table 5 summarises social contribution rates for different kinds of employment contracts.

Table 5: Social contributions according to different types of contracts, in %

Social contribution	Standard employment contract	Agreements on temporary jobs for students	Agreement contracts	
			With regular income	With irregular income
Employee	13.4	7.0	13.4	11.0
Employer	35.2	22.8	35.2	32.28

Source: Eurofound 2015

2.2. Legislation on social protection and social inclusion

2.2.1. Unemployment benefits and allowances in material deprivation

Following the objectives of the Europe 2020 Strategy in poverty eradication, the Slovak government committed itself to reduce the share of people at **risk of poverty or social exclusion** to 17% by 2020.³² The **measures to promote social inclusion** focus on fighting unemployment, creating new tools to help people in material need, improving the quality of social services, and ensuring measures for child care support in the labour market context.

The relatively **high level of social benefits** in Slovakia, especially unemployment benefits, **reduces inequality and poverty**, but provides **lesser incentives to work**, and does not stimulate active job searching (Kureková 2013; Kahanec et al. 2013). However, Slovakia has **strict eligibility criteria for unemployment benefits**, with the longest required period of insurance contributions prior to unemployment in the whole EU (at least two years of contributions in last 3 years for standard contract, 4 years for fixed-term contract).³³

One of the measures to combat unemployment, especially long-term unemployment, was the 2013 change in regulations of assistance in material deprivation. As part of increased attention to active labour market policies, Act no. 417/2013 on Material Need Assistance (effective since July 2014), **conditioned allowances in material need by participation in public activation works** for at least 32 hours per month. Chapter 3.2 outlines in greater detail the current reforms in social-benefit system, including further measures for poverty reduction.

2.2.2. Pension system

The former PAYG (pay-as-you-go) pension system was changed to a **three-pillar system** in 2003, with the **mandatory first pillar being pay-as-you-go, the second pillar based on individual accounts, and the third being for voluntary pension savings**. Young people up to 35 year old can decide whether they join the second pillar or stay only in the first pillar. In case a worker is in both the first and second pillars, contributions to pension insurance are equally split and amount to 9% (Kahanec et al. 2013). Once joined,

³¹ See European Commission (2016) Country Report Slovakia 2016

³² Source: Ministry of Finance of the Slovak Republic (2015) National Reform Programme of the Slovak Republic 2015, Available at: http://ec.europa.eu/europe2020/pdf/csr2015/nrp2015_slovakia_en.pdf, accessed: April 7

³³ Source: European Commission (2016) Country Report Slovakia 2016

it is not possible to quit the second pillar. Nevertheless, the Slovak government temporarily opened the second pillar in 2015 for the fourth time since its creation; as a consequence, more than 160,000 clients left the pillar.³⁴ In addition, since July 2015, a **minimum pension was introduced**. A person with 30 or more years of pension insurance will receive a pension calculated at 1.36 times the minimum subsistence level, which equals to 269.50 EUR in 2015-2016.³⁵ A year only counts towards the minimum of 30 years of pension insurance if the worker earned at least 24.1% of the annual average wage in that year. Unfortunately, this **excludes some of the poorest and most severely socially excluded workers** from attaining the minimum pension regulation.

The statutory retirement age in Slovakia was stipulated to be 62 years for both men and women in 2004. However, this regulation only concerns men born in 1946 or later, and women born in 1962 or later. For women born before 1962 a lowered statutory retirement age applies based on the number of children raised. Accordingly, the statutory retirement age in Slovakia had been gradually increased since 2004 and reached 62 years for men and 58.3 years for women in 2013.³⁶ Starting in 2017, the retirement age of people born after December 31, 1954, will be linked to life expectancy (men and women taken together).³⁷

2.3. Social Dialogue structures and the role of social partners and NGOs

There are **three levels of social dialogue** in Slovakia: national, sector and company level. At the national level, representatives of employers, trade unions and the government meet at a **tripartite committee**, which serves as an **advisory body to the government**. Its recommendations are not legally binding; nonetheless, it serves as an important forum for negotiations over labour legislation, including provisions on minimum wage. **Sectoral social dialogue** is dominant and widespread in key sectors of the Slovak economy, such as the automotive, steel, electronics, chemicals, construction and transport industries (Kahancová and Sedláková 2016). Collective **bargaining coverage rate and union density rate have been declining**, reaching 24.9% and 13.3% in 2012, respectively.³⁸ In the public sector, especially in education and healthcare, the coverage rate is almost 100% (Eurofound 2009; 2011). **Extension of higher-level collective agreements *erga omnes***, i.e. without agreement of employers were possible until early 2016. However, a recent ruling of the Slovak Constitutional Court stated that such practices are unconstitutional, and for an agreement to be extended, employers need to be members of the signatory employer's association.

Social partners in Slovakia shape policies mostly through the legislation. Addressing the labour market and its increased duality, trade unions seek ways to **prevent precarious practices** and maltreatment of workers, and aim at improving working conditions for employees (Kahancová 2016). In the public sector, especially in education and healthcare, new trade unions emerged as a result of post-crisis austerity measures and the increased discontent of workers with low wages and working conditions.

Non-governmental (civil society) organisations (NGOs/CSOs) active in the area of **social and employment** issues can be divided into i) service-oriented NGOs, providing social services, such as child protection, employment of disabled people, and similar ii) advocacy NGOs, promoting social rights of vulnerable groups and iii) local volunteer

³⁴ Source: *ibid*.

³⁵ Source: Social Insurance Agency, Available at: <http://www.socpoist.sk/minimalny-dochodok/60217s>, accessed: April 5, 2016.

