

Slovakia's responses to the COVID-19 outbreak in the fields of employment and social protection

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DANIEL GERBERY – EUROPEAN SOCIAL POLICY NETWORK

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Slovakia has been successful in addressing the health aspects of the COVID-19 outbreak. The economic and social consequences of the economic downturn and nationwide lockdown have been mitigated by a range of measures, including interventions aimed at maintaining employment and providing social protection. Yet Government aid has prompted criticism related to its low volume, and poor adequacy and implementation.



Description

Although the comparative performance of its healthcare system in terms of spending and outcomes is not very good by international standards (see e.g. OECD, 2019), Slovakia shows the lowest per-capita COVID-19 death rate in the European Union: only 5 deaths per million inhabitants (July 2020). One of the reasons was the swift reaction of the public policy actors: a state of emergency and first lockdown measures (16 March) were declared only a few days after the first COVID-19 cases were confirmed. Public trust and compliance with the restrictions and other anti-COVID-19 measures, actively supported by the mainstream media (informing about the pandemic and explaining how best to react to it) have also contributed to the success of the country's response (Beblavý, 2020).

Slovakia, as a small, open economy, suffered from both the lockdown measures and the global economic slowdown. To mitigate the negative socio-economic impacts, a range of measures were adopted, aimed at maintaining employment and providing social protection.

One of the first measures – the so-called "pandemic benefit for care of a sick relative" – was targeted at parents who had to stay home with children under the age of 12 due to the closure of schools and pre-school facilities. Although paid at the same level as the standard benefit for care of a sick relative (55% of gross daily earnings), the pandemic benefit has been paid for a longer period, covering the whole period during which

schools and school facilities were closed. Furthermore, the administrative burden was reduced by the new possibility of applying electronically via the website of the Slovak Insurance Agency.

In a similar vein, another measure that was swiftly adopted is the "pandemic sickness benefit" – an extension of the standard sickness benefit, aimed at working persons who were unable to work due to COVID-19 and had to stay in quarantine. Whereas the "standard" sickness benefit amounts to 25% of gross daily earnings for the first three days of sick leave, the "pandemic" sickness benefit is 55% of gross daily earnings from the first day of sick leave, paid by the Social Insurance Agency.

In late March, the government approved a socio-economic aid package "First aid for employees, entrepreneurs and the self-employed", which contains several financial measures for maintaining jobs that are co-financed by the European Social Fund. First, employers (including self-employed persons with employees), who, in spite of being forced to shut down because of the decision of the Slovak Public Health Authority (SPHA), preserved jobs, could claim reimbursement of 80% of an employee's average gross salary, capped at €1,100 per employee per month. Support was also provided to employers who were negatively affected by the emergency situation, but were not forced to shut down. They could choose between two options:

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- to claim wage compensation of up to 80% of an employee's average gross salary (with a cap of €880 per month) for each employee who could not work; or
- to claim a fixed sum based on the rate of reduction of their revenue.

Self-employed people (both with and without employees) who closed or cut back their business due to the SPHA decision, as well as those with a fall in revenue, made up the second target group. The amount of support depended on the rate of reduction in revenue, with the same mechanism as in the previous scheme. The condition was that they had been paying sickness and pension insurance contributions or were previously allowed to postpone paying them. The self-employed who were not entitled to this support received a flat-rate contribution of €210.

As of 2 July (latest data available), 110,000 assistance contracts had been concluded under the "First aid" programme, for a total amount of €368.6 million, supporting one quarter of jobs in the economy (Inštitút sociálnej politiky, 2020: 2). Originally the programme was to be stopped in July but it has been prolonged until the end of September.

In addition to this "First aid" package, other measures were also subsequently applied. In order to reduce labour costs during the economic downturn, a deferral of the payment of social insurance contributions was approved. Employers and the self-employed who reported a loss of revenue of at least 40%, due to lockdown and related measures, could claim deferral of payment of social contributions. Moreover, economic subjects (i.e. businesses as well as self-employed [with and without employees]), which had to close for more than 15 days in April 2020 due to the SPHA decision, were not

required to pay social contributions for a given month.

As regards social transfers, two main measures were implemented. First, in order to stabilise the income of jobseekers who were having increasing difficulties finding a job, the period during which unemployment benefit is paid was repeatedly extended by one month for those jobseekers whose entitlements were running out during the crisis. Secondly, in order to cover all vulnerable groups, a totally new benefit (the "SOS subsidy") was introduced in April. The subsidy was intended for persons who had income from work or a business before the COVID-19 outbreak, and found themselves without any income during the crisis and without entitlement to any other benefits (including minimum income).

Attention was also paid to housing. In April 2020, a ban was introduced on terminating contracts with tenants due to delays in payments caused by the pandemic. Tenants had to declare that the delays in payments were related to the pandemic. This measure applied during the period April to June 2020.



Outlook and commentary

Even though there is a general consensus that the government has succeeded in tackling the health risks related to the COVID-19 pandemic, experts have expressed doubts about the ways in which economic and social aid was delivered. In an open letter to the government (Slovak Spectator, 2020), top Slovak economists have argued that in April 2020 aid provision was slow and its volume was too low. They called, in particular, for the government to pour more financial resources into the economy and to make deals with the banks in order to set conditions for new loans for

companies. Some experts have argued that the government's assistance has been less generous, more limited in scope and slower than in other countries (Centrum pre verejnú politiku, 2020). Representatives of the business sector have pointed out that some of the measures adopted were not only insufficient but also administratively demanding. The results of an opinion poll among the self-employed and entrepreneurs confirmed that these objections were widely shared (Denník N, 2020).

Further reading

Beblavý, M., 2020: [How Slovakia Flattened the Curve](#). In: Foreign Policy.

Centrum pre verejnú politiku, 2020: Boj s ekonomickou krízou spôsobenou pandémiou COVID-19. Porovnanie krokov vlád vybraných európskych krajín v mesiacoch marec-apríl 2020 [Economic crisis responses in the wake of COVID-19 outbreak. A comparison of steps taken by selected European governments in March-April 2020]. Bratislava.

Denník N, 2020: [Podnikatelia žiadali rýchlu, jednoduchú a účinnú pomoc. Stal sa opak](#).

Inštitút sociálnej politiky, 2020: Prvá pomoc na Slovensku. Priebežná správa - Druhá aktualizácia [First aid in Slovakia. Interim report on social aid for workers and families – Second update]. Ministry of Labour, Social Affairs and Family: Bratislava.

OECD, 2019: Health at a Glance 2019. OECD Indicators. OECD Publishing: Paris.

Slovak Spectator, 2020: [Economists to government: Yesterday was late, you need to act](#)

Authors

[Daniel Gerbery](#) (Comenius University)

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