BRIEFING
Next Generation EU (NGEU) delivery – How are the Member States doing?

Slovakia's National Recovery and Resilience Plan
Latest state of play
Overall resources

On 6 July 2021, the Council approved Slovakia’s National Recovery and Resilience Plan (NRRP, Plán obnovy) and allocated €6 328.6 million in grants for its implementation. The allocation covers almost entirely the total cost of the plan, which stands at €6 575 million. In June 2022, Slovakia’s grant allocation was revised downwards to €6 007.3 million (-5.1 %). However, thanks to the February 2023 agreement enabling Member States to add REPowerEU chapters to their plans, Slovakia’s envelope will be replenished by €367 million in grants to be spent on energy measures. In addition to grants, until 31 August 2023, Slovakia can request up to €6 300 million in loans from its envelope available under the Recovery and Resilience Facility (RRF). While the initial, approved allocation represents only 0.9 % of the total RRF, it stood at 6.7 % of the country’s gross domestic product (GDP) in 2019 (the RRF being 5.2 % of EU-27 GDP in 2019). Slovakia, which is among the 10 Member States with the highest RRF allocation per capita (€1 145), has so far received €1 930 million in the form of pre-financing and two payments for grants. This represents 30.5 % of the RRF resources initially allocated. Remaining payments – eight instalments – depend on progress in implementing the plan, including reforms.

Slovakia’s NRRP includes 58 reforms and 58 investments, designed to tackle both the pandemic’s socio-economic consequences and the long-term challenges identified by the Slovak national integrated reform plan, Modern and successful Slovakia. The NRRP measures are organised around five strategic priorities: green economy; education; science, research, innovation; health; and efficient public administration and digitalisation. The plan is strongly focused on the green transition and digital transformation; these targets total 43.2 % and 21.0 %, respectively.

The European Parliament participates in interinstitutional forums for cooperation and discussion on RRF implementation, and scrutinises the European Commission’s work.

Key steps
- 21/6/21: Commission assessment
- 13/10/21: Pre-financing
- 29/4/22: First payment request
- 29/7/22: First payment
- 22/3/22: Second payment
- 29/4/21: Plan submitted to the Commission
- 6/7/21: Council approval
- 25/10/22: Second payment request
- 30/6/26: Final deadline for achievements

This briefing is one in a series covering all EU Member States.

EPRS | European Parliamentary Research Service
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Country-specific challenges

Within the European Semester, the Council adopts country-specific recommendations (CSRs), which give Member States policy guidance on how to support jobs, investment and growth, while maintaining sound public finances. Under the RRF, each NRRP is expected to effectively address at least a significant number of the country challenges identified in the CSRs for 2019 and 2020. As noted in the Commission’s analysis of Slovakia’s NRRP, challenges identified in the CSRs include those related to long-term sustainability and fiscal policy; resilience of the healthcare system and provision and coordination of care; quality, access and inclusiveness of education; investment focus on specific areas; green and digital transitions; effectiveness and integrity of the justice system, and fight against corruption and money laundering; business environment and competitiveness; public administration and public procurement.

While the Slovak economy contracted by 4.4% in 2020, the labour market was more resilient. Unemployment stood at 6.7% in 2020; it has risen less than during the global financial crisis in 2008-2009. Governmental support measures, reinforced by the EU SURE instrument,4 have helped stabilise the labour market through part-time work schemes and pandemic nursing and sickness benefits. Although statistically reducing the average wages, these measures stabilised the population’s disposable income and thus household consumption. The second wave of the pandemic slowed down the Slovak economy’s recovery, and GDP growth attained 3% in 2021. At the end of 2021, rating agency Fitch attributed an ‘A’ rating with stable outlook to Slovakia. Fitch expects the absorption of the Next Generation EU (NGEU), the main component of which is the RRF, to increasingly contribute to growth from 2022, reaching a peak in 2024, with a contribution of 1.4 percentage points on average to GDP growth in 2022-2023.

The main remaining structural challenges include the deficit of public finances and new refinancing conditions. Slovakia benefited from favourable financing conditions, with yields up to 10 years in negative territory in 2020-2021; about half of all bonds issued in 2021 were at negative yields. The continued participation of the European Central Bank (ECB) in the Slovak government bond market (despite the expected scaling down of the pandemic emergency purchase programme in 2022) is supportive of financing conditions for Slovakia. As of December 2021, the ECB held about 46% of Slovakia’s outstanding medium- and long-term securities. With normalisation of ECB monetary policy, Slovakia will face increased yield and more constraint in refinancing. The NRRP, combined with EU funds, is therefore deemed a suitable instrument to support investment and reforms.