³⁶ Source: EC Country Report Slovakia 2016, February 2016

³⁷ Source: Social Insurance Agency in Slovakia, Available at: <http://www.socpoist.sk/dochodkovy-vek-/1286s#dochodkovy-vek>, accessed: April 25, 2016

³⁸ Source: ICTWSS, Version 5.0

organisations.³⁹ Non-governmental organisations do not join social partners in negotiations at the tripartite meetings, and thus **lack a platform for shaping social and employment policies**. Nevertheless, NGO representatives meet at the Governmental Council for Non-Governmental Organisations (established in 2012), with their agenda revolving mostly around strengthening civil society in Slovakia, the concept of a “good government” that is open and transparent, and the sustainable development of society.⁴⁰

When formulating their demands to policy makers, **social partners in Slovakia rarely directly refer to the European Semester cycle**. Instead, their attention is focused on the legislative measures within the national context. Although in that context the European Semester cycle plays only in the background, it is with a crucial role. Similarly, given the nature of the NGOs relevant in the area of social and employment policies, their agenda touches upon the European Semester cycle only marginally. Nevertheless, the Slovak **NGOs are calling for better cooperation with the government** regarding the handling of European Funds. By the end of 2016, they aim to create a mechanism for the systematic promotion of effective partnership of civil society in monitoring, controlling, and evaluating the implementations of the Operational Programmes of the European Structural and Investment Funds during the new 2014 – 2020 period.⁴¹

2.4. Implementation of the European Social Fund and the Fund for European Aid to the Most Deprived

The European Commission in its report from 2015⁴² has criticised Slovakia on its **low uptake rates of the EU Funds** hindered by the weak governance and poor project design, problems with corruption, and inadequately long and unclear rules for procurement procedures. In 2014, the **absorption rate** of the programming period 2007-2013 was around 60 %. The extension of the N+2 rule for Slovakia to N+3 improved the uptake of funds, so that at the beginning of 2016, more than 92 % of the allocation had been spent.⁴³ Nevertheless, the quality of the projects, corruption prevention and improvement of public procurement procedure remain to be solved continuously in the current programming period.

The European Social Fund (ESF) expenditures in Slovakia aim at improving several areas of the labour market: the employment of young people, their education and training opportunities, increased support for marginalised and vulnerable groups (especially marginalised Roma communities), and improved quality of public administration.⁴⁴ For the **funding period of 2014-2020**, a new “**Operational Program Human Resources**” defined **six priority axes** in line with the Europe 2020 Strategy: 1) education, 2) youth employment initiative, 3) employment, 4) social inclusion, 5) integration of marginalised Roma communities, and 6) technical facilities in communities with a presence of marginalised Roma communities.⁴⁵ The **Fund for European Aid to the Most Deprived**,

³⁹ Source: Bútorá et al. 2011

⁴⁰ Source: Meeting notes of the Governmental Council for Non-Governmental Organizations (10.12.2015), Available: http://www.minv.sk/swift_data/source/rozvoj_obcianskej_spolocnosti/rada_vlady_pre_mno/rokovani_a/2015/10_rokovanie/RV-MNO_10_zapisnica_10-12-2015.pdf, accessed: April 24, 2016

⁴¹ Source: *ibid.*

⁴² Source: Council Recommendation, Available at: http://ec.europa.eu/europe2020/pdf/csr2015/csr2015_council_slovakia_en.pdf, accessed: April 3, 2016

⁴³ Source: EUROFONDY: Čerpanie peňazí EÚ z obdobia 2007-2013 presiahlo 92 %, Available at: <http://epi2.epi.sk/Main/Default.aspx?Template=~ /Main/TPrintWithHeader.ascx&phContent=~ %2FMain%2FArticleShow.ascx&CatID=2&ArtID=53739>, accessed: April 10, 2016

⁴⁴ Source: EC, European Social Fund, available at: <http://ec.europa.eu/esf/main.jsp?catId=397&langId=en>, accessed: April 7, 2016

⁴⁵ Source: MoLSAF, Operational Programme Human Resources for the Programming Period of 2014-2020, available at: https://www.employment.gov.sk/files/slovensky/esf/op-ludske-zdroje/op-hr_en-version-final.pdf, accessed: April 8, 2016

adopted in December 2014 for the programming period 2014-2020, complements the ESF and provides material assistance to the most deprived in Slovakia.

2.4.1. Support for marginalised Roma communities

Based on results from several evaluation reports, **Slovakia ranked as one of the worst performing EU Member States in terms of allocation of ESF funds towards social inclusion of the Roma in the 2007-2013 funding period** (Kostka 2015). In addition, a UNDP study (2012) argued that a cost-benefit evaluation of ESF spending was not facilitated in Slovakia. Ineffective use of funds was also heavily criticised by European Commission representatives (ibid.). How to improve social inclusion of marginalised Roma by means of tangible results of projects supported by the ESF remains a serious challenge for Slovakia also during the 2014-2020 programming period.

Two priority axes of the new **“Operational Program Human Resources”** for the programming period of 2014-2020 address Roma communities. Activities within Axis 5 (“Integration of marginalised Roma communities”) plan to **integrate marginalised Roma communities** through enhancing their educational level, financial literacy and employability, as well as through the improvement of their access to health care. The objectives of Axis 6 (“Technical facilities in municipalities with a presence of marginalised Roma communities”) include improved housing conditions, access to quality education and social infrastructure.⁴⁶

The National Reform Programme (NRP)⁴⁷ for 2015 describes field work as a significant tool to support the integration of vulnerable groups. The NRP delineates Slovakia’s intent to continue its field-work activities. As an example of Roma inclusion initiatives carried out with the support of the ESF, from January 2014 to November 2015, the national project **“Community Centres”** (with a budget of 17 million EUR) covered mainly by EU funds, was completed. The project aspired to **support 30,000 Roma in 120 marginalised communities** through work in Community Centres. According to its evaluation report, 168 community centres have been established that covered 28,737 people.⁴⁸ The report, however, lacks evaluation of the program regarding its long-term outcomes.

2.4.2. Support for young people

Employment of the youth is addressed within the Operational Program Human Resources in its priority axes **“Youth Employment Initiative”**.⁴⁹ In addition to changes in vocational training (see section 3.1), Slovakia introduced subsidies for student’s/graduate’s first regularly paid jobs to enhance job creation for young people as part of the **National Youth Guarantee Implementation Plan**. The measure became effective as of January 2015, by means of an amendment to the Act on Employment. Aimed at young people (below 29 years old) who have not had any previous regular job experience, employers can receive **subsidies for creating a job** for a period of six to twelve months. Subsidies are financed from a special EU budget chapter (specific allocation for the YEI) and from the national allocation of European Social Fund.⁵⁰ According to the EC document from March 2016,

⁴⁶ Source: ibid.

