

Summary of the assessment of the Slovak recovery and resilience plan

Grants: EUR 6.3 billion

116 measures: 58 reforms and 58 investments divided into 18 components

Number of milestones and targets: 97 milestones and 99 targets

Climate target: 43%

Digital target: 21%

1. Summary of the Commission's assessment of the recovery and resilience plan

Criterion	Commission assessment	Rating A-C
2.1	<p>Slovakia's recovery and resilience plan is expected to contribute significantly to the recovery from the COVID-19 crisis and economic, social and territorial cohesion, and can be considered a comprehensive and adequate response to the challenges Slovakia is facing.</p> <p>Long-standing challenges in the area of education, childcare, healthcare, as well as research, development and innovation are addressed with comprehensive measures designed to tackle the most serious shortcomings. The implementation of the recovery and resilience plan is expected to contribute significantly to economic growth and job creation in Slovakia, while strengthening economic, social and institutional resilience. This would facilitate the country's transition to an economic model more focused on high value-added activities, and which remains competitive amid automation and digital change.</p> <p>With 43% of its allocation dedicated to climate-related measures, the plan has a strong focus on climate change mitigation, addressing adaptation and the protection of biodiversity and natural resources. This includes investments in renewable energy capacity and reforms facilitating access to the grid of clean energy sources, a wide programme of building renovations, and measures to support industry decarbonisation. In transport, reforms and investments will target electro-mobility, inter-modality and public modes of transportation. The plan also includes reforms and investments aimed at sustainable landscape, forest and water management.</p> <p>With 21% of its allocation dedicated to digital measures, the plan is expected to contribute significantly to the digital transformation of the Slovak economy and society. The plan puts strong emphasis on digitalisation of the public sector, both as part of sectoral reforms (justice, police, healthcare) as well as through horizontal measures (eGovernment solutions, improving the efficiency in public use of IT resources and strengthening cybersecurity), a reform of the governance model for the digital economy, investments into top digital technologies, and development of digital skills.</p> <p>The plan addresses cohesion challenges primarily through reforms and investments in education, health and digitalisation, including opportunities for pupils from poorer regions and disadvantaged socio-economic backgrounds, including marginalised Roma. Reforms and investments for optimisation of the national hospital network are expected to reduce regional disparities in access to care, and improve quality, cost-effectiveness and accessibility. For the next generation, the plan focuses predominantly on the reforms and investments in education. Educational challenges will be tackled through reforms and better inclusion of socio-economically disadvantaged groups.</p> <p>The plan presents a consistent and comprehensive package of reforms and</p>	A

	investments mutually reinforcing each other with a strong reform drive . The plan's vision of a modernised Slovakia is centred on three interconnected pillars of an innovative, sustainable and healthy country and five key policy areas, which are implemented through 18 components.	
2.2	The plan includes an extensive set of mutually reinforcing reforms and investments that contribute to effectively addressing all or a significant subset of the economic and social challenges outlined in the country-specific recommendations addressed to Slovakia by the Council in the European Semester in 2019 and in 2020, notably on inclusive education, public governance and productivity-enhancing investment into the green and digital transition, as well as its contribution to decreasing regional divergences. The challenge of accelerating the green and digital transition is tackled adequately by the set of measures included in Slovakia's recovery and resilience plan. Long-standing challenges in the area of education, childcare, health care, as well as research, development and innovation are also addressed with comprehensive measures that are expected to tackle the most serious shortcomings, such as the low quality and inclusiveness of education, fragmented research, development and innovation policy coordination, insufficient public-private cooperation, and weak research, development and innovation performance. Additional measures proposed in the plan to improve the justice system, public procurement and the fight against money laundering have the potential to contribute to effectively addressing many of the underlying challenges. Several reforms are moreover expected to improve the long-term sustainability of public finances.	A
2.3	The implementation of the RRP is expected to contribute significantly to economic growth and job creation in Slovakia, while strengthening economic, social and institutional resilience . RRF-financed fiscal stimulus is expected to provide a boost to aggregate demand in the short to medium term, improving the cyclical position of the Slovak economy, and thereby mitigating the adverse economic effects of the COVID-19 crisis. As a result, GDP is estimated to be higher by between 1.3% and 1.8% on average during the period of 2021-2026, relative to the counterfactual scenario without the RRF. The labour market is also expected to fare markedly better than it would in the absence of RRF. Potential growth is projected to be boosted significantly and in a long-lasting manner as a result of investments and productivity gains. In the long run, structural reforms contained in the plan are expected to entail a sizeable GDP gain by 2040. Most of this impact is assumed to stem from human capital policies such as education, training, research, development and innovation, which improve the productivity of the Slovak economy. This would facilitate the country's transition to an economic model more focused on high value-added activities, and which remains competitive amid automation and digital change.	A
2.4	The measures in Slovakia's plan comply with the 'do no significant harm' (DNSH) principle . The DNSH requirements are upheld in the design of the measures, including their milestones or targets.	A
2.5	Measures proposed in the plan to support climate change objectives account for 43% of the plan. In absolute terms, the highest contributions towards this target come from measures targeting building renovations, railway modernisation and industry decarbonisation. The package of measures and investments outlined in the 5 green components represents a significant contribution to the green transition and to the ambitious 55% of GHG reduction target by 2030 and overall EU carbon neutrality objective by 2050. The plan intends to achieve almost 60% of the necessary reductions to meet the 2030 targets through measures on the industry decarbonisation. Reforms and	A

