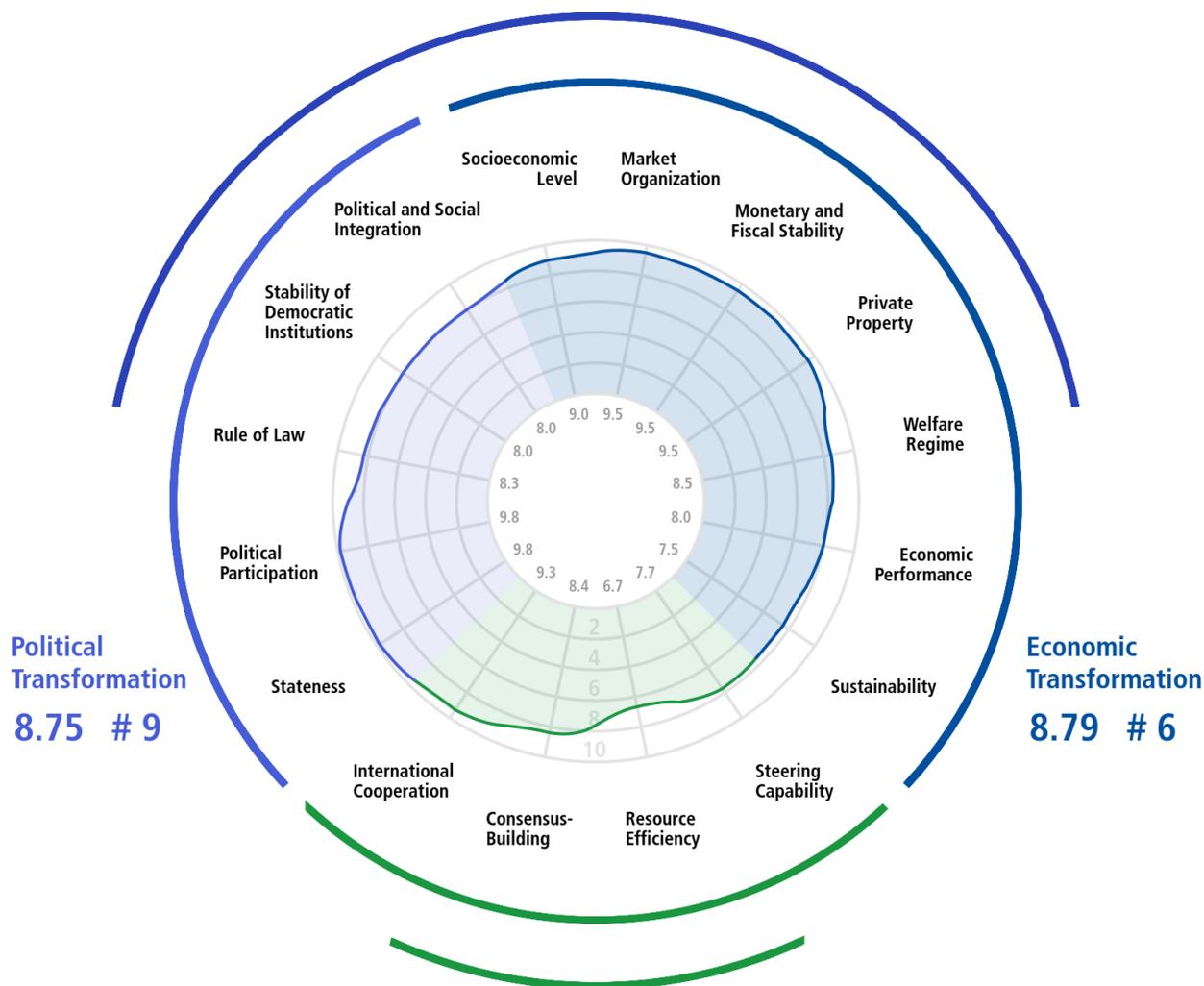


Slovakia

Status Index

8.77 # 8

on 1-10 scale out of 137



Political Transformation
8.75 # 9

Economic Transformation
8.79 # 6

Governance Index

6.53 # 15

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2022**. It covers the period from February 1, 2019 to January 31, 2021. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

Please cite as follows: Bertelsmann Stiftung, BTI 2022 Country Report – Slovakia. Gütersloh: Bertelsmann Stiftung, 2022.

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Key Indicators

Population	M	5.5	HDI	0.860	GDP p.c., PPP \$	31832
Pop. growth ¹	% p.a.	0.1	HDI rank of 189	39	Gini Index	25.0
Life expectancy	years	77.5	UN Education Index	0.826	Poverty ³	% 1.0
Urban population	%	53.8	Gender inequality ²	0.191	Aid per capita \$	-

Sources (as of December 2021): The World Bank, World Development Indicators 2021 | UNDP, Human Development Report 2020. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

The economic and political developments in Slovakia at the beginning of the review period were highly dependent on the Smer-SD party and its leaders Robert Fico and Peter Pellegrini, who were attempting to strike a balance between meeting the demands of Western partners and the domestic electorate, between fiscal consolidation and fiscal populism, and between large multinationals and domestic oligarchs. In the post-EU accession era, Smer-SD had won three consecutive electoral terms. However, the February 2018 murders of journalist Ján Kuciak and his fiancée ultimately led to the end of Smer-SD rule. Kuciak had investigated corruption in high politics and Italian mafia activities in Slovakia, disclosing the penetration of state structures by corruption. At the same time, allegations of office abuse and bribes continued to be inadequately investigated and prosecuted, which created further public frustration and distrust. Mobilization of citizens angry with Smer-SD's corrupt governance resulted in a change in government through the February 2020 elections and the 2019 presidential elections. The government under Prime Minister Peter Pellegrini (then Smer-SD) who replaced Fico in 2018 was ineffective in dealing with corruption or the loss of integrity.

The political consequences of the murder continued to influence politics, including municipal, presidential, European and parliamentary elections that took place during the review period. Public dissatisfaction with pervasive corruption led to Zuzana Čaputová's victory in the presidential elections in March 2019. She was the candidate of the newly founded (2017) social liberal and pro-European party, Progressive Slovakia. Several other parties supported her to be the first female president in Slovakia. Čaputová previously worked as a lawyer and activist for the NGO-watchdog VIA IURIS.

Mobilization of citizens angry with Smer-SD's corrupt governance resulted in the change of government through the elections in February 2020. Igor Matovič, the founder and leader of Ordinary People and Independent Personalities (OĽaNO), won elections on an anti-corruption stance. Since 2010 he has established himself as an outstanding and convincing critic of

corruption, and he seized the opportunity created by broad anti-corruption protests and sentiments, winning 25% of the popular vote. OĽaNO rejects traditional, “establishment” parties on the left and right and strongly favors populist rhetoric over a programmatic approach. Its rhetoric is flexible, responding to shifts in public moods and following social media drives. Matovič formed a governing coalition with three other parties: We are Family (Sme Rodina), a socially conservative Eurosceptic party; Freedom and Solidarity (SaS), an economically liberal and libertarian party; and For the People (Za ľudí), a center-right, liberal-conservative party founded by the former president Andrej Kiska.

The record of the new Matovič government is mixed. On the one hand, the government prepared a comprehensive program with clear priorities and the impressive National Reform Program 2020. Its main goals reflect the EC and OECD recommendations and Slovakia’s international commitments. The most visible progress occurred in justice and anti-corruption policies. Moreover, an ongoing investigation and prosecution of organized crime, which encompasses top corrupt judges and police officers, former politicians, and oligarchs, is underway. On the other hand, the new prime minister has damaged the image of democratic and responsible government through his unpredictable political communication, repeatedly insulting not only the opposition but also his coalition partners, experts, media, NGOs and citizens. More importantly, because of pandemic-related measures, Slovakia’s firmly established image as a fiscally responsible country has been damaged, as the 2020 and 2021 budgets are not in line with EU recommendations. The outbreak of the COVID-19 pandemic and the global crisis pushed the country into a recession in 2020 due to a contraction in investments, low foreign demand and a sharp drop in private consumption. According to Slovak National Bank, the economy is unlikely to return to its pre-crisis level before 2022. The pandemic exacerbated the deficit, due to weak tax revenues and social contributions, and fiscal measures taken to cushion the effects of the crisis.

While in spring 2020 Slovakia successfully minimized the number of cases of COVID-19, by autumn the country faced one of the highest increases of COVID-19-related deaths in the world. Support for Prime Minister Matovič and his OĽaNO party dramatically declined because of a lack of a stable electorate, and because of Matovič’s political style, way of communication and chaotic performance. In sum, Slovakia has gained a very different image over the review period, highlighting the poor state of the health care, lack of medical staff, controversies between the national government and municipalities, and the neglect of democracy (encompassing human rights and the rule of law) by the executive in particular, including steps to strengthen the executive at the expense of parliament.