⁴⁷ Source: National Reform Programme of the Slovak Republic 2015, available at: http://ec.europa.eu/europe2020/pdf/csr2015/nrp2015_slovakia_en.pdf, accessed: April 7, 2016

⁴⁸ Source: Rosinský et al. (2015) *Evaluačná správa: Národný projekt Komunitné centrá*, Available: https://www.ia.gov.sk/data/files/np_kc/Dokumenty/V_stupy/Evaluacna_sprava_november_NP_KC_fin.pdf, accessed: April 6, 2016

⁴⁹ See again Operational Programme Human Resources for the Programming Period of 2014-2020, available at: https://www.employment.gov.sk/files/slovensky/esf/op-ludske-zdroje/op-hr_en-version-final.pdf

⁵⁰ Source: National Reform Programme of the Slovak Republic 2015

which evaluates Youth Guarantee's implementation, this initiative has reached out to about 132,500 young people in Slovakia by the end of 2015.⁵¹

2.4.3. Support in food and material deprivation

In December 2014, Slovakia approved an operational program for the **Fund for European Aid to the Most Deprived**, managed by the Ministry of Labour, Social Affairs and Family (MoLSAF). Under the program, the Central Office of Labour, Social Affairs and Family (COLSAF) will administer **aid to the most deprived** in the period 2014-2020 by means of four actions:

- **Action 1.** Providing food packages with accompanying measures as a tool to resolve the food deprivation
- **Action 2.** Providing hot meals with accompanying measures as a tool to resolve the food deprivation
- **Action 3.** Support for the distribution of donated food
- **Action 4.** Providing hygienic packages with accompanying measures (such as advice on hygiene education, practices, training for prevention of spread of diseases, etc.) as a tool to resolve the material deprivation⁵²

The expected time of aid distribution of Action 1 and Action 4 was set to be in the first quarter of 2016. For Actions 2 and 3, in February 2016 the Central Office of Labour published an open call for providers via public procurement.⁵³

⁵¹ Source: European Commission, Youth Guarantee country by country, Slovakia, March 2016. Available at: <http://ec.europa.eu/social/BlobServlet?docId=13659&langId=en>, accessed: April 7, 2016

⁵² Source: MoLSAF, available at: http://www.upsvar.sk/buxus/generate_page.php?page_id=530818&lang=en, accessed: April 7, 2016

⁵³ Ibid.

3. CURRENT ISSUES IN EMPLOYMENT AND SOCIAL AFFAIRS

KEY FINDINGS

- Structural gaps and skill mismatches hinder the Slovak labour market.
- Whereas the educational system is developed and institutionalised, it suffers from the prevalent paradigm of the focus on memorizing and reproduction of knowledge instead of innovation, creativity, adaptability, and practical orientation on labour market needs, which hampers labour flexibility.
- Vocational education and training has a large and comprehensive base; however, it lacks work-based learning and close cooperation with industrial partners. Some efforts have been made to address these issues, with limited success.
- It remains unclear to what extent the Youth Guarantee will help to address the imminent risks related to problematic school-to-work transition, and whether any of its potential adverse effects on human capital investment will materialise.
- Concurrent receipt of income from employment and social benefits, combined with an increase of the minimum wage, has a potentially beneficial effect on the employment prospects of the low skilled. The same holds for payroll-tax deductibles and exemptions for this group.
- Most efforts in the area of public employment services have been directed towards a more efficient and effective institutional and administrative framework.
- Several initiatives aim at the reconciliation of work and family life, mainly targeting the provision of childcare facilities. No progress has been achieved in terms of more gender-neutral provisions for fathers and mothers.
- Recent regulation of services and performance contracts (on work performed outside a regular employment relationship) hampers employment of marginal workers.
- Labour market segmentation is both a consequence and a cause (through segmented housing market) of limited labour mobility.
- Although poverty rates are relatively low in Slovakia, the living wage (EUR 489-589) is above the minimum wage (EUR 405).
- Although a comprehensive monitoring and evaluation framework is still missing, a recently proposed concept 'Value for Money' has been adopted in the Program Declaration of the current Government.

The **2015 Country-Specific Recommendations** (CSRs) for Slovakia specified four areas for improvement. Regarding the **social and employment situation**, CSRs advised to

"take additional measures to **address long term unemployment** by improving activation measures, second chance education and introducing high-quality training tailored to individuals' needs. **Improve the incentives for women** to remain in or return to employment by improving the provision of childcare facilities."⁵⁴

⁵⁴ Source: Council Recommendation, Available at: http://ec.europa.eu/europe2020/pdf/csr2015/csr2015_council_slovakia_en.pdf, accessed: April 3, 2016

According to the EC's evaluation report⁵⁵, Slovakia has made limited progress in addressing the areas mentioned in CSR.

3.1. Education, skills and life-long-learning

Education and its strengths and weaknesses are central to many debates about the Slovak labour market and related issues, such as human capital formation, skill-mismatches, or labour mobility. Although **Slovakia spends about 5% of its GDP on education** (public expenditures), which is in line with the EU average, 28.2, 27.5, 26.9% of 15 year-olds underachieve in reading, maths, and science, respectively. The corresponding figures for the EU are 17.8, 22.1, and 16.6%, respectively.⁵⁶

Although **vocational education and training** has a long tradition, and Slovakia boasts one of the highest shares of vocational students in upper secondary education in OECD, it **lacks work-based learning**, its instructors lack industry experience, it needs to upgrade its approach to students at risk of exclusion, a monitoring and evaluation framework is missing, and the curricula need to be upgraded.⁵⁷ Act no. 61/2015 on vocational education and training, effective as of April 2015, aims to facilitate smooth **transition of students from secondary vocational schools to jobs**, and thereby reduce the risk of youth unemployment.⁵⁸ It provides a regulatory framework for students to attend practical training directly at the employer, specifying requirements for a contract between employer and school, as well as for a training contract between student and employer. It **incentivises employers to engage in dual education**, allowing those that do so to decrease their tax base by EUR 3,200 per student per academic year (EUR 1,600 for a shorter duration). It has been implemented with some success: in the academic year 2015/16 422 students participated, spending half of their study as trainees in one of the 89 participating firms. For 2016/17 298 additional employers, which offered 2,763 places for students in the system of dual education, have been certified. However, the program was not met with much demand from potential participants, and so a marketing campaign is planned for 2016 to address this issue.⁵⁹ A fundamental problem is the lack of a monitoring and evaluation framework that would measure whether and to what extent the program helps to place students in the labour market.