	<p>investments in renewable energy sources (construction of new RES capacities and the modernisation of existing RES electricity installations), aimed notably at improving the access of renewables to the grid, along with an ambitious programme of building renovations (at least 30 000 single family houses as well as public historical and listed buildings) based on high energy efficiency standards as well as the industry decarbonisation scheme, are expected to help Slovakia achieve its 2030 decarbonisation objectives and to support the transition to the circular economy. A comprehensive package of reforms and investments in transport should support electro-mobility, public transport of passengers and intermodal transport of goods (development of an urban and long-distance infrastructure network for alternatively fueled vehicles; a new optimised rail transport plan; integrated tariff schemes; increasing the number of recharging points and building pilot refuelling points for hydrogen). Reforms and investments related to landscape planning, nature protection and water management are expected to help address the challenges Slovakia faces with respect to climate adaptation and protection of water sources, nature and biodiversity.</p>	
2.6	<p>Measures in the plan contributing to the digital transition account for 21%, exceeding the required minimum of 20% of the plan's total allocation, based on the methodology for digital tagging set out in Annex VII to the Regulation. The reforms and investments put forward in the plan jointly represent a significant contribution to the digital transformation of the Slovak economy and society. The development of digital skills is among the main objectives of the educational system reform, combining revised curricula, training of teachers and investments in the digital equipment of schools, a national digital skills strategy focusing on adult learning opportunities for all adult age groups, and investments to improve the digital skills of elderly and vulnerable persons. Investments into specialised skills of IT and cybersecurity professionals working in the public sector are also envisaged. Investments in information systems will increase the quality and efficiency of the judiciary, police, firefighting and rescue systems. Digital investments in facilitating the online payment of taxes and levies and the digitalisation of restructuring proceedings will increase the transparency of the business environment. The quality and accessibility of eGovernment solutions will improve thanks to a new digital platform for providing more efficient and better quality public services for 16 priority "life situations" of citizens and businesses. In addition, the plan also envisages measures for a more efficient management of IT resources in the public administration and a strengthened and standardised cybersecurity across all sectors of public administration.</p> <p>In health, digital investments in a central hospital management from the RRP will make medical and operational processes in institutional care more efficient and telemedicine and digitalised solutions for medical imaging and pathology will be supported. In long-term care, a new integrated system for assessing disability, which will be linked to the eHealth, the social services systems and other e-registers of public administration, is expected to facilitate the integration of health and social aspects.</p> <p>Investments in the digital ecosystem will support the development and application of advanced digital technologies, to complete technology-oriented competence centres and cooperation platforms. The digitalisation of Slovak companies, in particular SMEs, will be stimulated by digital and innovation voucher schemes and assisted by Digital Innovation Hubs initiatives connected with the European Digital Innovation Hubs network.</p> <p>Slovakia will engage in the EU Digital Innovation Hubs, in the Euro High</p>	A