History and Characteristics of Transformation

After the dissolution of the Czech and Slovak Federal Republic (Czechoslovakia) in 1993, the independent Slovak Republic deviated from the liberal path of democratic consolidation. From 1992 to 1998, with a brief pause in 1994, the country's prime minister was Vladimír Mečiar, whose semi-autocratic rule led to the exclusion of Slovakia from the first negotiation round with the European Union in December 1997. Slovakia was accepted into NATO only in 2004, unlike the three neighboring Visegrád countries which entered NATO in 1999. The Mečiar government (1994 - 1998) was embroiled in a sharp conflict with opposition parties, the president, independent media, NGOs, ethnic minority representatives and churches. Norms of rule of law were openly violated. Some constitutional principles and decisions by the Constitutional Court were disregarded. Slovak society suffered from extreme polarization between advocates and opponents of liberal democracy.

In the 1998 parliamentary elections, previously highly fragmented political opposition and civil society initiatives mobilized democratically oriented citizens and created a broad-based anti-Mečiar alliance to stop the continuation of the semi-authoritarian regime. The resulting victory for democratic forces underscored Slovaks' commitment to constitutional liberal democracy and international recognition, and the country again embarked on a path toward integration, democratic consolidation and pro-market reforms. The first post-Mečiar government (1998 – 2002), led by Mikuláš Dzurinda, launched a renewed pro-Western foreign policy agenda focusing on membership in NATO, the European Union and the OECD, as well as on gaining broader international credibility. After the 2002 elections, the second Dzurinda's government introduced major structural reforms closely linked to ideas derived from the so-called Washington Consensus, such as introducing a flat tax system, reforming the pension and health care systems, creating incentives for foreign investors, and welfare state retrenchment. The reformist political and societal forces (political parties, NGOs, think tanks, independent experts and public intellectuals) maintained dominating positions over the anti-reformist veto players. Due to these reforms and a massive inflow of foreign investment, Slovakia has experienced unprecedented economic growth since 2006. However, public dissatisfaction with the state of health care, with some aspects of social policy and the implemented labor code reform, led to a complete change of party composition in the government following the 2006 elections. The ideologically heterogeneous coalition government composed of the left-wing Smer-SD and national-populist authoritarian parties, the Slovak National Party (SNS) and the People's Party – Movement for a Democratic Slovakia (ĽS-HZDS) raised doubts about the course of the country's development. Nevertheless, the first Fico government maintained the previous government's main economic priority (i.e., meeting the economic criteria for adopting the euro on January 1, 2009). Given this goal, the government pursued sound fiscal and monetary policies during the first half of its term. However, since the 2009 global crisis, Fico has increased the role of the state in the economy through minor changes, and as a result, the budget deficit has increased. Meanwhile, the government failed to properly address the major social challenge,

increasing unemployment. Welfare policies were not systematic and mostly included one-time direct payments. Fico showed less respect for media freedom, civil society, and democratic institutions in general, neglecting to pursue anti-discrimination and anti-corruption measures.

The 2010 elections brought the center-right parties back into government as the public reacted to corruption, party cronyism and the poor performance of the previous government. A center-right coalition government headed by Iveta Radičová (Slovak Democratic and Christian Union – Democratic Party) included the Christian Democratic Movement (KDH) and two new parties, the liberal Freedom and Solidarity (SaS), and a newly formed Slovak-Hungarian Most-Híd. Radičová's government, however, collapsed due to an intra-coalition disagreement over the European Financial Stability Facility (EFSF), which was strongly opposed by SaS. The government lost a parliamentary vote of confidence in October 2011. The performance of Radičová's government left a rather ambiguous impression. In its short time in office, it passed several important legislative changes, including the requirement that all contracts involving public funds be published on the internet (making the validity of these contracts conditional on publication), a new system for the selection of judges, changes to the Press Act, and amendments to the Labor Code to make it easier to hire and fire employees. The quality of democracy improved under Radičová's government due to the involvement of dynamic civil society actors, watchdog organizations and the media.

A corruption scandal between 2005 and 2006, the details of which were disclosed in 2011, led to "Gorilla protests" in 2012. Center-right voters became alienated and were demotivated. Smer-SD won a sweeping victory in the early 2012 parliamentary elections, winning 83 seats in the 150-seat parliament. The second Fico government lacked transparency and had done little to improve anti-corruption measures and economic development. After the 2016 parliamentary elections, Fico was reappointed prime minister. However, this time, the elections produced a fragmented parliament with eight parties, and forming a stable government based on programmatic and ideological compatibility that would last until the next scheduled elections looked almost impossible. Fico had to accept three other parties as new coalition partners. Two of them belonged to the center-right (Most-Híd and Siet'). The third partner, SNS, stemmed from the radical nationalist wing, but had moderated its program before the elections and excluded some of its discredited leaders (e.g., former chairman Ján Slota). The ruling coalition of "strange bedfellows" included Smer-SD (national populists with left-leaning rhetoric), radical nationalists and center-right politicians. The coalition included parties representing the two sides of the Slovak-Hungarian ethnic cleavage, who shared complicated historic relations. This left the coalition very fragile. However, it was only after the murder of investigative journalist and subsequent large-scale protests that the controversial long-standing Prime Minister Robert Fico stood down. Peter Pellegrini (Smer-SD) replaced Fico but failed to strengthen democracy and the rule of law.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

The Slovak Republic has an unchallenged monopoly on the use of force throughout the country.

Question
Score

Monopoly on the
use of force

10



All citizens enjoy the same human rights and civil liberties, and the majority of the population acknowledges the legitimacy of the state. The loyalty of ethnic Hungarians living in Slovakia has been a sensitive political issue, as nationalist groups on both sides perceive the history of their coexistence as loaded with unjust and acculturation policies. The volatility of borders between the former Czechoslovakia and Hungary in the 20th century has enhanced such a perception. However, Slovak-Hungarian relations have calmed in recent years, even if the subsequent Orbán governments occasionally exploit the Hungarian “national question,” and adopt policies which interfere in the politics of neighboring countries (e.g., granting citizenship to ethnic Hungarians living abroad). This fragile situation did not substantially change after the 2020 elections, even though no ethnic Hungarian parties entered the parliament. At the local level, there were no ethnically motivated political conflicts; these had occurred in the past.

State identity

10



According to the constitution, the “state is not linked to any religion.” However, the church has not been fully separated from the state, as it receives funding from the state budget. The state fully finances the salaries of priests and subsidizes central church offices, building maintenance and church schools. After the 2020 elections, the role of the church may increase as many Catholic activists entered parliament on OĽaNO, Sme rodina (We are Family) and Kotlebovci-ESNS party lists. Thanks to NGOs resistance, media criticism and Freedom and Solidarity (SaS) initiative, an amendment of the abortion law was not passed, but member of parliament Anna Záborská from Christian Union (faction inside OĽaNO), who proposed the amendment, promised to submit it again in six months.

The state’s administrative structure functions throughout the entire territory, and the state extracts and allocates state resources on a broad basis. Administrative tasks are conducted in part by local state administrative institutions, and in part by the regional and local municipalities. They have separated and shared competencies, which also determine principles of coordination on specific matters such as territorial planning and emergency situations. The situation in the self-built segregated Roma settlements, where the state administration is failing to provide full access to basic infrastructure (e.g., water, sewerage and electricity), is not optimal, and only a few municipalities have implemented effective policies (e.g., loans and subsidies to help Roma citizens build their own new homes with full access to basic infrastructure). Despite these persistent shortcomings, the COVID-19 pandemic did not worsen access to basic services in Roma settlements for an extended period. No services in basic infrastructure were disrupted during the pandemic.

2 | Political Participation

Elections are free and fair and are held without any significant restrictions. Slovakia’s unicameral parliament is elected under a proportional electoral system in a single nationwide constituency with a 5% threshold. However, while the single nationwide district does not violate the free and fair character of elections, it lowers the degree of regional representativeness.

General elections took place as planned on February 29, 2020, just a few days before the first COVID-19 case was diagnosed. According to an OSCE report, the elections were free and fair and were administered in an orderly way. However, the Electoral Act provides a two week ban on pre-election opinion polls.

Due to the state of emergency, local by-elections were rescheduled from April 4 to October 3, 2020. However, as the law allows for such postponement, this did not violate the norms of free, fair and regular elections.

No interference of religious dogmas



1

Basic administration



1

Free and fair elections



1

The democratically elected president and parliament, as well as the government and other constitutional institutions, have the effective power to govern. They are not constrained by any non-democratic veto powers. Asset-stripping oligarchs and politically connected business tycoons exist and attempt to influence the political process using their political connections. However, they do not exercise a veto power.

Effective power to govern

10



Association and assembly rights are constitutionally guaranteed and upheld by authorities. Article 29 of the constitution provides political rights and the freedom to join political and civic groups. The freedom of association and assembly can be limited only in accordance with the law.