Slovakia, for the most part, welcomed the **Youth Guarantee**, which was seen as a promising tool to potentially **reduce the incidence of NEET among youth**. This policy essentially guarantees that all young people under 25 get an adequate, concrete offer - a job, apprenticeship, traineeship, or continued education - within four months of becoming unemployed or leaving formal education. As this applies regardless of their decisions about how much and what subjects to study, some commentators expressed concerns about the potentially detrimental effects of the Youth Guarantee on the incentives of young people to invest in their human capital or specialise in skills that are in demand in the labour market.

Lacking life-long learning is a persistent challenge in Slovakia. Act no. 568/2009 established an **Informational system for life-long learning**, and the **National**

⁵⁵ Source: European Commission (2016) Country Report Slovakia 2016

⁵⁶ Source: European Commission (2015) Education and Training Monitor 2015: Slovakia, Available at: http://ec.europa.eu/education/tools/docs/2015/monitor2015-slovakia_en.pdf, accessed : April 7, 2016

⁵⁷ OECD (2016) A Skills Beyond School: Review of the Slovak Republic, Available at: http://www.keepeek.com/Digital-Asset-Management/oecd/education/a-skills-beyond-school-review-of-the-slovak-republic_9789264233348-en#page13, accessed: April 15, 2016

⁵⁸ Available at: <http://www.rsoy.sk/dokumenty/zakony/15-z061.pdf> (in Slovak), accessed: April 2, 2016

⁵⁹ European Commission, Youth Guarantee country by country, Slovakia, March 2016. Available at: <http://ec.europa.eu/social/BlobServlet?docId=13659&langId=en>, accessed : April 7, 2016

Institute for Life-long Learning was established in 2010, but only 3% of adults (25-64) participate in life-long learning, compared to the 10.7% EU average.⁶⁰

3.2. Reforms in social-benefit system

Several reforms to the social-benefit system have been implemented in 2015-2016. To incentivise long-term unemployed or inactive people to seek employment, an amendment to the Act on Assistance in Material Need effective as of January 2015 provides for **concurrent receipt of income from employment and social benefits**. In particular, it stipulates that people who individually or as household members remain in the system of assistance in material need and find employment are entitled to temporarily continue receiving assistance in material need alongside the wage. Specifically, during the first six months of employment such workers continue receiving an extraordinary contribution of EUR 126.44; the amount decreases to EUR 63.07 in the following six months.⁶¹ This policy **reduces the disincentivising effect** that losing entitlement to assistance in material need upon starting an employment entails.

Another incentivizing effect on **low-paid workers** comes from the introduction of a **payroll-tax deductible**, which in conjunction with an increased minimum wage increases their net wage (by EUR 32, and above the poverty line, for minimum wage earners). As this new deductible also applies to payroll-taxes paid by employers, it in fact compensated for the effect of the contemporaneous increase in the minimum wage on employers' costs of labour. Hence, the potentially detrimental effects of the increase in the minimum wage on employment of low-pay workers were mitigated. The deductible gradually decreases with wage, such that an extra EUR reduces the deductible by EUR 2. As a result, the entitlement ceases to apply above the wage exceeding EUR 570 per month, or EUR 6,840 per year. According to the IFP this instrument positively affected the income of about 600,000 employees.

Another instrument to foster **employment of long-term unemployed** is the **payroll tax exemption** (including social and health contributions but excepting (much lower) accident and guarantee insurance⁶²) for one year and the maximum of 67% of the average wage two years back. In 2014 only 2,877 workers benefited from this instrument, which was much below the expectations. A similar exemption was introduced in December 2015 for those from **least developed regions** if they have been unemployed for at least six months. For 12 months the employers of such workers are exempt from social and health contributions (but need to pay accident and guarantee insurance) for twelve months. While these cost-reducing strategies may be helpful in the short run, enabling strategies oriented on human capital accumulation are key to success in the long run. Additionally, whereas during the duration of these exemptions workers remain insured by the state as concerns their health insurance, their sickness, pension and unemployment insurance contributions are not paid. As a result, they are not entitled to unemployment or sickness benefits, and the period of exemptions does not count towards their pension entitlements.

3.3. Public employment services

The assessment report of the 2015 country-specific recommendations for Slovakia pointed out the limited progress in the capacity of the **public employment services (PES)** in Slovakia to **provide personalised services to the most vulnerable groups** such as

⁶⁰ Source: European Commission (2015) Education and Training Monitor 2015: Slovakia, Available at: http://ec.europa.eu/education/tools/docs/2015/monitor2015-slovakia_en.pdf, accessed: April 7, 2016