Another structural challenge is Slovakia’s heavy dependence on automotive production, a sector in full mutation owing to technological change and the green transition. Four global car producers already operate in Slovakia; the fifth, Volvo, recently announced a €1.2 billion investment. In 2021, the Slovak automotive manufacturing sector accounted for 13% of GDP, 50% of industrial production and 24.2% of exports. It remains broadly cost-competitive, given a favourable infrastructure, supportive government policies, and relative proximity to key export markets (primarily within the EU). The short-term risk to the sector arises from supply chain issues and shortages of components, and also from geopolitical challenges linked to Russia’s war on Ukraine and less favourable conditions in some markets, such as the Russian Federation. To mitigate these risks, Slovakia must quickly shift towards electric-car production in light of changing EU regulatory frameworks and consumer demand.

Slovakia is also facing a middle-income trap and slow or stagnating real convergence with both the EU-27 and regional partners from the Visegrád Group (V4). Before the pandemic crisis, GDP per capita was already stagnating at around 70% of the EU-27 average. Today, the crisis and its repercussions are posing new challenges for the country’s economy. In this situation, attention is increasingly turning to the need for structural reforms intended to have a significant impact on the effective functioning of monetary policy. Structural policies are measures of a regulatory and institutional nature that are meant to increase long-term income growth, economic resilience,
inclusion and social fairness. Moreover, high regional disparities and the socio-economic integration of a large Roma population remain challenges to be tackled also through the RRF.

**Objectives and structure of the plan**

While the overall goal of the Slovak NRRP is to support the country’s economic and social recovery from the crisis caused by COVID-19, it also aims to contribute to sustainable growth and improved quality of life in Slovakia. The plan addresses challenges identified under the European Semester in 2019 and 2020, in particular in education, childcare, healthcare, research and innovation, digitalisation, green transition, fiscal policy and public finances, the judicial system, the fight against corruption, and public procurement. Slovakia’s NRRP envisages a mix of complementary reforms (58) and investments (58), organised around 18 components (Table 1) and grouped under five priority areas:

1. **Green economy.** The reforms and investments in this area are aimed at developing sustainable transport, achieving a faster shift towards renewable energy sources, improving energy efficiency of buildings, and supporting industry decarbonisation. With some 35% of the overall budget allocated to it, the green economy is the biggest priority area in the plan.

2. **Education.** The plan has a strong focus on education. It includes measures to improve accessibility and inclusiveness of the educational system in Slovakia; develop pupils’ literacy, critical thinking and digital and soft skills; strengthen the skills level of teaching staff; and measures to improve the quality of performance of Slovak higher education institutions. The cost of the reforms and investments under this priority amounts to 14% of the total allocation.

3. **Science, research, innovation.** This priority area encompasses measures to boost Slovak research, science and innovation, and attract and retain highly qualified people from Slovakia and abroad in the country. Important reforms included in the cluster concern the research and innovation governance system. The overall cost of the measures represents some 11% of the plan’s financial allocation.

4. **Health.** The aim under this priority is to carry out policy reforms and provide investment focusing on provision of modern, high-quality and accessible healthcare. The measures include the construction and equipping of new hospitals and ambulance stations, modernisation of psychiatric and psychological socio-medical care, and investments in long-term care. The actions represent about 23% of the plan’s estimated cost and is the second biggest spending area.

5. **Efficient public administration and digitalisation.** This priority area contains a broad range of measures, from improving the business environment, to increasing the efficiency and independence of the judicial system and efforts against corruption, to digitalising public administration, developing e-services for citizens and business, and improving cybersecurity. Slovakia also included several multi-country projects in this investment area, which will facilitate Slovakia’s participation in EU programmes relating to the digital economy, such as the European digital innovation hubs and European blockchain services infrastructure. Almost 17% of the total RRF support for Slovakia is dedicated to this priority.
The plan reflects Slovakia’s objective of speeding up transition to a low-carbon economy, in line with its integrated national energy and climate plan for 2021-2030, and its commitment to achieve climate neutrality by 2050. As a result, the overall contribution to the climate objective stands at 43.2% of the plan’s total cost, thus exceeding the minimum target of 37% set in Regulation (EU) 2021/241 on the RRF (‘RRF Regulation’). Measures linked to this priority are present in 14 out of the plan’s 18 components, with the largest part of the climate contribution under priority area 1 (‘Green economy’). One of the most important and challenging components in this area is industry decarbonisation (component 4). It includes measures designed to lower greenhouse gas emissions in enterprises, reduce energy losses, and increase uptake of innovative environmental technologies in industrial production. As part of the milestones and targets linked to this component, the Slovak government committed to a transition away from coal in the Upper Nitra region and the closure of the Nováky lignite power plant, to which Slovak electricity consumers contribute more than €100 million annually in indirect subsidies through ‘system operation tariffs’ (tarify za prevádzkovanie systému, TPS).