Association / assembly rights

10



When the first case of COVID-19 was diagnosed in early March 2020, Pellegrini's government introduced a set of measures that limited the freedom of movement and assembly. In October 2020 the government reintroduced a state of emergency, including new restrictive measures.

While in spring 2020 the restrictions on personal lives were accepted without much resistance, the government's decision to reintroduce the state of emergency in October 2020 was much contested. First, opposition MPs petitioned the Constitutional Court, arguing that there was no immediate threat to the lives and health of people, but the court upheld the constitutionality of the state of emergency. Second, several hundred people, mostly supporters of the far-right Kotlebovci (People's Party Our Slovakia) and so-called ultras, protested in Bratislava on October 17 (the official Day of Freedom and Democracy to commemorate the Velvet Revolution). The protesters criticized the government's measures, including the ban on assemblies of over six people. The unauthorized protest turned violent, and some police officers were attacked; consequently, police used tear gas and water cannons to disperse the crowds. The government extended the state of emergency twice and tightened some measures restricting free movement and assembly until January 24, 2021.

The restricted measures imposed by the government were not motivated by the desire to restrict the constitutional rights of citizens or abuse them in favor of the dominant political forces.

Freedom of expression is guaranteed in Slovakia by law. There are viable independent media outlets. However, several structural and cultural factors limit the freedom of expression.

Media outlets previously owned by foreign media companies have been acquired by local oligarchs. In 2019, Petr Kellner, one of the wealthiest Czech businessmen, bought Central European Media Enterprises, which includes the largest Slovak TV channel, Markíza. Other private channels include TV JOJ, which belongs to the same people behind the J&T company. The TA3 news channel is owned by businessman Ivan Kmotrík, who has close ties to the nationalist SNS party. In September 2019, the previous ruling coalition (Smer-SD, SNS, Most-Híd) reintroduced a right-to-reply for politicians. The amendment of the Press Code is a little less restrictive compared to the legislation of 2008 - 2011, but it still enables courts – for “privacy protection” – to limit the freedom of speech in favor of politicians, oligarchs and judges. In the past, many independent newspapers were forced to pay very high fines. The law has granted politicians the right of reply or to demand the publication of a correction. If a media outlet fails to do so, it could face a fine of up to €5,000. This amendment was passed just 18 months after the murder of investigative journalist Ján Kuciak and sent the worst possible signal to the international democratic community. However, since the late 1990s, the media has played an important role in the democratic accountability mechanism in Slovakia. The tense relationship between the government and media has improved after the February 2020 elections.

3 | Rule of Law

Generally, the system of checks and balances has functioned well within the framework of the parliamentary system. During the review period, some important improvements were made to checks and balances related to the judiciary. On the other hand, the pandemic somehow led to the centralization of power in the hands of the government at the expense of parliament. Although the Slovak president has weak constitutional powers and is mostly a moral voice or political authority, Čaputová managed to use her constitutional prerogatives to be a balancing force.

The composition of the Constitutional Court (after a lengthy conflict) was finally completed in 2019 under the Pellegrini government, following the end of the judges' term in February 2019. The Constitutional Court ruled in October 2020 that the Matovič government had declared a national emergency in compliance with the Slovak constitution. However, during the autumn wave of the pandemic, parliament decided to allow the government to repeatedly extend the 90-day national emergency by 40 days, subject to confirmation by the parliament within 20 days after the extension came into force. This legislation definitely limits the powers of parliament, and at the end of December 2020 even members of parliament who had

Freedom of expression

9



1

Separation of powers

8



1

just tested positive for COVID-19 were summoned to vote for the extension of the state of emergency. Moreover, the Matovič government passed many laws following a fast-track procedure that is at odds with the constitution, given that the legislation was not related to the pandemic. Excessive use of fast-track procedure may undermine the separation of powers, as it allows the parliament to pass a bill on the day of approval by the government, and hence reduces the role of parliament in scrutinizing legislation.

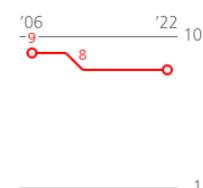
Slovak courts generally operated independently from executive power during the review period. However, the courts suffer from widespread nepotism and cronyism. This, linked with a weak accountability mechanism and perceived corruption, led to a constant decline of trust in the courts. The Pellegrini government abandoned reforms prepared and partly implemented by the former justice minister, which sought to foster transparency and tackle corruption in the judicial system. After the February 2020 elections, new Justice Minister Mária Kolíková (Za Ľudí - For the People) prepared a systemic, long-anticipated judicial reform that was passed at the end of 2020. It included reform of the Judicial Council, property checks of judges, reform of the Constitutional Court (CC), an age cap for judges, and the establishment of a new, Supreme Administrative Court. The Justice Ministry also prepared to reduce the current 54 district courts to 30 and the number of regional appeal courts from eight to three. This territorial administrative change may help to weaken the long-established corrupt ties between judges, politicians, oligarchs, and organized crime.

The public and expert community strongly support these reforms as an important step toward strengthening justice. However, it also provoked a strong opposition from “the old guard,” that is, those judges and prosecutors who were allegedly involved in bribery and abuse of power. Several of them had already been formally accused and detained during 2020. They included the former state secretary of the Justice Ministry, the vice-chairwoman of the Supreme Court, heads of local courts and ordinary judges, former main special prosecutor, former prosecutor general, and ordinary prosecutors. These developments represent one of the most important steps in the cleansing of the justice system. However, restoring trust in the judiciary (and the entire political class) will take time.

Office abuse and corruption is the most sensitive sociopolitical problem undermining stability and quality of democracy in Slovakia because the majority of allegations continued to be inadequately investigated. This creates further frustration and distrust amongst citizens already angry with Smer-SD corrupt governance. Only after the 2018 murder of the investigative journalist have some Smer-SD leaders faced some accountability. Some pending cases involving corruption from the first Fico government were finally decided in court under the Pellegrini government, but the situation dramatically changed after the 2020 elections. Up to the end of January 2021, a number of high-profile judges, police

Independent
judiciary

8



1

Prosecution of
office abuse

8



1

officers, ministers, top-administrative officials, and oligarchs were arrested and charged with serious crimes. These steps in fighting corruption are significant, and moreover, they are complemented by the judiciary reform (see 3.2) and changes to high-ranking personnel in police, courts, and the prosecutor. However, increasing trust in the political class will require even further systemic and long-term efforts.

Civil rights are largely respected in Slovakia. As an EU member state, the country has institutions to supervise the observance of civil rights such as the Constitutional Court, the Supreme Court, general courts, prosecutor offices, the Office of the Ombudsman (Public Defender of Rights), a special committee of parliament and the National Center for Human Rights. These independent authorities play an important role in safeguarding civil rights but would benefit from clearer mandates, amended legal status, and sufficient resources to exercise their roles more effectively. In association with EU accession, Slovakia strengthened the non-discrimination against illegal interference by public administrative bodies.

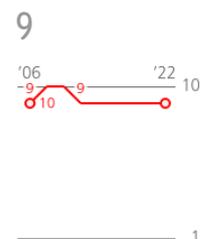
The Roma remain the most vulnerable segment of society; they are frequently subject to mistreatment by the state authorities (including the police) and discrimination on racial grounds (especially in the labor market). Human rights NGOs, including advocacy groups and watchdogs, have a key role in enforcing the equal treatment of Roma, while negative social attitudes still prevail. Some NGOs have criticized the government for using army and police forces to prevent COVID-19 from spreading in marginalized Roma settlements (mostly in east Slovakia). NGOs (e.g., CVEK, Center for the Research of Ethnicity and Culture) argue that such steps risk further stigmatization of an already stigmatized community. They argued that the Roma people who test positive should be transferred out of their community to state-sponsored quarantine.

The LGBTQ+ community is another stigmatized segment of the population whose rights are not sufficiently protected. Their substantiated demands are neglected or simply ignored. Single mothers, pensioners, and patients with specific diseases can also be classified as belonging to vulnerable groups.

During the COVID-19 pandemic, some fundamental civil rights (e.g., the freedom of movement and assembly, the right to privacy) were repeatedly restricted. Some of these measures were passed using a fast-track procedure. At the end of March 2020, the cabinet proposed to use location and other metadata produced through electronic communication. After the proposal was labeled “a spying law,” causing fear and widespread opposition, it was withdrawn, with the reason cited as weak IT capacities.

When the first case of COVID-19 in Slovakia was diagnosed in early March 2020, the Pellegrini government introduced a set of measures that limited the freedom of movement and assembly, as well as imposing a 14-day quarantine on all arrivals from abroad. People had to stay in state-owned facilities until testing negative for

Civil rights



1

COVID-19. Conditions in some of these facilities were very poor and initial reports about the treatment of citizens were rather disturbing. Only gradually, in the wake of media reports, were these Draconian measures modified. According to some legal experts, the constitutionality and proportionality of many restrictions were questionable.