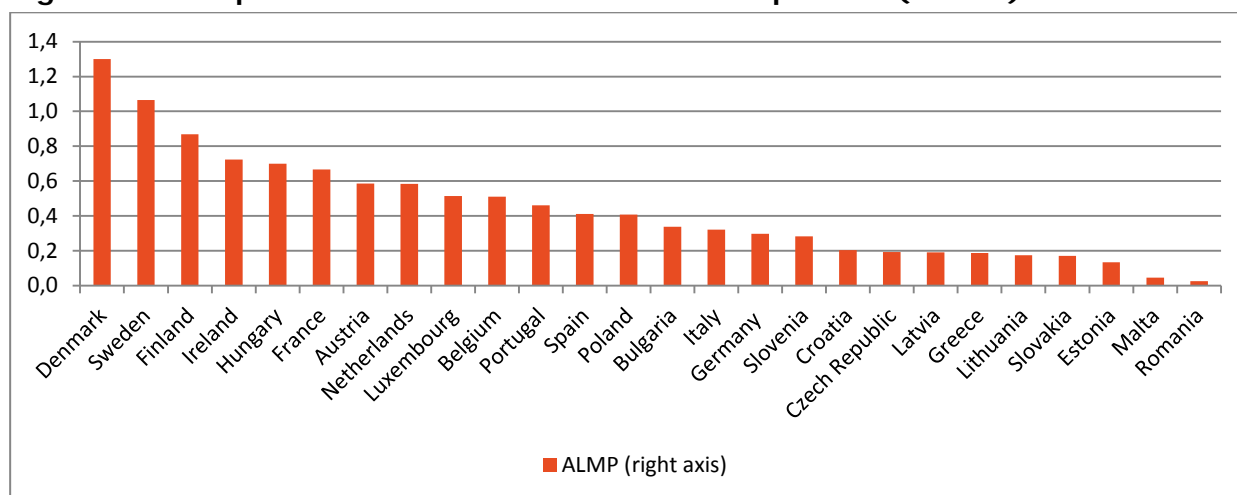
⁶¹ Source: National reform Programme of the Slovak Republic 2015, available at: http://ec.europa.eu/europe2020/pdf/csr2015/nrp2015_slovakia_en.pdf, accessed: April 7, 2016

⁶² Guarantee insurance insures employees for the case of employer's insolvency to fulfil its obligations to the employees.

long-term unemployed, low-skilled workers and Roma.⁶³ An OECD report of 2013 “Slovak Republic: Fostering an inclusive job-rich recovery” **recommended to focus ALMPs on unsubsidised hiring**.⁶⁴

In general the **ALMP reform of May 2013** aimed at increasing the efficiency of the administration and implementation of ALMPs. It enabled the providers to tailor the service to individual needs, and provide information and professional counselling with a special focus on disadvantaged workers. As Figure 5 shows, among EU Member States **Slovakia spends one of the smallest amounts (in relation to GDP) on ALMPs**. Figure 6 documents that this is a persistent pattern, with ALMPs responding to the business cycle somewhat, but returning to the 2005 level by 2013. In fact, we observe relatively more pronounced adjustment for passive labour market policies (PLMPs) during the Great Recession.

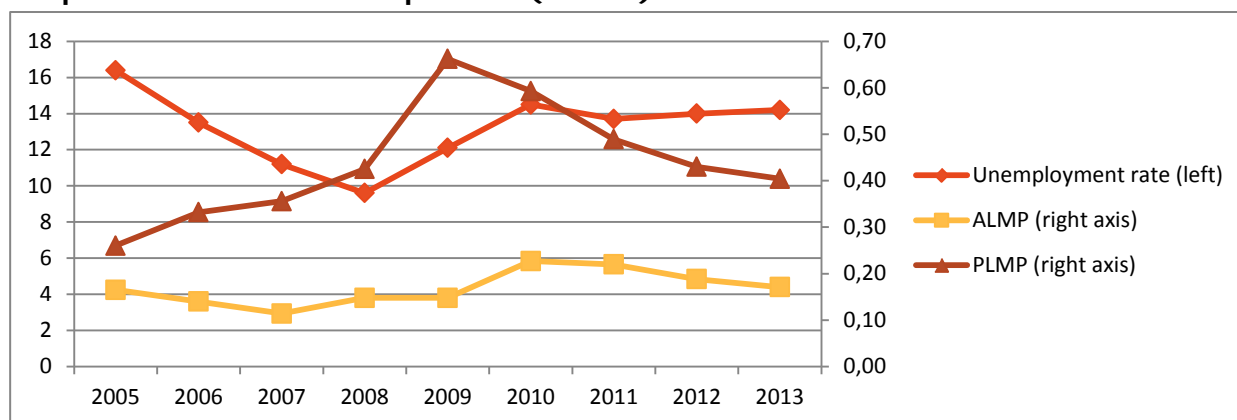
Figure 5: Expenditures on active labour market policies (ALMPs) in the EU



Source: Eurostat, LMP database

Note: Expenditures on active labour market policies (ALMPs) as a percentage of gross domestic product (GDP), 2013. ALMPs include categories 1-7 in the LMP database. No data available for the United Kingdom and Cyprus.

Figure 6: Comparison of expenditures on active labour market policies (ALMPs) vs. passive labour market policies (PLMPs) in Slovakia



Source: Eurostat

Note: Expenditures on active labour market policies (ALMPs) and passive labour market policies (PLMPs) as a percentage of gross domestic product (GDP). ALMPs include categories 1-7 in the LMP database, PLMP includes categories 8-9 in the LMP database. The unemployment rate is the number of people unemployed as a percentage of the labour force.

⁶³ Source: European Commission (2016) Country Report Slovakia 2016

⁶⁴ Available at : http://www.keepeek.com/Digital-Asset-Management/oecd/economics/slovak-republic-fostering-an-inclusive-job-rich-recovery_9789264201637-en#page1, accessed: April 11, 2016

Activation Centres were created in response to the Act on Assistance in Material Need in 2014. At the costs of approximately EUR 9 million, the Central Office of Labour, Social Affairs and Family (COLSAF) hired **840 field workers to cooperate with benefit recipients**.

A system of evaluation of the effectiveness and efficiency of ALMPs was established, including provisions for the development of an evaluation methodology and a dedicated information system. Given that COLSAF/MoLSAF have very limited analytical capacity, however, the effectiveness of the system remains questionable.

The **administrative reform known under the acronym ESO (Effective, Reliable and Open state administration)** integrated the COLSAF Directorate-General and labour office branches, which provided for a **more effective and efficient administration** of labour market policies, more efficient allocation of personnel across and within labour offices, and harmonisation of their organisational structure. This enabled the authorities to streamline horizontal processes and establish and reinforce points of first contact at labour offices. These reforms lowered the number of clients per contact personnel by two thirds (from 566 before the reform to 189 by the end of 2015). The number of clients per advisor (specialised personnel) remains high at 2,280, however.