The Slovak plan exceeds by 1% the minimum 20% spending target in the area of digital transformation. In this way, the NRRP helps implement the Slovak 2030 digital transformation strategy. Eleven out of 18 components have been tagged as contributing to this objective. The relevant reforms and investments concern, for example, digitalisation of sustainable transport, development of digital skills, and digital technologies for public administration and healthcare. The above-mentioned multi-country projects also represent a contribution to this goal.

Gender equality is among the horizontal aspects to be taken into account in the NRRPs. The Slovak plan includes a separate chapter on the issue. It states that respect for gender equality is safeguarded as a horizontal requirement in all of the plan’s measures. The Commission estimated that about 1.21% of all measures envisaged in the plan focus on gender equality. However, as shown in an EPRS analysis, neither gender equality nor women are specifically mentioned in the milestones and targets that will be used as a reference for assessing the plan’s implementation and deciding on disbursement of the funds.

Table 1 – RRF allocation for Slovakia by area and component (€ million)

<table>
<thead>
<tr>
<th>Areas</th>
<th>Components</th>
<th>Allocation (grants)</th>
<th>Share of total allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Green economy</td>
<td>C1. Renewable energy sources and energy infrastructure</td>
<td>232</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td>C2. Renovation of buildings</td>
<td>741</td>
<td>11%</td>
</tr>
<tr>
<td></td>
<td>C3. Sustainable transport</td>
<td>801</td>
<td>12%</td>
</tr>
<tr>
<td></td>
<td>C4. Decarbonising industry</td>
<td>368</td>
<td>6%</td>
</tr>
<tr>
<td></td>
<td>C5. Adaptation to climate change</td>
<td>159</td>
<td>2%</td>
</tr>
<tr>
<td>2. Education</td>
<td>C6. Accessibility, development and quality of inclusive education</td>
<td>210</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>C7. Education for the 21st century</td>
<td>469</td>
<td>7%</td>
</tr>
<tr>
<td></td>
<td>C8. Improving the performance of Slovak universities</td>
<td>213</td>
<td>3%</td>
</tr>
<tr>
<td>Component</td>
<td>Description</td>
<td>Cost (€)</td>
<td>Percentage</td>
</tr>
<tr>
<td>-----------</td>
<td>-----------------------------------------------------------------------------</td>
<td>----------</td>
<td>------------</td>
</tr>
<tr>
<td>3. Science, research, innovation</td>
<td>C9. More efficient management and strengthening of research, development and innovation funding</td>
<td>633</td>
<td>10%</td>
</tr>
<tr>
<td>4. Health</td>
<td>C10. Attracting and retaining talent</td>
<td>106</td>
<td>2%</td>
</tr>
<tr>
<td>5. Efficient public administration and digitalisation</td>
<td>C11. Modern and accessible healthcare</td>
<td>1 163</td>
<td>18%</td>
</tr>
<tr>
<td></td>
<td>C12. Humane, modern and accessible mental health care</td>
<td>105</td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td>C13. Accessible and high-quality long-term socio-health care</td>
<td>265</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td>C14. Improving the business environment</td>
<td>11</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>C15. Judicial reform</td>
<td>255</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td>C16. Fight against corruption and money laundering, safety and security of the population</td>
<td>229</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>C17. Digital Slovakia (mobile state, cybersecurity, fast internet for everyone, digital economy)</td>
<td>615</td>
<td>9%</td>
</tr>
<tr>
<td></td>
<td>C18. Sound, sustainable and competitive public finances</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>6 575</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Note: The total cost of the NRRP is higher than the financial contribution from the RRF. The difference will be financed from national resources.

Data source: Plán obnovy website on the NRRP, Slovak government.

**Reforms**

Overall, the annex to the Council implementing decision on Slovakia's plan lists 58 reforms, attributing each of them to one of the components (see Table 2 below). Reforms are concentrated in the initial years to address existing barriers to the implementation of measures, establish favourable conditions for investment, and trigger positive change for Slovak society and the economy. Key reforms include green investment and decarbonisation of industry, improved healthcare- and judicial system reforms, and digitalising companies and the public administration. The business environment is expected to improve further through reduced regulatory burden.

Among the most discussed and anticipated reforms are those under component 11 (‘Modern and accessible healthcare’). The objective of the main reform, related to optimising the hospital network, is to improve the quality and efficiency of in-patient healthcare by defining the typology and hierarchy of care, and minimum conditions for the provision of medical services. The reform is aimed at defining hospital profiles, which would clarify both the compulsory services to be offered and
other requirements with which providers at specific levels must comply. After changing their profile, certain hospitals will be obliged to cover several services grouped under the given profile: some will have to broaden their scope of activity, while others are expected to transform their acute-care beds into long-term-care departments. Implementation of the reform must be completed by 31 December 2025. Linked to this is the reform of the preparation of the plan for health investment projects under joint management of the Ministry of Health and the Ministry of Finance. The plan is meant to be accompanied by a methodology for evaluating health investments, which will determine decision-making criteria based on financial, medical, societal and socio-economic benefits. The reform was implemented by 30 June 2022. Under component 15 (‘Judicial reform’), re-organisation of the ‘judicial map’ triggered a discussion on which courts should be moved, and where on the new map they should be moved to. Some political parties (from both the governing coalition and the opposition), as well as professional organisations of judges, questioned the relationship between accessibility and quality of infrastructure, proposing a geographical distribution of regional and local courts. The reform was finally adopted on 27 April 2022 (just ahead of the 30 April 2022 deadline).