	Performance Computing project and two other EU multi-country projects.	
2.7	Slovakia's recovery and resilience plan entails structural changes to institutions and policies geared at addressing root causes of existing challenges and as such can be expected to achieve a lasting impact . Digitalisation efforts across a wide range of institutions and public administration are expected to structurally enhance efficiency and improve the quality of public services. Reforms of the governance framework of the judiciary and in the fight against corruption and money laundering are set to have a lasting impact. Investment measures – including into sustainable transport, building renovation, higher education infrastructure, and healthcare – are set to support and enhance the positive impact of structural reforms. Climate adaptation measures more broadly contribute to mitigating climate change related risks and improve future prosperity and well-being. Moreover, Slovakia has put emphasis on stakeholder involvement to ensure broad support for structural changes.	A
2.8	The scope and nature of milestones and targets is generally comprehensive and coherent. The timeframe of milestones and targets is reasonable, with reforms frontloaded and providing the basis for investments. The milestones and targets are considered well-designed with robust indicators ensuring proper monitoring and evaluation during the implementation. Slovakia is setting up a comprehensive implementation system with a leading role of the National Implementation and Coordination Authority (NIKA) responsible for meeting the milestones and targets and requesting payments. For this purpose, NIKA will be entitled to request information from all entities involved – implementers, intermediaries, beneficiaries and other persons concerned - on the status of implementation of reforms and investments, including the corresponding milestones and targets.	A
2.9	Slovakia has provided individual cost estimates , calculations and supporting documents for the measures in the plan, showing that the costs are reasonable, plausible, in line with the principle of cost efficiency and commensurate to the expected national economic and social impact. The methodologies used often refer to comparable projects undertaken in Slovakia in the recent past, including under Union funding. With a few limited exceptions, often linked to the unprecedented nature of investments, estimates were provided with calculations based on information from other Member States, available market prices, or from certified and independent institutions. Synergies and complementarity with other funds are not always clear for each measure, largely as the negotiations on the 2021-2027 Partnership Agreement are still on-going. However, Slovakia has committed to put in place strong safeguards to ensure that double funding is avoided, both at strategic and at project level.	B
2.10	In general, identification of the actors responsible for controls and audit in Slovakia is well explained and the independence and segregation of functions of the audit authority clearly set out, including how it is enshrined in Slovak legislation. The National Implementation and Coordination Authority (NIKA) is responsible for the preparation and transmission of applications for payment of financial support, the management declaration and the summary of audits. The audit actors, their relationships and their administrative capacity are also explained. Comprehensive information has been made available on measures taken to tackle serious irregularities and who is responsible for those measures. Arrangements and mechanisms to collect, store and make available data on final recipients are explained and the recordkeeping obligation required by Art. 22(2), point (d) of Regulation (EU) 2021/241 is bestowed on implementing bodies and beneficiaries. A repository system for monitoring the implementation of the Facility should be put in place and operational by the	A

	time of the first payment request.	
2.11	The plan is coherent as its components contain measures that are mutually reinforcing and embody the plan's consistent vision of leveraging the twin transitions in recovering from the crisis. The plan presents a comprehensive package of reforms and investments mutually reinforcing each other with a strong reform drive. The plan is centred on three interconnected pillars of an innovative, sustainable and healthy country and five key policy areas, which are implemented through 18 components. Synergies are ensured in thematic components, such as education components, as well as horizontally across a number of components such as when applying energy efficiency requirements for public buildings renovations or digital transition of the public administration. Investments in new information systems and data tools are systematically included. There is an evident balance between reforms and investments in each component. Reforms are in general concentrated in the first years, so as to create conditions for effective investment.	A

2. Horizontal principles and additionality

Horizontal principle	Commission assessment
Complementarity with EU programmes 2021-2027	The measures in the plan are consistent with and complementary to other EU programmes in the period 2021-2027. Complementarities with support under Cohesion policy funds are evident and presented in the components and summarised at the level of the plan to the extent possible at this stage. Demarcation lines are not always fully clear, as both the Partnership Agreement and Programme are still pending finalisation. The plan thus respects the principle of additionality of Union funding as referred to in Article 9 of the RRF Regulation.
Principle of additionality	The measures in the plan respect the principle of additionality.
Recurring costs	The plan will finance a limited amount of costs that are recurring but temporary in nature, thus respecting the conditions set out in Article 5(1) of the RRF Regulation. This concerns for instance salary costs for the national RRF coordination body (NIKA), for medical doctors to set up primary care clinics in rural areas, and for experts to develop modern school curricula. These costs are strictly necessary for the implementation of the measures, duly justified and well explained.

3. Reply to the European Parliament's questions

Contribution to equality and gender equality: As regards gender equality, the plan foresees an early warning system for the prevention of early school leaving, which disproportionately affects women from disadvantaged backgrounds. To address the low availability of kindergarten facilities and its impact on women's participation in the labour market and on children's later school performance, a legal entitlement to a place in pre-school education facility for children from the age of three should be introduced. The part of the plan dealing with the inclusiveness of education includes reforms and investments to establish a system of educational support measures for students with special educational needs, to modernise the teacher training programmes, to reduce segregation in education and to promote early care services in marginalised Roma communities, as well as to improve access to higher education for disadvantaged students. The situation and needs of people with disabilities are addressed in several parts of the plan, including in relation to the renovation of

buildings and their improved accessibility, sustainable transport, digitalisation and social and mental health care. Challenges faced by older people are also addressed, in particular through supporting their digital skills development and improving the quality and accessibility of the long-term, social and healthcare systems. The plan also includes a horizontal mechanism to take gender equality and equal opportunities for all into account in the implementation phase.