Improvements to the system of public employment services are planned, including a personnel reinforcement of the points of first contact to reduce the number of clients per administrator. The implementation of a three-pillar system, covering employment services, professional services, and administration of labour offices is also planned and should be created by 2020. **Strengthening of analytical and prognostic capacity**, an expert management and implementation system, as well as a monitoring and evaluation framework and facilitating provision of competitive wages based on performance indicators are planned, too.⁶⁵

3.4. Reducing barriers to female labour force participation

Reconciliation of work and family life remains a significant challenge for families. As shown in Section 1.2.1, women's employment rates are low compared to Slovak men but also to their female colleagues in the EU. Some efforts have been made to address this issue.

Maternity benefits increased from 65% to 70% of the assessment basis as of January 2016. At the present level of payroll taxes, this increase resulted in an **average replacement rate of net wage** at about 90%. The direct beneficiaries are the parents who have been employed and had health insurance before starting their maternity leave; however, some of the most vulnerable groups, such as those in socially excluded communities, are left behind.

Any one of the parents of a child up to three years of age is entitled to **parental leave**, receiving a flat payment of EUR 203.20 per month (2016). Alternatively, if the child attends a licensed child-care facility, parents can receive a somewhat higher **child raising benefit**.

As of January 2016 the maximum support the state contributes to parents to cover the **costs of child-care facilities (child raising benefits) increased** by EUR 50, to EUR 280. The administrative burden of this type of support has been reduced, too.

Parental leave and the other family-related provisions are generally gender neutral per se. However, a relatively long duration of parental leave and low maternity benefits (in relation to the assessment basis) interact with gender pay gap, lack of accessible child-care

⁶⁵ Source: National reform Programme of the Slovak Republic 2015, available at: http://ec.europa.eu/europe2020/pdf/csr2015/nrp2015_slovakia_en.pdf, accessed: April 7, 2016

facilities, and social contexts characterized by gendered roles of males and females in work and family life. As a result, these provisions may exacerbate **gendered patterns of labour market outcomes**. Besides increasing maternity benefits by 5 percentage points to 70% of the assessment basis, little progress has been made in ensuring more equal **participation of men and women in family-related provisions**. To illustrate, men constitute just 1% of the recipients of parental-leave benefits.⁶⁶

As of October 2015, the programme “**Family and Work**” financed by ESF aiming to **support the employment of working mothers with children** helped 1,329 individuals to find a job with flexible working time and supported the creation of 33 day-care centres at employers. The programme will continue in the new programming period.

Additional funds of EUR 15 million have been allocated to **expand the capacity of nursery schools** by 234 classes, resulting in the total additional capacity of 5,000 children. Relatively large funds have been allocated through the Integrated Regional Operational Programme (EUR 79.8 million, ERDF) and operational programme Human Resources Development (EUR 58 million, ESF) to the expansion of the capacity of existing nursery schools, including in the regions with marginalised communities. It is planned to continue these programmes.

3.5. Addressing labour market duality

Labour market duality is a persistent issue in Slovakia. Similarly to other EU countries, the crisis-induced changes resulted in **an increased use of flexible forms of employment** and enhanced labour market dualisation in Slovakia (Kahancová 2016). The share of **temporary workers has been increasing** in Slovakia, accompanied by the rise of involuntary part-time work, which exceeds the EU average. More than 87% of workers in 2014 claimed that they stay in temporary jobs because they were unable to find permanent job (ibid.). Out of other flexible forms, temporary agency work and self-employment have been gaining importance.

In 2013, OECD recommended to remove disincentives to take up part-time work and thus enhance youth employment.⁶⁷ Nevertheless, no specific policies targeting part-time employment of young workers have been implemented. On the other hand, as of January 2013, **social and health-related payroll taxes have been levied on services and performance contracts** on work performed outside a regular employment relationship (except for students and recipients of pensions), which had been subject to only accident and guarantee insurance until then, and which are popular especially among young people (see section 2.1.2). Whereas this policy may increase tax revenues and provide for horizontal equity across all types of work contracts, the employment of young people especially may be adversely affected.

To address **duality of the labour market**, a 2013 amendment of the Labour Code stipulated that **fixed-term contracts** can be prolonged at most two times within two years. Although the intention was to push employers to provide open-ended contracts after two prolongations, in reality many employers have found ways how to circumvent this regulation. In another effort, following EC Directive 2008/104/EC, the Act on Employment Services has been amended in 2013 and introduced new regulations on **temporary work agencies**. As of March 2015, the Labour Code stipulates that temporary agency workers can be hired for at most 24 months, and within the 24-month period their assignments can be prolonged at most four times. Another regulation introduced by the same amendment of

⁶⁶ European Parliament (2015), Maternity, paternity and parental leave: Data related to duration and compensation rates in the European Union.

⁶⁷ Source: OECD (2013), Slovak Republic: Fostering an Inclusive Job-rich Recovery

the Labour Code requires that **recipients of labour services of temporary agency workers are co-responsible** for their remuneration, should temporary agency fail to pay their wages in full (Kahancová 2016).

3.6. Labour Mobility

Geographical segmentation is a key issue for the Slovak labour market. Large differentials in terms of pay and career opportunities in the Bratislava Region and the rest of Slovakia are detrimental to social cohesion but also to economic efficiency. Although such differentials can be expected to incentivise labour mobility, the much segmented housing market severely hamper labour mobility⁶⁸ and limit the efficiency of labour and human capital distribution.