4 | Stability of Democratic Institutions

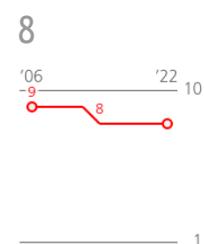
The ensemble of democratic institutions is effective and efficient. As a rule, political decisions are prepared, taken, implemented and reviewed through legitimate procedures by the appropriate authorities. Democratic institutions operate within a parliamentary democracy framework. After the 2020 elections there was a complete makeover of the composition of the government. The polarization between the government and opposition has increased as the dividing line has shifted from policies to politics since 2016, when the far-right ultra-nationalist party Kotleba – ĽSNS gained seats in the parliament. The pandemic, and disagreements over measures implemented, have increased tensions between national, regional and local governments over competences and effectiveness. However, all issues were, ultimately, democratically settled.

The majority of political parties in Slovakia are committed to democratic institutions or at least rhetorically support democratic norms and institutions. According to representative opinion polls, the vast majority of the population express support for democratic norms and values. Influential business actors, the clergy, and the military also accept most democratic institutions as legitimate. However, a recent investigation has disclosed substantial corrupt ties between high-ranking representatives of the Smer-SD party, police officers, judges, prosecutors, and rogue businessmen, who de facto ignored the legitimate power of institutions in which they operate.

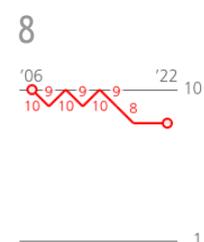
5 | Political and Social Integration

Slovakia has a relatively low degree of party system institutionalization but with stable patterns of party competition, characterized by a dominant party in one camp (often using nationalist or left-wing appeals) and a group of fragmented center-right parties in the other. These two voting blocs have been stable in size and ideological preferences. Yet, after 30 years of free party competition, high fluidity persists, expressed in the emergence of new parties and the collapse of established ones. The high degree of party instability and ongoing fragmentation is further complicated by increasing crosscutting polarization. The first dimension of party competition runs between the far-right and the left, the second between liberals and conservatives, and finally, between ethnicities. After the 2020 elections, the previously established patterns of party competition weakened as several major parties used mixed appeals. The winner of the 2020 elections, Prime Minister Matovič's party, OĽaNO

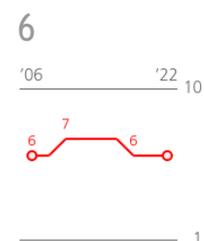
Performance of democratic institutions



Commitment to democratic institutions



Party system



(Ordinary People and Independent Personalities), is a clear example of such mixed appeals. His party does not have a proper institutionalized membership or territorial organization. In fact, it is a coalition of minor parties and “personalities.” The previously dominant Smer-SD party, the self-declared “social democratic” political force, until recently faced no real competition on the left. Smer-SD gradually lost support and ultimately split after its former vice-chair, Peter Pellegrini (who in 2018 replaced Robert Fico as prime minister), founded a new left-wing party named Hlas-SD (Voice-Social Democracy) in September 2020. The center-right of the party system became even more fragmented after the 2020 elections and lacks solid representation in parliament. The libertarian Freedom and Solidarity (SaS) has gradually shifted toward the economic center-right. Most-Híd, an ethnically mixed (Hungarian-Slovak) party did not enter the parliament in 2020. The Slovak National Party (SNS) lost support and did not pass the threshold either. In February 2021 a split occurred in right-wing extremist ĽSNS due to the efforts of the convicted party leader, Marián Kotleba, to concentrate powers in his hands.

After the 2020 elections, the main parties present in parliament constitute rather loose groups of individuals selected by the respective party leader and are split between center-right conservatives, self-declared social democrats, economic and partly social liberals, and right-wing extremists. In general, all parties are elite-centered and very weak in aggregating societal interests. Support for parties remains personalized and depends mostly on the leader’s appeal. Consequently, volatility and polarization depend on party leaders’ ability to attract support and articulate current pressing political issues.

While parties remain elitist and rather weakly rooted in society, civil society is well anchored in diverse interest groups, which are well-differentiated and organized. The interaction between labor and business follows the continental European model. There are umbrella organizations in all special interest and professional sectors that represent and mediate the demands of interest groups vis-à-vis the government and its institutions. The main social interest groups have access to the policymaking process through the tripartite social dialogue and various advisory bodies (e.g., councils at the government and ministerial levels). The social dialogue includes not only business and professional organizations, but also civil society organizations (e.g., trade unions, consumer groups, NGOs and churches).

Most organized interest groups enjoy some access to policymaking. While business associations are in a better position to provide policy proposals, as they have more resources and some of them operate or support think tanks, trade unions are less well equipped and have suffered from fragmentation. However, in the past the main umbrella trade union organization KOZ (Confederation of Trade Unions), representing almost 30 sectoral unions, has benefited from close ties to Smer-SD and was able to push for its interests. KOZ focused primarily on increasing the minimum wage and an assortment of less controversial issues such as workplace security.

Interest groups



In Slovakia, democracy has been firmly anchored thanks to EU membership, and vibrant and influential pro-democratic civil society actors. These actors, together with the media and democratic parties, have successfully countered and prevented the rise of non-democratic politicians to power. In this sense, Slovakia benefits from the legacy of fighting the authoritarian regime of Vladimír Mečiar, including sensitivity to restrictions on opposition rights and aversion to the concentration of executive power. The sudden political crisis after the murder of Ján Kuciak and his fiancée in 2018 fostered broad popular protests and movements in support of democratic values.

In terms of political values, Slovakia remains split into two camps. Dissatisfaction with the working of democracy has declined slightly during the reviewed period. According to Eurobarometer Summer 2020, 54% of people in Slovakia were dissatisfied with democracy in the country, a drop from 58% in 2018, but still higher than the EU average (41%). Trust in the parliament and government remains low and is decreasing (28% and 29%, respectively). It is below the EU average. These attitudes were confirmed during the COVID-19 pandemic, as concerns over the state of democracy increased (FOCUS 2021).

Only one relevant parliamentary party explicitly questions democratic values – the Kotlebovci-ĽSNS, supported by 10.4% of the electorate in the 2020 elections. In October 2020, the Specialized Criminal Court sentenced the party's leader Marián Kotleba to four years and four months in prison (Kotleba appealed the verdict and remained free at the end of the review period). He was found guilty of using neo-Nazi symbols by donating the exact sum of €1,488 to three poor families – a figure that carries symbolic meaning for neo-Nazis and white supremacists.

Slovakian civil society is relatively well-differentiated and organized. Interest groups have a direct influence on policymaking. According to the Government Council for Non-Governmental Non-Profit Organization, over 64,000 organizations exist in Slovakia (see Q2.3). Specific historical legacies (e.g., mistrust of strangers, a parochial political culture, social pessimism, and passivity) have for decades influenced social capital and created strong social networks between relatives and close friends. According to the European Quality of Life Survey 2016 and “Citizenship Empowerment” report in 2017, Slovakia has somewhat lower levels of interpersonal trust than neighboring Central European countries. Recent sociological findings show higher levels of general trust among people with post-material orientations and those with higher job security/satisfaction. Given the high levels of unemployment in the country until relatively recently, this partly explains lower levels of trust in Slovakia compared to the Czech Republic.

Approval of democracy

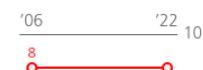
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Social capital

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II. Economic Transformation

6 | Level of Socioeconomic Development

Slovakia continues to enjoy a very high level of human development (39 out of 189 countries in the 2019 Human Development Index). Income inequality remains relatively low – the Gini coefficient was 25.2 in 2016 – and poverty rates are decreasing. The pre-pandemic high economic growth rate significantly improved labor markets, which contributed to a decline in the risk of poverty. However, the time of fast economic growth is over: since 2012 GDP per capita has stagnated around 76–77% of the EU–27, primarily because of lower FDI (OECD 2019: 125). Slovakia has been falling behind in all rankings measuring economic freedom, competitiveness, business environment, and corruption (Mikloš 2018). The COVID-19 pandemic has affected most industries and services, meaning poverty is likely to increase, despite government efforts.

Overall, the intensity of poverty in Slovakia remains relatively high. When compared to EU and OECD countries, segments of the population (e.g., the Roma) still have limited access to labor, social housing, and education. The pandemic had a negative impact on marginalized communities, and its long-term consequences (especially the worsened access to education during the pandemic-related lockdowns) are difficult to assess. The increase in employment prior to the pandemic came to a halt, although unemployment increased only marginally (7.4% in November, according to Slovakia’s Labor Office, a 2.5 percentage point increase year-on-year).