Contribution to high-quality employment creation: The highest contribution to youth employment is provided by the education components. Component 7, which aims at increasing pupils' literacy and the skills, critical thinking as well as the components on higher education (component 8) and talent retention (component 10) are designed to create a supportive ecosystem to improve the labour market perspectives of the high skilled youth. The tax reform planned in the RRP, shifting tax burden from labour to consumption and wealth is expected to have a beneficial effect on employment, both via labour supply and labour demand, but especially among the low-skilled where labour costs are a relatively more important factor for employers. The development of formal long-term care services (component 13) together with ensuring the availability of the pre-primary facilities (component 6) should alleviate the disproportionate burden on families, especially on women caring for dependants and enable them to participate in the labour market.

Contribution to the implementation of the European Pillar of Social Rights: The plan addresses several challenges to equal opportunities and social protection and inclusion that are relevant for the implementation of the Pillar. To foster equal opportunities, the plan envisages improved access to inclusive mainstream education for disadvantaged groups at all levels. This includes also measures to avoid segregation in education, in particular as regards Roma pupils. However, more focus on supporting skills for the labour market needs would be needed in the future. The plan envisages a comprehensive reform of the long-term care system, including changes to the legislative set-up, processes, assessment and control activities and capacity building. This component has the ambition to close the gaps within the principles of the Social Pillar No. 17 (Inclusion of people with disabilities) and 18 (long-term care), even though additional investments (including from Cohesion Policy funds) in these sectors will be needed.

Addressing regional disparities: Eastern and Central Slovakia tend to perform significantly worse than the western part of the country, in terms of various interconnected labour market and social indicators, like the share of high skilled workers, long-term and youth unemployment, the share of population at risk of poverty, as well as disposable income. Measures in the RRP aim to address these weaknesses by improving the access of the above disadvantaged groups (mostly present in the eastern regions of the country) to more inclusive education, better health care services and more job opportunities. Improving access to good quality healthcare in less developed parts of Slovakia could not only attract a more highly specialised workforce, but the building and renovating of hospitals could also create additional job opportunities in the construction sector, mostly for medium-skilled workers. The modernisation of rail infrastructure and investments into sustainable transport links are expected to help connecting remote regions to economic centres and to facilitate the commuting of jobseekers to where employment opportunities are more abundant, thereby improving the labour market outcomes of less developed regions.

Contribution to upward economic and social convergence: Maintaining productivity growth, the backbone of Slovakia's economic convergence, will require sustained structural reforms of education and of institutions, and targeted investment into infrastructure and research and innovation. The implementation of the plan is expected to contribute significantly to economic growth and job creation in Slovakia, while strengthening economic, social and institutional resilience. RRF-financed fiscal stimulus is expected to provide a boost to aggregate demand in the short to medium term, improving the cyclical position of the Slovak economy, and thereby mitigating the adverse economic effects of the COVID-19 crisis. Potential growth is projected to be boosted significantly and in a long-

lasting manner as a result of investments and productivity gains. In the long run, structural reforms contained in the plan are expected to entail a sizeable GDP gain by 2040. Most of this impact is assumed to stem from human capital policies such as education, training, research, development and innovation, which improve the productivity of the Slovak economy. The plan thereby provides for ambitious reforms and investments across the euro area recommendations, particularly as regards the health system, the green and digital transition, and public administration, and is moreover geared towards further improving convergence and fostering economic growth. Measures in the plan aim to address social inequalities and territorial disparities within the country by improving the access of the disadvantaged groups to more inclusive education, better health care services and more job opportunities. The primary channel in the RRP for reducing social inequalities is to improve the quality and accessibility of the education process. Measures for more inclusive education via desegregation of schools and by broadening pre-primary education could considerably mitigate the effect of different social backgrounds on the performance of pupils, thereby contributing to enhancing social mobility and equality of opportunity. More widely available pre-primary care would go a long way in addressing low employment rates among young mothers. More university scholarships for students from socially disadvantaged groups would further strengthen the mobility effect. As a result of better educational outcomes and higher skills, the labour market prospects of these groups would also improve prospectively in future generations. A wider availability of mental health care is assumed to address the strongly interlinked problems of unemployment, poverty and poor mental health. The expansion of affordable long-term care facilities would also have the largest benefit for low-income households by reducing the care responsibilities of family members who, for these reasons, could not participate in the labour market so far.