Investment

EU funds remain a significant part of public investment in Slovakia. The RRF financial support represents 6.7% of Slovak GDP in 2019, and is expected to contribute significantly to economic growth and job creation in the country. According to the Commission’s analysis, thanks to the investments included in the NRRP, Slovakia’s GDP can be higher by between 1.3% and 1.8% on average during the 2021-2026 period, compared with a scenario without the RRF.

The plan includes 58 investments, most of them under areas 4 (‘Health’) and 5 (‘Public administration and digitalisation’). However, in terms of cost, the largest part of the plan’s allocation (35%) will be spent on investments in area 1 (‘Green economy’). Heading the list of the 10 biggest investments is the investment in the new hospital network (area 4, component 11, ‘Modern and accessible healthcare’). It consists of upgrading the existing and building new infrastructure for modern health
Slovakia’s National Recovery and Resilience Plan

systems, and developing the hospital network. From the overall objective of 2 666 hospital beds, at least 2 400 beds will be created or renovated. The cost of the investment represents 15% of the total RRF allocation for Slovakia.

The second biggest investment in the Slovak plan (€661 million, or 10% of the total allocation) is dedicated to developing low-carbon transport infrastructure. It will support, for example, electrification of railway lines, modernisation of tram and trolleybus lines, and construction of cycling infrastructure.

Table 3 – Examples of investment measures to be supported under Slovakia’s NRRP, by area

<table>
<thead>
<tr>
<th>Allocation € million</th>
<th>No of investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 301.0</td>
<td>12</td>
</tr>
<tr>
<td>892.0</td>
<td>4</td>
</tr>
<tr>
<td>739.0</td>
<td>11</td>
</tr>
<tr>
<td>1 533.0</td>
<td>16</td>
</tr>
<tr>
<td>1 110.0</td>
<td>15</td>
</tr>
</tbody>
</table>

Examples of investment by area:
- Improving energy efficiency of family houses (C2)
- Renovation of historical public buildings (C2)
- Promoting clean passenger transport (C3)
- Digital infrastructure in schools (C7)
- Completion of school infrastructure (C7)
- Investment support for the strategic development of universities (C8)
- Excellent science (C8)
- Financial instruments to support innovation (C9)
- Scholarships for domestic and foreign students (C10)
- New hospital network – construction, reconstruction and equipment (C11)
- Digitalisation in health (C11)
- Buildings for the reorganised judicial (C15)
- Engaging in multi-country European projects related to digital economy (17)

Examples of activities:
- Renovation of at least 30 000 single-family houses, while achieving on average at least 30% primary energy savings
- Renovation of at least 117 000 m² of floor areas of historical and listed public buildings, while achieving on average at least 30% of primary energy savings
- Participation of some 10 000 teachers and specialist staff in trainings and other information activities
- Removal of physical, information and technological barriers in 252 large secondary schools to enable disadvantaged children to follow their education in a pleasant environment
- Completing the transformation of the Slovak Academy of Sciences (SAS) into a public organisation to enable stimulating multi-source funding and cooperation with the private sector
- Increasing the percentage of schools with full digital entry from 30% to at least 90% according to defined information and communications technology (ICT) standards built on the ‘highly equipped and connected classroom’
- Ensuring universal availability of ambulances – the reformed hospital network will have to guarantee that 90% of Slovakia’s population can access ambulance services within 15 minutes.
- Modernisation of the fleet of ambulances
- Centralisation of enterprise resource planning to be carried out in the pilot projects of 19 hospitals
- Construction or acquisition of at least 80 500 m² of court buildings, and renovation of at least 77 500 m² of court buildings. Renovations are meant to achieve average primary energy savings of at least 30%
- Commissioning of a supercomputer for the national supercomputing centre

Ten largest projects:
- New hospital network – construction, reconstruction and equipment (4) €998.0 million
- Development of low-carbon transport infrastructure (1) €661.0
- Improving energy efficiency of family houses (1) €528.0
- Operation of the industry decarbonisation scheme (1) €363.0
- Research and innovation to decarbonise the economy (3) €213.0
- Buildings for the reorganised court system (5) €212.0
- Renovation of historical and listed public buildings (1) €207.0
- Investment support for the strategic development of universities (2) €204.0
- Enhancing community-based social care capacities (4) €193.0
- Digital infrastructure in schools (2) €187.0
Governance