Large ethnic and gender disparities in the labor market persist. Large regional disparities amplify the levels of unemployment among low-skilled workers and long-term unemployed people (e.g., the Roma). Young people and women continue to be disadvantaged in terms of access to the labor market. Active labor market policies to improve the integration of the long-term unemployed using personalized services are badly needed. Women’s employment opportunities conflict with care responsibilities, as high-quality and affordable care services, in particular for children under the age of three, are still lacking. These issues remain insufficiently addressed by social inclusion policies. While the Gender Inequality Index has not significantly deteriorated in the past two years, it remains considerably higher in Slovakia than in many neighboring countries (0.191 in 2019).

Question
Score

Socioeconomic
barriers

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Economic indicators		2017	2018	2019	2020
GDP	\$ M	95209.5	105474.7	105119.2	104574.1
GDP growth	%	3.0	3.7	2.5	-4.8
Inflation (CPI)	%	1.3	2.5	2.7	1.9
Unemployment	%	8.1	6.5	5.8	6.8
Foreign direct investment	% of GDP	4.4	2.1	2.2	-
Export growth	%	3.6	5.2	0.8	-7.5
Import growth	%	3.9	5.0	2.1	-8.3
Current account balance	\$ M	-1853.5	-2293.0	-2842.0	-294.4
Public debt	% of GDP	51.6	49.7	48.2	60.3
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-
Net lending/borrowing	% of GDP	-0.9	-1.1	-1.5	-
Tax revenue	% of GDP	18.6	18.6	18.7	-
Government consumption	% of GDP	19.0	18.7	19.7	21.5
Public education spending	% of GDP	3.9	4.0	-	-
Public health spending	% of GDP	5.4	5.3	-	-
R&D expenditure	% of GDP	0.9	0.8	-	-
Military expenditure	% of GDP	1.1	1.2	1.7	1.8

Sources (as of December 2021): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Market competition is consistently defined and implemented. Entry and exit barriers in product, factor, and capital markets are low or do not exist. Slovakia fully complies with international rules for the equal treatment of companies. Prices are fully liberalized, and the shadow economy is in decline. According to the Kaufmann and Kaliberda electricity consumption method, the shadow economy declined by more than half between 1993 and 2016, from 16.2% to 7.52% of GDP (Hošová 2019). According to a different methodology, it averaged 16.9% of GDP between 2003 and 2018 (Enste 2018).

Despite some improvements during the review period, it still takes a significant amount of time and resources to establish a business in Slovakia, due to the complex legal framework for businesses. In the World Bank's Doing Business 2020 report, the country slipped from 42 to 45 out of 190 countries in terms of the overall ease of doing business, although the situation varies by field of business. The 2020 Doing Business report acknowledges that some conditions for establishing a business have marginally improved because of measures implemented by the previous government of Peter Pellegrini (Smer-SD) which included, for example, abolishing the requirement to obtain and submit information on tax arrears. While costs for establishing a business are rather low (1.0% of GNI per capita), it takes on average seven procedures and 21.5 days.

Slovakia is subject to EU antitrust and competition laws and has previously implemented laws protecting the market from monopolies and a concentration of dominant actors. The country has also established antitrust institutions; while adequately configured, they sometimes react slowly. The Anti-Monopoly Office (Protimonopolný úrad, PMÚ) regularly fines companies for participating in cartels or for abuse of dominant positions (e.g., in electricity or telecommunications). Many of these companies, which are co-owned by multinationals, have successfully contested PMÚ decisions in Slovak courts. It then becomes the European Commission's responsibility to apply a coherent anti-monopoly policy, but even when this occurs, this constitutes a lengthy procedure.

Since the new government took power, there are widespread hopes that the PMÚ will face fewer barriers in terms of implementation of its decisions.

Market
organization

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Competition policy

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Foreign trade is fully liberalized, and the country is integrated within the European Single Market. There are few non-tariff barriers. Entry and exit barriers within the product, factor, and capital markets are low or do not exist. There is no state intervention in free trade. Slovakia has one of the most open economies in the world.

According to the Slovak Statistical Office, in 2019 84.3% of exports went to EU countries – 22% to Germany, followed by the Czech Republic, Poland, France, and Hungary. Outside of the EU, the United States remains the largest trading partner. The share of foreign trade in GDP remains very high at 185% (World Bank, 2019), making Slovakia the third most open country in the EU. Slovakia has an overall positive trade balance, which amounted to 0.4% of GDP in 2019.

A two-tier banking system exists in Slovakia, which includes the National Bank of Slovakia (NBS) and various private commercial banks. The banking system is stable and has consolidated over time. In the review period, the banking sector operated in two different periods marked by domestic economic growth and continued improvement in the labor market situation, and then the COVID-19 pandemic. During both, the banking system remained stable and healthy because of the NBS's intensive monitoring of risk management practices. Slovakia has a well-capitalized and liquid banking system, as confirmed by the European Central Bank assessment. The non-performing loans ratio is at the EU average. It has decreased significantly from 5% in 2016 to 3.1% in 2019, below the euro area average of 3.6%. According to the World Bank, Slovakia's bank capital to assets ratio and non-performing loans is 10.4%. During the review period, Slovakia's banks were not affected by a credit crisis due to non-performing loans because of government intervention that allowed for a short-term deferral of payment installments.

Following the EU directives, NBS enjoys important supervision powers over banks. It can demand specific reports or scrutinize banks' plans and must create a schedule of bank inspections based on their stress tests. NBS also holds supervisory powers regarding banks' customer protection. NBS efficiently uses its powers, especially in the field of housing loans, as the level of household debt has been increasing. To reduce the risks of a housing bubble and strengthen financial stability, the NBS introduced some stricter measures, including a decrease in mortgage amounts to 80-90% of the real value of the property, and introduced a strict debt to income criterion (DTI) so that clients cannot obtain a mortgage worth more than eight times their net income.

However, there are some concerns that NBS supervision suffered during the pandemic as it struggled to receive data from banks regarding the ability of clients to repay their installments, failed loans, or the banks' need for money to cover rising losses.

Liberalization of foreign trade

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Banking system

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8 | Monetary and fiscal stability

Since Slovakia's accession to the eurozone, anti-inflation and forex policy has been in the hands of the European Central Bank. Inflation remained rather low (2.7% in CPI in 2019).

Monetary stability

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Fiscal consolidation used to be one of the few areas of solid consensus among all political actors. This was confirmed by the establishment of the Council for Budgetary Responsibility in December 2011, an independent fiscal council charged with monitoring and evaluating fiscal policy and its effects on fiscal development. Slovakia reduced its fiscal deficit from 8% in 2009 to 1.3% in 2019. For 2019, the Pellegrini government prepared a balanced budget, and the budget was set to produce a moderate surplus over the following two years. However, this was not reached, given the economic slowdown in Germany and uncertainty produced by Brexit, which affected Slovakia's export-oriented economy. Moreover, excessive government spending prior to the February 2020 elections also increased the deficit.

Fiscal stability

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The COVID-19 pandemic also affected previously sound budgetary policies, as exports of goods - a strong pillar of the Slovak economy - declined and public finances were hit by extraordinary spending on health care, economy, and social initiatives.

Both governments during the review period continued a "Value for Money" (VfM) project, although the Sme-Rodina ministers (transport and labor) frequently ignored the reports. The project operated in the Finance Ministry and since its launch in 2016 has saved hundreds of millions of euros, contributing to sound fiscal policies. In 2020, the VfM office prepared new material for program budgeting which, if implemented, could improve public finance management further.

While Slovakia has a relatively high public debt (48.0% of GDP in 2019), risks to the public finances are largely long-term, related to population aging and the absence of pension and health care reform. The budgeting framework still reveals certain gaps in terms of coverage, time horizons, and reliance on cash accounting.

9 | Private Property

Private property rights in Slovakia are respected, and authorities regulate the acquisition, use, and sale of property. Property rights are sometimes restricted by the overriding rights of the constitutionally defined public interest, for instance, by highway construction projects, protection of cultural heritage, and environmental protection. In such cases, owners receive financial compensation at market value. Neither the Fico/Pellegrini nor the Matovič governments passed any relevant legislation to enhance protection for private property rights. Slovakia's International Property Rights Index 2020 score decreased slightly: by -0.022 points to 6.365; Slovakia still ranks fourth in the Central Eastern Europe and Central Asia region, and 39 in the world.

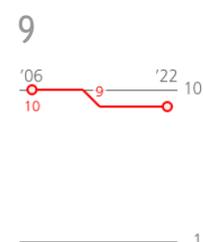
Since the 1998 elections, the privatization of state companies in Slovakia has followed market principles. Private enterprise is the central pillar of the Slovak economy; most state-owned utilities and companies were privatized by 2006 and there is a considerable flow of foreign direct investments and multinational corporations into the country. The pandemic primarily affected small private companies, and therefore the government was not forced to take equity stakes or nationalize affected companies to prevent bankruptcy.