Contribution to CSR on anti-money laundering: The plan entails an ambitious agenda to improve the effectiveness and integrity of the justice system and to fight corruption and money laundering. Slovakia's plan shows a clear acknowledgement of the above challenges and dedicates component 15 entirely to justice reforms (EUR 255 m, 3.8% of the total estimated cost) and component 16 to the fight against corruption and money laundering (EUR 229 m, 3.5%). Prevention and detection tools such as strengthened whistleblower protection, new and centralised information systems and consolidated electronic databases seem necessary steps in tackling both corruption and money laundering. Investment into and training of the police force has the potential to improve the capacity of law enforcement, particularly as regards the fight against financial crime and money laundering. An improved sanctions and asset freezing regime, a common payments and accounts register, and other changes to the legal framework are set to structurally equip Slovakia to better fight money laundering practices and corruption.

The information contained in this summary is based on the documents COM(2021) 339 final and SWD(2021) 161 final, which are the authentic documents representing the Commission's assessment of the plan

Annex

Table 1: Illustration of the plan's contribution to the six policy pillars

	Green transition	Digital transformation	Smart, sustainable & inclusive growth	Social and territorial cohesion	Health, and economic, social and institutional resilience	Policies for the next generation
C1 - Renewable energy sources and energy infrastructure	●	○	○	○	○	
C2 – Building renovation	●		○	○		○
C3 - Sustainable transport	●	○	○	○		
C4 - Decarbonisation of industry	●		○	○	○	
C5 - Adapting to climate change	●					
C6 - Accessibility, development and quality of inclusive education				●	●	●
C7 - Education for 21 Century		○	●	●	○	●
C8 - Increase in the performance of Slovak higher education institutions			●	●	○	●
C9 - More efficient governance and strengthening RDI funding	●	●	●		○	○
C10 - Attracting and retaining talent			○	○	●	●
C11 - Modern and accessible healthcare		○		○	●	
C12 - Human, modern and accessible mental health care				○	●	
C13 - Accessible and high-quality long-term socio-health care	○			○	●	
C14 - Improve the business environment	○	○	●		●	
C15 - Judicial reform	○	○	○		●	
C16 - Fight against corruption and money laundering, security and protection of the population	○	○	○	○	●	
C17 - Digital Slovakia		●	●	○	○	○
C18 - Sound, sustainable and competitive public finances	○		○		●	

Key: “●” investments and reforms of the component significantly contribute to the pillar; “○” the component partially contributes to the pillar

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Table 5: Mapping of country challenges identified in 2019-20 country-specific recommendations and Slovakia's RRP components

Country challenges	Associated CSR (2019-2020) and European Semester recommendations	C1 - Renewable energy sources and energy infrastructure	C2 – Building renovation	C3 - Sustainable transport	C4 - Decarbonisation of industry	C5 - Adapting to climate change	C6 - Accessibility, development and quality of inclusive education	C7 - Education for 21 Century	C8 - Increase in the performance of Slovak higher education institutions	C9 - More efficient governance and strengthening RDI funding	C10 - Attracting and retaining talent	C11 - Modern and accessible healthcare	C12 - Human, modern and accessible mental health care	C13 - Accessible and high-quality long-term socio-health care	C14 - Improve the business environment	C15 - Judicial reform	C16 - Fight against corruption and money laundering, security and protection of the population	C17 - Digital Slovakia	C18 - Sound, sustainable and competitive public finances
Public finances: long-term sustainability and fiscal policy	2019.1.1, 2019.1.2, 2020.1.1											•		○					•
Healthcare system: Resilience and provision and coordination of care	2019.1.1, 2020.1.2, 2020.1.3									○	•	•	•						
Education and care, social policy: Quality, access and inclusiveness	2019.2.1, 2019.2.2, 2019.2.3, 2020.2.1, 2020.2.3						•	•	•	•									

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Investment focus on specific areas	2019.3.1, 2020.3.3		●	●						●		●					●	○
Green transition	2019.3.1, 2020.3.4	●	●	●	●	●				○		○		○		○		
Digital transition	2019.3.1, 2020.2.2, 2020.3.2, 2020.3.4									○				○	○	○	●	
Justice system, corruption and anti-money laundering	2019.4.1, 2019.4.2, 2020.4.1, 2020.4.3														●	●		
Business environment and competitiveness, public administration and public procurement	2019.3.1, 2019.3.2, 2020.3.1, 2020.3.3, 2020.4.2									○					●		●	○

Key: “●” investments and reforms of the component significantly address the challenge; “○” the component partially addresses the challenge