To implement the NRRP, the Slovak government has set up a dedicated structure, the Council for the Recovery and Resilience Plan of the Slovak Republic (NRRP Council). It is chaired by the prime minister (with the chair of the prime minister’s office acting as vice-chair), and composed of 40 members representing government, local and regional authorities, civil society and other stakeholders. The NRRP Council secretariat is headed by the director-general of a new directorate-general for the NRRP, which is directly attached to the prime minister’s office and also serves as the national implementation and coordination authority (NIKA). NIKA ensures central coordination, monitoring, and reporting to the Commission, and acts as the main contact point for both the Commission and the 11 ministries responsible for implementing the plan’s 18 components.

In 2021, the Slovak government adopted the NRRP Council’s statute with detailed rules of procedure; in 2022, it approved the NRRP Council’s internal rules. The Ministry of Finance, together with other authorities, is responsible for auditing the plan’s implementation and ensuring transparency in its execution. While the plan does not specify how, and how frequently, the government is to report on the NRRP to the Slovak national assembly, regular meetings and consultations are in place.

Slovakia has set up a dedicated website on the plan, which provides an overview of its components, along with contact and other relevant information.

Commission assessment

On 21 June 2021, the European Commission assessed Slovakia’s plan positively, proposing that the Council approve it. For 10 out of the 11 assessment criteria set in the RRF (RRF Regulation, Annex V), the Commission gave the highest possible rating (A) to the plan. Only criterion No 9 on costing received a B (medium) rating, as was the case for all other national plans approved thus far. The Commission expects Slovakia’s plan to contribute significantly to both recovery from the COVID-19 crisis and economic, social and territorial cohesion. Furthermore, it states that the plan is a comprehensive and adequate response to the long-standing challenges the country is facing, and addresses all six pillars under the RRF Regulation appropriately (criterion No 1). The plan envisages an adequate response through a comprehensive set of mutually reinforcing and coherent measures, structured around five areas (see above), which are expected to help address Slovakia’s social and economic challenges outlined in the 2019 and 2020 CSRs in an effective way (criteria Nos 2 and 11).

The plan is expected to enhance economic growth, stimulate job creation and the growth potential of Slovakia’s economy, and increase social, economic and institutional resilience (criterion No 3). Estimates by the Slovak government and the Commission show the positive impact the recovery instrument will have on the Slovak economy and society. According to the Commission’s simulation, Slovakia’s GDP could increase by between 1.3 % and 2.1 % by 2026, generating up to 20 000 new jobs. Spill-over effects of the other Member States’ recovery plans can account for 0.6 % of GDP in 2026. On top of the estimated GDP growth, the Commission expects additional and substantial positive effects of structural reforms undertaken as part of the measures under the plan.

The Commission finds that the measures in Slovakia’s NRRP have been designed in line with the principle ‘do not significant harm’ (DNSH) to the environment (criterion No 4), and that they focus strongly on climate change mitigation. The allocation for this priority stands at 43.2 % of the plan,
exceeding the minimum target set in the RRF Regulation (criterion No 5). The contribution to the digital transition, accounting for 21% of the plan’s total value, is higher than the minimum target required by the regulation (criterion No 6). Furthermore, the proposed measures are expected to bring about structural changes and have lasting impact (criterion No 7). In particular, reforms of the justice and education systems and measures aiming to combat corruption and money laundering should contribute to structural and lasting changes. Digitalisation of public administration and a wide range of institutions is expected to reduce costs and improve the quality of public services. Investment in sustainable transport and energy efficiency of buildings is anticipated to have lasting impact on lowering emissions.

With regard to monitoring the plan’s implementation, the Commission finds the 196 milestones and targets included in the Slovak plan to be well designed, comprehensive and coherent. The plan’s governance structure with NIKA as leading institution will enable the payments and monitoring of progress in implementation (criterion No 8). The Commission concludes that cost estimates for most of the measures are reasonable to a medium extent, in line with the cost-efficiency of the proposed reforms and investments (criterion No 9). Finally, the Commission considers that the control mechanisms envisaged by the plan are adequate to prevent, detect and correct corruption, fraud and conflicts of interest, and to avoid double funding from EU programmes (criterion No 10).