For instance, GDP per capita in the region of Bratislava is more than two times higher than the national average.⁶⁹ The economically weakest regions in the central and eastern parts of Slovakia (Prešov Region and Banská Bystrica Region) have a GDP at one third the Bratislava Region. The average wage in Bratislava is EUR 1,284 while employees in the Prešov Region in eastern Slovakia earn on average EUR 767. The average wage in Slovakia is EUR 957; however, only the region of Bratislava is above the average, while the rest of the regions report values from EUR 767 to 908 (SOSR, 2015).⁷⁰

Labour mobility could alleviate such labour market segmentation; however, **internal labour mobility** measured as the share of persons who changed residence in the whole population within the given year is very low at 1.7 per cent in 2014 (SOSR, 2014). The **main obstacle to labour mobility is that the home-ownership rate is very high** in Slovakia at about 80%. This limits the size and liquidity of rental housing market and binds owners of properties in less developed, cheaper regions, because due to credit constraints they cannot afford buying a flat or house in much more expensive regions with more abundant and lucrative employment opportunities. Whereas commuting is an option, the **majority of Slovaks are not willing to commute more than an hour daily**. The key reasons are the cost of commuting, which is not easily affordable for people with low wages, as well as the lacking public transport services, especially in deprived regions.

Several policies have been implemented to tackle the problem of low labour mobility. **The Act on social housing no. 443/2010** effective since 2010, aims to support building new capacities or reconstructing the existing ones. The Act defines the group of people eligible for social housing and also the amounts of subsidy available for social housing construction. This however aims only at the marginalised groups of people, and does not improve the problem of low mobility of the general population.

Two active labour market policies are directly aiming to increase labour mobility: **the moving allowance** and **the commuting allowance**. The commuting allowance supports those who need to commute to work and have been unemployed for at least three months. The one-off moving allowance of EUR 1,327.76 had been previously available only for those who permanently changed residence, moved more than 50 km because of a job opportunity, and have been unemployed more than 3 months. Since 2016, a change of temporary residence is sufficient, but distance is required to be more than 70 km. Another novelty is that the allowance is paid for six months at the amount of maximum EUR 250 monthly. In case of disadvantaged job seekers the duration can be extended for another six

⁶⁸ Large income differentials across regions result in large regional differentials in housing prices. As a result, urban housing is not affordable for most people from rural areas.

⁶⁹ Slovakia's GDP per capita in PPP is EUR 20,009; in Bratislava it is EUR 48,948; and in Banská Bystrica Region it is EUR 14,547 (data for 2014, source: SOSR, 2015)

⁷⁰ Data are for 2014 and are retrieved from the SOSR database of regional indicators – StatDat.

months, with the allowance of EUR 125 monthly. Nevertheless, according to the latest available statistics, only 80 people were supported in this scheme during 2014.⁷¹

International labour mobility is a relevant issue for Slovakia, with circa 120,000 Slovak citizens residing in the EU-15; some estimates put the number of Slovaks working abroad as high as 10% of the labour force.⁷² Such an outflow of workers is likely to have contributed to a lower unemployment and higher wages in the affected sectors, but unless compensated for by remittances, circular migration flows poses a threat to the sustainability of public budgets and the economic potential of Slovakia. Only about 1% of Slovakia's population are immigrants.⁷³

3.7. 'Value for Money'

Although substantial effort has been invested in policy evaluation, a comprehensive evaluation framework is still missing in Slovakia. In 2015 top officials and analysts from the Institute for Financial Policy of the Ministry of Finance and the Council for Budgetary Responsibility initiated a project under the title '**Value for Money**' aiming at a fundamental change in public policy making; namely, they proposed that **all decisions in the public sector, concerning its operations, investment, policies and regulation, need to be evaluated for their costs and benefits**. The proposal includes two types of evaluation: an ex-ante assessment by a governmental agency and ex-post evaluation by independent bodies. The authors proposed a transparent and systematic evaluation of larger projects and policy decisions, benchmarking the best practices in Slovakia and abroad, as well as a comprehensive review of expenditures. Besides a general evaluation framework, this proposal for evidence-based policy making comprises an evaluation of several concrete policy initiatives, including an evaluation of the effectiveness and efficiency of the reform better integrating the COLSAF Directorate-General and labour office branches.⁷⁴

Whereas the political elites had been initially reluctant, the proposal won professional and popular support. It gained momentum in spring 2016, when it was **included in the Program Declaration of the Government of the Slovak Republic** after the 2016 parliamentary elections. The proposal has a significant potential to affect how public policies, including employment and social policies, are selected and implemented. Besides a political backing, however, it also requires establishing sound policy monitoring and evaluation processes, building up analytical capacities, systematically involving independent research organisations, universities, and stakeholders, as well as systematization and dissemination of detailed micro and macro data for analytical and research purposes.⁷⁵

⁷¹ Source: COLSAF, Available: http://www.upsvar.sk/statistiky/aktivne-opatrenia-tp-statistiky/aktivne-opatrenia-trhu-prace-2013.html?page_id=481208, accessed: April 12, 2016

⁷² Source: Kahanec and Mýtna Kureková (2014) Did Post-Enlargement Labor Mobility Help the EU to Adjust During the Great Recession? The Case of Slovakia, Available: <http://ftp.iza.org/dp8249.pdf>, accessed: March 30, 2016

⁷³ *ibid.*

⁷⁴ The final results are not yet available (as of April 27, 2016).

⁷⁵ On April 28, 2016, the Government will discuss the institutional framework of the project within the Stability Program.

4. OVERVIEW OF PRESIDENCY PRIORITIES

KEY FINDINGS

- Slovakia will assume the six-month presidency of the Council of the European Union (SK PRES) on July 1st, 2016.
- The SK PRES, when defining its priorities within the Employment, Social Policy, Health and Consumer Affairs Council configuration (EPSCO), will mostly focus on social policy and employment issues in the context of the Labour Mobility Package, where it plans to put regulations on social security systems and the Posting of Workers Directive at the centre of attention.
- The SK PRES also states the Accessibility Act among its priorities.
- In the area of regulations on safety and health of workers, the SK PRES aims to promote revisions to the existing directive on carcinogens or mutagens (2004/37/EC).
- Priority will be given to support the continuation of the Youth Employment Initiative, and to facilitate agreement in the Council on mutual recognition of qualifications within the Agenda for New Skills and Jobs.
- In addition, it ascribes to address the issues of the marginalised Roma, the social inclusion of women and of long-term unemployment.
- The Government of the Slovak Republic will approve the final programme of the core priorities of the SK PRES in June 2016.