10 | Welfare Regime

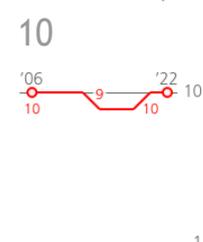
Since Slovakia joined the European Union, its social security system has covered all the standard social risks associated with a developed market economy. The state social support system is regulated by law and financed primarily through employee/employer contributions. The system guarantees basic benefits to the entire population and its institutional and organizational structure is fairly satisfactory. The social policy includes financial and non-financial benefits, direct and indirect payments, and tax base deductions and subsidies.

Thanks to vigorous economic growth, the unemployment rate has gradually fallen below 5.8% (OECD Report, 2019) - the lowest since Slovakia's independence. In the review period further labor market improvements were expected in the medium term; however, instead of improving active labor market policy, the Pellegrini government focused on increasing the minimum wage (from €520 to €580 shortly before the 2020 elections) and one-off bonuses. Because of this populist approach to social policy and the negative effects of the pandemic, unemployment is likely to increase in the next few years. The risk of poverty is low due to the country's relatively uniform income distribution. However, the pandemic has the potential to have a negative impact on marginalized communities, as labor market mobility within Slovakia is low, regional differences in unemployment remain high.

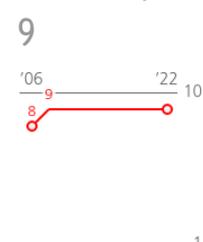
Property rights



Private enterprise



Social safety nets



Due to the pandemic, the Matovič government did not introduce any medium or long-term labor reforms. Instead, several measures to offset the socioeconomic effects of the pandemic were implemented: sick leave benefits granted from the first day including for those in quarantine; a special paid family leave for those caring for children; employment could be terminated due to pandemic-related absence; the deadline for tax returns postponed by three months; a temporary abolition of social insurance and health insurance contributions for self-employed entrepreneurs over three months; the government paid 80% of salary costs to companies affected by the pandemic).

There is a lack of financial resources and of a clear and integrated approach to health care. Health care is provided based on public (obligatory) health insurance and free necessary treatment is accessible to holders of the European Health Insurance Card (EHIC); non-citizens receive treatment on the same terms and at the same price as the locals. Access to quality health care, in particular primary care, remains relatively poor and uneven. Slovakia spent 5.6% on health care in 2019 (OECD report 2019) and there is significant room to increase cost-effectiveness in various areas. Poor working conditions in the Slovak health sector and mass emigration of doctors and nurses to other EU member states have led to a shortage of staff: the Slovak Medical Chamber estimates a shortage of 3,000 doctors and more than 10,000 nurses.

The legal system in Slovakia guarantees equality of access to work, education, and social services. There is no official discrimination based on gender, race, religion, or social origin. Literacy rates in the country are very high. Both men and women have the same degree of opportunity in the education system. Education at state schools is free of charge at all levels. Women account for a larger percentage of students within the tertiary education system. Women comprise 45.4% of the labor force, but they continue to be underrepresented in leading positions across various sectors of society.

However, a structured support system intended to enable marginalized groups to overcome their initial disadvantages has been insufficient. This problem has been greatest for the Roma community, who still struggle to access education and employment. The issue of special schools is a long-term weakness within Slovakia's education system, which insufficiently addresses the special needs of Roma children. Slovak law prohibits discrimination and segregation in education, but many Roma children are still placed in special schools and classes for children with intellectual disabilities. Moreover, the European Commission has initiated proceedings against Slovakia for breaching the Racial Equality Directive. In October 2019, the Commission sent a reasoned opinion to Slovakia urging the country to comply with EU rules on the equal treatment of Roma schoolchildren. The European Commission conceded that Slovakia had taken measures in recent years but argued that the measures had not been sufficient to resolve the segregation of Roma in schools. So far, the EC has not taken the case to the Court of Justice.

Equal opportunity

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The December 2020 report of the European Commission against Racism and Intolerance (ECRI) of the Council of Europe noted some progress, such as a significant increase in the budget of the National Center for Human Rights, the adoption of an action plan against racism, and the imposition of several penalties for hate speech on specific politicians and media. However, the government needs to improve the education of Roma by adequately preparing children for compulsory schools.

The ECRI report also recommends that Slovakia develops an action plan for LGBTQ+ people to protect them against discrimination, hate crimes, and hate speech. The far-right extremist political party (ĽSNS) opposes the broad implementation of LGBTQ+ rights and has refused to legalize same-sex partnerships. The principle of equality of opportunity has also been violated by successive increases in the official registration threshold for new religious communities, evidently motivated by widespread distrust of Muslims.

11 | Economic Performance

Between 2016 and 2019 Slovakia was one of the fastest-growing economies in the Eurozone and managed to maintain a high rate of economic growth. However, the economic boom has slowed down unexpectedly since – real GDP growth fell from 4.0% in 2018 to 2.3% in 2019 as slower economic growth in Germany and the uncertainty of Brexit affected Slovakia's export-oriented economy. Since the start of the pandemic, exports of goods – a strong pillar of the Slovak economy – has declined.

According to Eurostat, inflation reached 2.7% in 2019. Economic growth brought a decline in the unemployment rate (according to the World Bank it was 5.1% in 2020) and helped the government to reduce its fiscal deficit to a record low, mainly due to the robust performance of domestic demand. In 2019 the current account deficit reached \$2,842 million and public debt increased to 48%. However, due to the COVID-19 pandemic, the European Commission 2020 spring forecast projected Slovakia's GDP to decline by 6.7% and the current account balance to 3.7%, reflecting the disruption in economic activity caused by the pandemic-related lockdown measures and an unprecedented fall in external demand.

Slovakia continues to be the world's largest producer of cars per capita, although this further increases the country's already-high dependence on a single sector and on export performance. The slowing of growth has exposed the risks and limits of economic development which relies heavily on the car industry and export performance. Moreover, long-term economic growth prospects still suffer from weak infrastructure, shortages of skilled labor, low R&D spending, and mixed public governance performance. Future growth requires

investment in education, innovation, infrastructure, and energy technology.

Output strength

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12 | Sustainability

Slovakia has considerable natural resources, primarily water and wood. Industrialization and general economic development are still higher priorities than environmental protection. As an EU member state, Slovakia adheres to strict environmental standards; however, its historical legacy still influences the policymaking process and administrative approach to the environmental agenda.

Public awareness of environmental issues has been gradually increasing and the government responded to this by amending some legislation and strategic documents. In February 2019, the Pellegrini government approved a new strategy for environmental policy, Greener Slovakia. It sets clear and measurable goals which should be met by 2030. The document identifies environmental challenges and priorities, including waste management, air quality, and habitat and species conservation, especially in forest, meadow, and wetland ecosystems. Some of these policies have already been implemented (e.g., an environmental protection law, which prohibits logging in national parks and protected areas).

Many environmental experts agree that Slovakia should cut financial support for the mining and burning of coal. However, automotive and supporting industries are of such a size that Slovakia is among the most intensive energy-consuming countries in the European Union. The EC stresses that environmental taxes need to be reformed, as the implicit tax rate on energy in Slovakia is among the lowest in the EU. Slovakia should focus on increasing taxation in transport (0.3% in 2018; EU average is 0.5%) and pollution resources (0.03% in 2018; EU 0.08%). Differentiating tax rates according to the carbon content of the energy source could also encourage more environmentally responsible behavior.

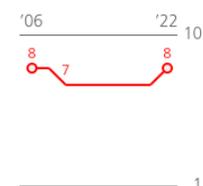
The new government formed in 2020 includes representatives of environmental initiatives with a high level of commitment to solutions to ecological problems. It is very likely that the impact of environmentalist ideas will begin to effectively counterbalance the dominance of the technocratic approach.

Slovakia has a developed and functional system of educational institutions offering all levels of education from preschool to tertiary education, as well as life-long learning programs. The UN Education Index score for Slovakia (0.826) is similar to neighboring countries in the region. However, its quality is declining compared to more developed countries due to the state's low level of spending on education and insufficient implementation of innovative teaching and learning methods. Spending on education fell from 4.1% of GDP in 2014 to 3.9% in 2017. Moreover, while R&D spending reached a historic peak of 1.2% of GDP in 2015, it declined to 0.8% in 2018.

Progress in this area is very slow, with reforms often poorly prepared and ineffective, due to a lack of political consensus and administrative chaos. Previously

Environmental
policy

8



Education policy /
R&D

7



announced education reforms have been delayed or managed in an erratic manner. The teaching profession is unattractive to jobseekers and graduates tend to choose better-paid jobs. In 2019 the Pellegrini government increased teacher salaries by 10% and updated its education strategy. However, the latter overlooks a number of areas. Vocational education and training have been neglected for decades (since the transformation) and universities focus exclusively on non-technical education. Therefore, Slovakia faces a shortage of skilled workers, who are needed in its industry-oriented economy. Tertiary educational attainment has improved but remains below the EU average and quality control in higher education does not meet international standards.