**Council decision and pre-financing**

Slovakia was among the first Member States to submit a national plan (29 April 2021) and receive a positive assessment from the European Commission (21 June 2021). Based on this, on 6 July 2021, the Council adopted its implementing decision on the approval of the Slovak plan, formally launching the plan’s implementation. The Council confirmed that Slovakia was set to receive €6 328.6 million in grants (current prices, rounded) over the plan’s lifetime. The grant component has two parts: a fixed allocation worth €4 642.8 million, to be committed by 31 December 2022, and a provisional allocation of €1 685.8 million. In June 2022, on the basis of the relevant provisions in the RRF Regulation (Article 11(2)) and in line with economic developments, the European Commission updated the latter. Owing to better than expected macro-economic performance in the 2020–2021 period, the total allocation for Slovakia decreased by some €322 million. Moreover, additional resources (€367 million in grants) are available through an update of the NRRP on submission and approval of a new REPowerEU chapter with measures aiming to end the EU’s dependence on Russian fossil fuels and accelerate Member States’ energy transition. Under the RRF Regulation, Slovakia must commit RRF resources by the end of 2023, while payments must be made at the latest by the end of 2026.

Following Council approval, the Commission and Slovakia signed the financing agreement, which cleared the way to a pre-financing payment equivalent to 13% of the country’s grant. On 13 October 2021, the Commission disbursed €822.7 million in pre-financing, enabling Slovakia to kick-start the plan’s implementation. Pre-financing will be gradually cleared by reducing the subsequent actual disbursements for each of the 10 grant instalments by 13%. Further disbursements will depend on achieving the investments and reforms outlined in the annex to the implementing decision, and made in accordance with the timeline for payment requests specified in the operational arrangements, which envisages 10 instalments for the grants.

**European Parliament**

Following the outbreak of the pandemic, the European Parliament was a major advocate of launching a common EU recovery instrument, and established the RRF as co-legislator with the Council. Based on the RRF Regulation and the Interinstitutional Agreement (IIA) on budgetary matters, Parliament can scrutinise the Commission’s work on the assessment of national plans.

Within Parliament, the Conference of Presidents has established a standing working group on the scrutiny of the RRF, comprising the Committee on Budgets (BUDG) and the Committee on Economic
and Monetary Affairs (ECON). This working group prepares and follows up on the recovery and resilience dialogue that Parliament holds every two months with Commission representatives.

Moreover, the IIA provides for interinstitutional meetings between Parliament, Council and Commission on the implementation of the broader NGEU recovery instrument. These meetings will be held in camera at least three times a year. Through the discharge procedure, Parliament will also ensure democratic scrutiny of how NGEU resources are spent.\footnote{10}

**Milestones and targets**

Disbursements under the RRF are performance-based and will reflect progress on the implementation of the milestones (qualitative goals) and targets (quantitative goals). Overall, the Slovak plan consists of 97 milestones and 99 targets. Milestones are more concentrated in the first instalments, and targets more in the last. Figure 3 shows an indicative timeline for submitting payment requests. The planned instalments are not equal: the highest are concentrated in the third quarter of 2023 and the first quarter of 2024.

In accordance with the plan, on \footnote{29 July 2022} and \footnote{22 March 2023} Slovakia received the first and second payments respectively, based on the achievement of the related milestones and targets.\footnote{11} This brought the resources received by the Member State to €1 930 million, i.e. 30.5% of the total allocation. This is slightly more that the EU average, which stood at 30.3% on 18 April 2023 (see the annex to this briefing for more details on payments disbursed to Slovakia so far).

According to the indicative schedule, Slovakia should have requested its third instalment by the end of first quarter of 2023. However, at the beginning of 2023, the press \footnote{reported} that the implementation of some milestones and targets under the NRRP, such as those linked to hospital construction projects, health and education reforms, are encountering problems. According to Slovak media, this has led to resignation of an interim health minister.\footnote{12}

Overall, the third instalment amounts to €708.8 million (net of pre-financing), covering 23 milestones (such as reforms relating to production of renewable energy, intermodal transport, land planning, pre-primary education, development of universities, as well as design and approval of the national research, development and innovation strategy, the national digital skills strategy, and the action plan for the digital transformation of Slovakia for the years 2023-2026) and six targets (for instance, 95% of children ages five years enrolled in pre-primary education system; 12 000 pupils taking part in tuition programmes aimed at reducing the impact of the pandemic on their education; purchase of electric and hybrid vehicles for the police; and creation of a network of the digital innovation hubs).

**Views of Slovak stakeholders**

The NRRP generally received positive reactions and support from across political parties and civil society. The cover letter to the plan, \footnote{signed} on 28 April 2021 by all major political representatives, the president of Slovakia, the speaker of the National Assembly and the Slovak prime minister, sent
a strong signal of national unity behind the plan and its objectives. There is also agreement on the strategic orientation, as it was based on an in-depth analytical report outlining a national integrated reform plan ahead of 2030, Modern and successful Slovakia. The reform plan was prepared by some 100 experts, in close cooperation with local and regional authorities and civil society, which – together with representatives of government and other bodies – are also NRRP Council members.