Slovakia will hold the Presidency of the Council of the European Union (SK PRES) in the second half of 2016. In February 2016, the National Council of the Slovak Republic approved the priorities of the Slovak EU Presidency in resolution no. 74/2016⁷⁶; the final programme is due to be approved by the end of June 2016. **The content framework of the Slovak EU Presidency rests on five priorities** as outlined by the Council in its 18-months "Trio Programme" for the Dutch, Slovak and Maltese EU Presidencies:

1) economic growth

("A Union of jobs, growth and competitiveness")

2) united digital market

("A Union of opportunities for its citizens")

3) strengthening of the Energy Union

("Towards an Energy Union with a forward-looking climate policy")

4) migration, including protection of the EU's external borders

("A Union of freedom, security and justice")

5) sustainable EU enlargement process⁷⁷

("The Union as a strong global actor")

Since the final programme shall only be finalised in June 2016, the current list of priorities may not yet reflect developments occurring over the last few months in the run-up to its release.

⁷⁶ National Council of the Slovak Republic, Resolution no. 74/2016 on priorities of the Slovak EU Presidency, document available: <http://www.rokovanie.sk/File.aspx/ViewDocumentHtml/Mater-Dokum-198243?prefixFile=m>, accessed: March 29, 2016

⁷⁷ SK PRESS priorities as presented in the Newsletter SK PRES 2/2016, Available: https://www.mzv.sk/europske_zalezitosti/predsednictvo_v_rade_eu-newsletter_sk_pres-2_2016, accessed: March 30, 2016

4.1. Sectoral priorities within the Employment, Social Policy, Health and Consumer Affairs Council configuration (EPSCO)

Regarding sectoral priorities, the Slovak Presidency programme outlines an **agenda for the key legislative and non-legislative initiatives within the EPSCO Council** on social policy and employment issues in the context of the **Labour Mobility Package, Accessibility Act and regulations on safety and health of workers**.

4.1.1. Key legislative and non-legislative initiatives on social policy and employment

The key legislative and non-legislative initiatives on social policy and employment include:

Labour Mobility Package

Regulations on the coordination of social security systems

The SK PRES will highlight the importance of **revisions of regulations within the Labour Mobility Package**, covering long-term care benefits, family benefits, unemployment benefits, and codification of Court of Justice of the European Union's (CJEU) case law in the area of non-contributory benefits.

Posting of Workers Enforcement Directive

SK PRES in its programme priorities from February 2016 states that its ambitions regarding **the Posting of Workers Directive** will depend on changes to the amendments to the draft Directive as well as on the time of the EC's proposal. In the meantime, the EC's proposal has been published on March 8, therefore, we expect that an updated version of the SK PRES priorities in this area will be included in a forthcoming final programme (June 2016). Nevertheless, the SK PRES aims to promote a balanced approach that combines prevention against the abuse of social systems, ensures social protection for workers, and preserves their free movement. In addition, its priorities will include the **reconciliation of work and family life** with a focus on problems plaguing **women** and issues of **poverty and social inclusion**, with emphasis on the **integration of the Roma population**.

The Accessibility Act

The SK PRES in its current programme priorities states the **Accessibility Act** without further specification regarding types of improvement or aims to be achieved.

Safety and health of workers

Directive on carcinogens or mutagens

The SK PRES aims to continue in one of the priorities of the Dutch Presidency and plans to **focus the attention on the existing directive on carcinogens or mutagens (2004/37/EC)**, and extend the list of substances that have a negative impact on the safety and health of workers.

Pillar of Social Rights

The SK PRES did not mention the **Pillar of Social Rights** in its programme (approved in February 2016), and there has been no update on this issue since the Commission's launch of the consultation in March 2016.

Long-term unemployment

The SK PRES recognises **long-term unemployment as a serious social and economic problem**. It aims to lay the groundwork for improvements of the general employment situation by focusing on ensuring **support for the development of skills (life-long learning)** and the **mobility of the labour force**, while "safeguarding the right of each EU citizen to move, reside and work freely in another EU Member State".

4.1.2. Other legislative and non-legislative initiatives on social policy and employment

In addition, the SK PRES programme outlines **several other legislative and non-legislative initiatives within the EPSCO Council** on social policy and employment. Below, we present the list of initiatives as listed in the current SK PRES programme.

- Proposal for a directive of the European Parliament and of the Council on improving the **gender balance among non-executive directors** of companies listed on stock exchanges and related measures: Slovakia is part of the **blocking minority**. The outlook for progress is not further specified.
- **Anti-discrimination directive**: SK PRES does not believe that this directive will be unblocked, and has no further specifications of its priorities in this regard.
- Regulation of the Council's decision on agreement between the social partners in the European Union's sea-fisheries sector concerning the implementation of the **Work in Fishing Convention (no.188)** of the International Labour Organisation: no detailed specifications.
- **Youth Employment Initiative**: the SK PRES sees the initiative as effective and plans to support its extension.
- **A New Skills Agenda**: the SK PRES will highlight the importance of mutual recognition of qualifications within the EU and the comprehensive documentation of knowledge, skills and competences.
- **Council's conclusions on Roma integration strategies**: during the SK PRES, the implementation of the EU Framework for Roma integration strategies will be at its mid-term and thus, Slovakia proposes to present conclusions in this area. In addition, it aims to focus on discussions about mobilisation of the Roma youth via an expert conference to be held in Bratislava "Empowerment of Roma Youth as a driving force behind change" in October 10-11, 2016. Conclusions will be presented at the meeting of the Council (EPSCO).
- **The Council's conclusions on the implementation of the Beijing Platform for Action regarding women and poverty**: the SK PRES aims to prepare the Council's conclusions, in which it evaluates the progress regarding women and poverty with plans to further monitor the situation of the most disadvantaged groups of women, and identify factors influencing risks of poverty and the social exclusion of women.

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NOTES

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