In the period under review, little progress has been made in improving the quality of education. Despite continued economic growth, investment in education, research and innovation remains below OECD and EU averages. Both organizations have repeatedly emphasized the importance of improving several educational parameters (e.g., increasing the attractiveness of teaching, tertiary educational attainment, tackling the segregation of Roma students), as the education system is insufficiently geared toward increasing Slovakia's economic potential.

Slovakia has a weak and underdeveloped research and innovation policy. R&D intensity, the number of patent applications, and levels of employment in knowledge-intensive activities are below the EU average. Private sector investment in R&D has not been sufficient to compensate for state failures in managing R&D. In this sector, Slovakia is highly dependent on EU funds and, according to the Slovak Organization for Research and Development Activities, corporate funds account for only a quarter of total Slovak funding. Almost 90% of all foreign resources are EU money, accounting for 39.4% of total government spending. Corrupt and clientelist practices by the previous government (e.g., public funds specified for R&D allocated to unskilled loyalists of the Smer-SD party rather than to qualified and experienced experts) demotivated real professionals from systematic work for the public good and had a devastating impact on the morale of prominent researchers in areas of scientific innovations.

During the pandemic, many research organizations developed new, innovative products and technologies, yet the main barrier to getting these to market is an administrative and bureaucratic environment which hinders successful and fast industrial production. The new government focuses on improving the drawing of EU funds supporting innovation and research, and some progress has been made in this regard.

Governance

I. Level of Difficulty

Structural socioeconomic constraints on governance in Slovakia are relatively low, although none of the post-1989 administrations have addressed the existing constraints efficiently or sustainably.

1) Substantial regional disparities exist between the relatively developed western part of the country (the Bratislava region, where there is export-oriented manufacturing FDI) and the central, southern and eastern parts of the country. These regions are still lagging behind, and their infrastructure remains underdeveloped despite long-running EU-sponsored investment programs in the east of the country. Improvements have been slow, and investments stopped entirely due to the pandemic.

2) Long-term unemployment is falling, but it remains high, in particular for young people and those living in disadvantaged regions. At the same time, there is a lack of high-skilled labor in some areas in which projects receiving foreign investment are located.

3) Poverty, low educational attainment, poor health outcomes and discrimination faced by the Roma population remain long-term, serious challenges to good governance.

4) High-tech industry representatives consistently point out that Slovakia's education system does not provide high-skilled labor in the required (usually technical) fields. Although the government has undertaken some reforms (e.g., a dual education system), so far these have only had a small effect.

5) The gap between the demand and supply of highly skilled personnel remains large in several sectors. The COVID-19 pandemic revealed a shortage of medical personnel due to brain drain. Health care services in Slovakia are set to experience a further shortfall of professionals due to aging health sector professionals.

6) By January 30, 2021, Slovakia had recorded 45,500 confirmed cases of COVID-19 and 836 deaths per million.

Structural
constraints

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Slovakia has a long and vibrant civil society tradition, and committed civil society actors, including numerous citizen associations, civil society initiatives and platforms, and large interest-based organizations participating in the social dialogue. There are around 64,000 non-governmental organizations, including foundations and civil associations.

During the review period, Slovak NGOs were effective in organizing campaigns and protests against several contentious issues, especially in response to the murder of Ján Kuciak and his fiancée. These protests were the largest since the Velvet Revolution in 1989 and demonstrated the ability of civil society to influence society and even decision-making. The movement “For a Decent Slovakia” emerged from these protests and continued to rally during 2019, demanding progress in the investigation of the murders and more appropriate law enforcement.

The three elections since (regional, presidential and European Parliament) showed that civil society is capable of producing fresh leadership if the electoral system and political parties allow for such candidates.

However, civil society has been subject to significant rhetorical attacks. On the other hand, the new law on the register of NGOs - which came into force in January 2019 - was welcomed by civil society actors, as it offered a unified system of registration.

One of the NGO sector’s important sources of funding is tax assignation (corporate and individual taxpayers can assign up to 3% of their tax to selected NGOs). For example, in 2018 around 800,000 taxpayers assigned a total of €64 million, €2 million more than the previous year.

Specific historical legacies (e.g., mistrust in strangers, a parochial political culture, social pessimism and passivity) have for decades influenced social capital in Slovakia. This resulted in the creation of strong social networks among relatives and close friends. Slovakia has somewhat lower levels of interpersonal trust than the neighboring Czech Republic. Society is still not particularly open to social relationships that promote cohesion and the inclusion of strangers, but there is a strong tendency toward social bonding that promotes mutual support.

Slovakia’s politics is highly confrontational and conflictual; however all conflicts are solved through authorized institutions: in the parliament between parties, in the Constitutional Court between institutions.

In the past, the most salient division in Slovak society was the split along ethnic lines that manifested itself in party politics. During the last few years this potential line of confrontation has become less salient at the national and local levels. Moreover, Slovakia’s ethnic Hungarian minority has shown a tendency toward political moderation. However, due to ideological differences and personal animosity among ethnic Hungarian leaders and parties, since the February 2020

Civil society traditions

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'06 _____ '22 10



Conflict intensity

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'06 _____ '22 10



elections the Hungarian minority is not represented by any ethnic party in parliament, the first time this has occurred in Slovakia's history (the potential vote share is estimated around 10%). Slovakia's population remains prone to ethnic nationalism and racist sentiments, especially in areas with a significant Roma population living in segregated, socially excluded settlements.

The dividing line between conservatives and liberals on cultural-ethical issues (e.g., reproductive behavior, family models, LGBTQ+ rights, abortion and gender issues) is increasingly prominent and shapes public discourse. Polarization along this dividing line has recently intensified but has not escalated into open conflict. In 2019 the nationalist conservative SNS party frequently attacked the Istanbul Convention based on the Catholic Church's objection that the agreement promotes "gender ideology." These moves by conservative and nationalist actors were welcomed by far-right extremists linked with the party Kotlebovci-ĽSNS and now the self-declared "social democrats" from Smer-SD. The result of this was the removal of Slovakia's signature from the Istanbul Convention. This cleavage between conservatives and liberals over cultural-ethical issues has potential to widen, and the extremists were able to mobilize a few, small scale protests during the state of emergency. However, none of the old or new cleavages so far have escalated into incidents of mass violence.

II. Governance Performance

14 | Steering Capability

Slovakia's capacity for strategic planning is rather weak in terms of institutions and personnel, as there is no central coordination unit in the Government Office or parliamentary committee that coordinates strategic planning. However, a number of strategic documents exist, primarily due to EU post-accession conditionality, as the EC requires them for structural funding and coordination. There are also many other documents that have been elaborated at municipal, regional and sectoral levels over the past two decades.

The key strategic document "Vision and Development Strategy of Slovakia by 2030" was prepared in 2019 defines its main objectives as sustainability, the quality of life, effectiveness and policy integration. These general priorities were also reflected in the manifesto of the Matovič government. The central position of the Finance Ministry has been strengthened and it has drafted major reform documents, including "Modern and Successful Slovakia," the reform plan related to the EU new recovery fund, and the National Reform Plan 2020, to address the impact of the pandemic. The COVID-19 pandemic has upset the balance of economic, social,

Question
Score

Prioritization

8



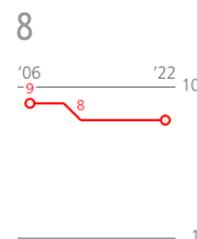
environmental and good governance, and the government was frequently forced into correcting its plans, documents and measures due to erratic decision-making. Despite the publicized shift in focus from economic growth to the quality of life, the main policy reform units at the ministry level (“Values for Money”) play a central strategic role and focus on economic - and often short-term political - goals.

The fragmented nature and the rigid departmentalism of the public administration complicated strategic planning before the pandemic and no additional mechanisms which might enhance the strategic capacities of the government were established. The strategic capacities of the public administration are also weakened by the high degree of staff turnover which, driven as it is by a politicization of appointments, limits the continuity of institutional expertise.

Previous democratic and economic reforms introduced by Slovak governments were generally driven by the European Union and the country’s obligations as a member of the European Union. The implementation of these reforms and policy measures has been largely effective. Since Slovakia’s accession to the European Union, frequent amendments to basic legal regulations, and the adoption of new regulatory measures have combined with poor coordination to create numerous implementation problems and increased transaction costs for society. Further development requires a more sustainable and higher value-added economy to overcome regional disparities and current educational deficiencies in human capital. The ongoing EC reports continue to recognize Slovakia’s strategies and reforms, but emphasize that their implementation often remains poor, erratic, and slow. For example, the long-awaited health care reform was stopped by the Pellegrini government, while education reform has failed to consider areas such as vocational training. Little progress has been made with the promised improvements to public transport infrastructure. Under the Matovič coalition, some reforms (e.g., anti-corruption, rule of law, law enforcement) were prepared, but their implementation has been slow, primarily due to the pandemic. The government’s focus has been on implementing measures to combat the pandemic. In spring 2020 the government restricted public movement to protect public health in the midst of the pandemic. Economic measures focused primarily on cash assistance and government-guaranteed loans to businesses as well as citizens. This has the potential to increase dependency on the state and eventually undermine the economic recovery.