Dissonant views arose regarding some of the reforms, both on their content and on the timing and details of their realisation. The two most difficult agreements were the adoption of the ‘judicial map’ in the context of the judiciary reform, and the reform of the preparation of the plan for health investment projects (under joint management of the Ministry of Health and the Ministry of Finance) relating to the construction of new hospitals.

The draft judiciary reform – adopted just three days ahead of the 30 April 2022 deadline, as noted above – was criticised by an association of judges and representatives of local and regional authorities. The main concerns of the Association of cities and municipalities of Slovakia (ZMOS) were that the proposed reform would cut down by half the number of local courts, and even more radically the number of specialised courts, while key issues, such as the judicial system’s technical equipment and human capacities, would remain unaddressed. The adopted reform reduced the number of local courts from 54 to 33, raising protests by some local authorities concerned, which argued that the reform would put courts out of reach of some citizens owing to longer distances and increased travel time.

The other most controversial part of NRRP reforms concerned the reform of the hospital network and the investment plan for new hospitals (component 11, ‘Modern and accessible healthcare’). The plan’s main challenge was to determine the location and number of new hospitals. After three discussions in government, the reform plan for the construction of new hospitals was approved on 1 July 2022. The government agreed to build two new hospitals, one in Martin (northern Slovakia) and one in the capital, Bratislava.

Finally, several stakeholders raised the issues of inflation and increased construction costs, which might request total repricing and re-allocation of the individual investments and targets. Experts from the Slovak Foreign Policy Association (SFPA) hold the view that the NRRP itself will aggravate inflationary pressure in Slovakia, already at an annualised 13.3 % (Eurostat, August 2022).

EUROPEAN PARLIAMENT SUPPORTING ANALYSIS

European recovery instrument, infographic, EPRS.
Next Generation EU: A European instrument to counter the impact of the coronavirus pandemic, EPRS, July 2021.

OTHER SOURCES

Plán obnovy website on the NRRP, Slovak government.
Modern and successful Slovakia report, Slovak Ministry of Finance.
Recovery and Resilience Scoreboard website, European Commission.
European Statistical Recovery Dashboard website, Eurostat.
ENDNOTES

1 The graphics and tables in this briefing are based on data from Slovakia’s NRRP, the Commission assessment, the annex to the Council implementing decision, and the operational arrangements between the European Commission and Slovakia. Data used reflect their source at the time of extraction; moreover, there may be discrepancies between data from different sources.

2 All the figures in this briefing are based on the plan as originally approved by the Council before the final revision of the maximum national allocations carried out by the Commission on 30 June 2022, and before the approval of the REPowerEU plan in February 2023. Following these events, NRRPs may be subject to updates, which will be reflected accordingly in future editions of the briefings in this series.

3 The number of reforms and investments is based on the annex to the Council implementing decision.

4 The European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE). Slovakia has received €630 million under the instrument.

5 Data retrieved from the figure ‘Support to gender equality and to children & youth’, Recovery and Resilience Scoreboard, European Commission.

6 In the 2014-2020 period, about 60 % of government investment in Slovakia was financed from EU funds (European Regional Development Fund, Cohesion Fund, European Social Fund and Youth Employment Initiative). See: Cohesion in Europe towards 2050. Eighth report on economic, social and territorial cohesion, European Commission, 2022.

7 Article 3 RRF Regulation defines the scope of the application of the facility around policy areas structured in the following pillars: green transition; digital transformation; economic cohesion, productivity and competitiveness; social and territorial cohesion; health, economic, social and institutional resilience; and policies for the next generation.

8 The estimated total cost of Slovakia's NRRP is €6,575,000,000, whereas the maximum amount of grants available to the country was initially set at €6,328,586,359. As regards the financial contribution, the Council implementing decision states that, ‘as the amount of the estimated total costs of the RRP is higher than the maximum financial contribution available for Slovakia, the financial contribution allocated for Slovakia’s RRP should be equal to the total amount of the financial contribution available for Slovakia’.

9 The REPowerEU plan aims to end the EU’s dependence on Russian fossil fuels and accelerate the green transition. The agreement between Parliament and Council includes amendments to the RRF Regulation that will top up the RRF grant envelope with an additional €20 billion for new REPowerEU chapters containing novel or reinforced energy-related measures. The distribution key for these new resources considers cohesion policy, Member States’ dependence on fossil fuels, and the increase of investment prices. Additionally, the Member States will be able to transfer voluntarily an additional €4.4 billion in grants from the Brexit Adjustment Reserve (BAR). Sums still available for RRF loans can also be used to finance REPowerEU chapters.

10 For more details on how the European Parliament oversees the RRF, see the dedicated website.

11 To follow the progress of implementation of the individual milestones and targets for the first four payment requests, see the ‘traffic light’ illustration on the Slovak government’s dedicated website.

12 According to The Slovak Spectator, interim health minister Vladimir Lengvarský has resigned over delays and ambiguities regarding selection of successful applicants in major projects financed from the recovery plan. The newspaper informed that the President of Slovakia, Zuzana Caputová, confirmed that there have been problems with meeting the plan’s milestones. Furthermore, the March session of the Slovak National Council (Parliament) included laws and amendments necessary for completing the reforms related to the third and fourth payments. However, the reforms were not approved.

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Second edition. The ‘NGEU delivery' briefings are updated at key stages throughout the lifecycle of the plans.
Annex – Payments so far

On 13 October 2021, Slovakia received €822.7 million in pre-financing (13% of its initial financial allocation).

On 29 April 2022, Slovakia made a first payment request for the disbursement of €398.7 million in grants (net of pre-financing). Three months later, on 29 July 2022, the payment was approved, based on the fulfilment of 14 milestones covering reforms in the areas of: judicial system; higher education and research and development; fiscal framework; energy system; sustainable mobility; anti-corruption; digitalisation of the public sector; and audit system for RRF implementation. In particular, Slovakia prepared an investment plan for railway infrastructure projects (until 2027); developed a methodology for identifying, selecting and implementing projects for cycling infrastructure; adopted an amending law on higher education Institutions aimed at improving the management system of higher education; approved a roadmap and investment plan for the integration of Tmava University and the University of St. Cyril and Methodius, both located in Trnava.

Slovakia achieved the first of two milestones relating to the reorganisation and new geographical distribution of the courts (‘judicial map’). The other milestone relating to that reform is planned for the first quarter of 2023. Furthermore, Slovakia adopted a package of legislative changes seeking to improve integrity and independence of the judiciary, and fighting corruption and money laundering. For proper monitoring and control of NRRP implementation, Slovakia established a National Implementation and Coordination Authority (NICA), and a repository system for recording and storing data relating to RRF implementation (for example on final recipients, contractors and sub-contractors).

On 25 October 2022, Slovakia submitted a payment request to the Commission for the second instalment (€708.8 million in grants, net of pre-financing). The request was assessed positively, and the second payment was made on 22 March 2023. The payment was linked to the satisfactory achievement of 14 milestones and two targets in such areas as the circular economy, education, health system, research and innovation, protection of nature and biodiversity, digital skills, public procurement, and fight against corruption.

In particular, the milestones achieved included: entry into force of the amendment to the Act on Waste that improves waste management in the construction and demolition sector; changes in the organisation, governance and evaluation of state support for research and development; adoption of acts simplifying and accelerating the recognition of educational and professional qualifications (for instance for providers and workers in the healthcare sector); legislative amendments aiming to simplify and accelerate public procurement procedures; and further legislative changes strengthening the fight against money laundering and corruption.

On digital transition, Slovakia has set up an RRF-funded state support scheme for developing and applying top digital technologies in companies, research institutes and public administration. Another achievement in this area is the implementation of a pilot training in digital skills for 1 423 seniors and disadvantaged people (above 65 years of age, most of them women). In addition, each of the participants received a tablet with a voucher for internet access.

Several legislative decisions have been taken to fulfil the milestones linked to the modernisation and improvement of healthcare system accessibility, including on: optimisation of the hospital network and setting out the quality indicators and requirements for technical and personnel capacities for medical services; adoption of the investment plan and selection criteria for the projects in the healthcare sector; new legislation setting out rules and requirements for the primary care networks; and entry into force of the act on the supervision of social care.

In addition, as part of the objectives to be achieved under the second instalment, Slovakia selected and approved projects to be financed under the RRF in the regions of Muránska Planina (14 projects) and Polonina (13 projects). The projects include support for environmental education programmes,
museums, eco-tourism, revitalisation of Coburg Park in Pohorelá Maša, and reconstruction of castle Muráň. Table 4 provides an overview of the RRF payments that Slovakia has received so far.

Table 4 – Slovakia’s NRRP: Payments as of April 2023

<table>
<thead>
<tr>
<th>Grants or loans</th>
<th>Payment</th>
<th>Date</th>
<th>Net resources (€ million)</th>
<th>Share of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>Pre-financing</td>
<td>13.10.2021</td>
<td>822.7</td>
<td>13.0 %</td>
</tr>
<tr>
<td></td>
<td>First instalment</td>
<td>29.07.2022</td>
<td>398.7</td>
<td>6.3 %</td>
</tr>
<tr>
<td></td>
<td>Second instalment</td>
<td>22.03.2023</td>
<td>708.8</td>
<td>11.2 %</td>
</tr>
<tr>
<td></td>
<td><strong>Total grants paid so far</strong></td>
<td></td>
<td><strong>1 930.2</strong></td>
<td><strong>30.5 %</strong></td>
</tr>
</tbody>
</table>

Source: EPRS, based on European Commission data (RRF Scoreboard).