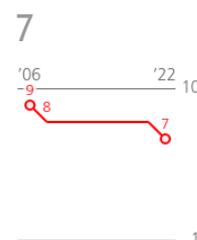
In the lead-up to Slovakia’s accession to the European Union, policy learning was more efficient due to EU legislation and different schemes of cooperation. Before the COVID-19 pandemic, the impact of the European Union was strong, especially through its fiscal consolidation requirements. Since March 2020, domestic reforms appear to be driven by political interests and the expertise of individual ministers. While Pellegrini’s government clearly knew how to follow EU requirements, as well as pursue its own ideological and pragmatic priorities, the Matovič government’s policy learning, performance and flexibility appear to be limited by

Implementation



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Policy learning



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individual coalition parties and party leaders. A good example is Matovič personal support for nationwide antigen testing, despite criticism from experts and scientific organizations, who pointed to countries finding success in using a large number of PCR tests to track and contain the spread of COVID-19. For example, Martin Smatana, the former head of the Institute of Health Policy Public, claimed that Slovakia performed a million tests per week, but that the tests were not accurate and researchers had no possibility of tracing that number of people. The result was that many infected people met with dozens of others before they realized they were positive. The preference for mass antigen testing against the expert recommendations, and the limited access to PCR tests, combined to produce chaos. Matovič personally insisted on this unprecedented move despite a huge wave of criticism expressed by epidemiologists. In January 2021 he even questioned the effectiveness of vaccination while supporting nationwide testing, which led to sarcastic media headlines such as: “A swab instead of a jab.” This chaos resulted in an enormous increase in the number of deaths linked to COVID-19: in January 2021 Slovakia had one of the highest increases in COVID-19-related deaths per million in the world (Our World in Data).

15 | Resource Efficiency

Public service performance improved slightly during the EU accession process when EU conditions stimulated civil service, regionalization, and decentralization reforms. Since then, professionalism and efficiency, especially under the three Fico governments, have suffered from an increase in the central state apparatus, a lack of qualified staff (particularly at the local level), corruption scandals, nepotism, and frequent ministerial changes. Professionalism and efficiency of the public administration have suffered from the growth in the size of central state apparatus and a lack of qualified staff in the civil service. Clientelist and politicized appointment practices in public administration have also increased the risk of corruption.

In July 2020 Igor Matovič, who in the past had frequently criticized Smer and SNS for their clientelist approach to civil service nominations, decided to replace all heads of district offices without even consulting his coalition partners. The party OĽaNO introduced a quasi-transparent and semi-democratic procedure: a special website was launched where citizens could report the “moral failures” of the pre-selected candidates. This unusual “public screening” caused concerns among the opposition as well as coalition partners, who said they preferred clear qualification criteria to avoid nominations of underqualified people who lacked previous management experience.

Under the previous Smer-SD led coalition, the bodies responsible for controlling the distribution of EU structural funds were integrated into the Government Office in

Efficient use of assets

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order to improve coordination and centralize control over strategic public investments. The Matovič government created a new Ministry for Investments, Regional Development and Informatization of the Slovak Republic; it aims to concentrate this agenda in one central body to improve Slovakia's performance in drawing EU funds. A balanced state budget has been a clear priority in Slovakia. However, only months before the 2020 elections, the Smer-SD and SNS, in a clearly populist manoeuvre, passed several amendments (using fast-track legislative procedures with one instead of three readings) that threatened fiscal stability in an attempt to attract more voters (e.g., an increase in family benefits, the 13th pension and the cancelation of highway tolls).

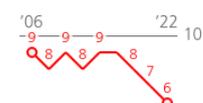
Since the economic crisis, Slovakia has managed to reduce its government deficit from 8% in 2009 to 1.3% in 2019 (Eurostat), but the consolidation efforts have weakened over time, and the COVID-19 pandemic-related measures led to an unprecedented growth in expenditure. The pandemic disrupted the consolidation of the state budget and Finance Minister Eduard Heger (OĽaNO) admitted that achieving a balanced budget is not expected in the next three years. Besides the devastating effects of the COVID-19 pandemic, risks to the public finances remain predominantly long-term in nature (e.g., population aging, and a lack of pension and health care reform). Public debt is relatively high and in 2021 will pass 60% of GDP. The state budget for 2021 is projected to be 65%. According to INEKO experts, the budget lacks a plan for recovering public finances backed by specific measures. It also lacks a long-term vision for the end of the government's current term in office. This approach deviates from what appeared to be the previous consensus over fiscal responsibility.

The Supreme Audit Office of the Slovak Republic (NKÚ) is an independent authority accountable exclusively to the National Council. During the period under review, NKÚ's performance improved. Some of the most sensitive cases of Fico's era (e.g., the suspicious allocation of EU funds to farmers) ended in police investigation and in criminal charges. According to its chair, NKÚ closely cooperated with the General Prosecutor and the police.

After the February 2020 elections, the new government established a coalition council as an informal forum to coordinate political priorities, legislative activities, and communication. Most importantly, the council negotiates solutions to potential disputes between the coalition parties. The preparation of the government manifesto took even longer than in 2016 and increased from 70 to 120 pages and included more goals. However, immediate tensions within the coalition emerged and have continued to the present. The main protagonists are Prime Minister Matovič and Economy Minister Richard Sulík (SaS, Freedom and Solidarity). Matovič's style of communication has raised questions over his personality and ability to maintain the coalition. Matovič tends to announce certain measures (e.g., COVID-19 restrictions) one day and then change them significantly the next. He even called

Policy
coordination

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Sulík an “idiot,” though despite the prime minister’s right to remove Sulík from the office, he refrained from doing so (as of January 2021). Sulík insisted that SaS will stay in the coalition under any circumstances but called on Matovič to respect the coalition agreement that partners do not criticize each other.

The leaders of smaller coalition parties have called on Matovič to improve his communication, but his style has not altered. Policy coordination between the coalition partners is complicated and as a result, the government returned to Slovakia’s traditional pattern of departmentalism, with ministries divided between the coalition partners and following the particular party’s priorities. The government is rather fragmented and the best glue for the coalition appears to be the threat that Fico and Pellegrini, eventually with the help of the far-right, may replace it.

Corruption is the most sensitive political problem undermining political stability, good governance, and the quality of democracy in Slovakia. In the wake of anti-corruption protests (2018 - 2019), a new initiative Chceme Verit’ (We Want to Believe) was launched by leading NGOs. The strong pre-election anti-corruption agenda brought a change of government in 2020 which improved the conditions for the fight against corruption and appointed new leaders to the police and the prosecution, strengthening the independence of the police from political influence, and opening the Prosecutor’s Office to public control. The enforcement of measures against legal persons is on the rise, but only 24% of businesses surveyed in Slovakia believe in its effectiveness. 53% believe that corruption is a problem when doing business in Slovakia (Business Eurobarometer Survey, 2019).

In its 2021 report, the Council of Europe’s Group of States against Corruption (GRECO) indicated the slow progress of Slovakia in implementing measures to prevent corruption of members of parliament, judges, and prosecutors. Eight out of its 16 recommendations were not fully implemented more than five years after the publication of the previous evaluation report. The amendments to the Law on the Protection of General Interest have come into force – obliging members of parliament to declare gifts or other benefits and their movable or immovable property - but there has been no significant progress on asset declarations. GRECO has encouraged Slovak authorities to finalize a code of ethics for parliamentarians.

Anti-corruption
policy

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16 | Consensus-Building

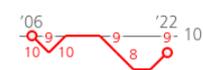
The majority of the main political parties agree on the desirability of fostering democracy, the rule of law, and human rights. During the review period, support for liberal democratic values varied among parliamentary parties and political actors but there is a general consensus over democracy. Since the February 2020 elections, there is only one extremist political party (the far-right Kotlebovci-ĽSNS) in parliament that casts doubt on democratic political values and institutions. Before the 2020 elections, populism flourished, and extreme political positions were part of election campaigning. However, after the elections, the new coalition government found a solid programmatic consensus on democratic values and a pro-Western foreign policy. Despite different ideological emphasis on cultural values, all coalition parties agreed and supported liberal democracy. The main political leaders also support the rule of law, anti-corruption policies, and reform of the judiciary, all of which have been the weakest part of Slovakia's democratic institutions under the previous Smer-SD governments. The leaders also expressed clear reservations over the state of rule of law in Hungary and Poland; therefore, it is unlikely that Slovakia will experience a turn toward illiberalism in the short term.

The main political parties agree on the desirability of fostering a market economy but there are differences of opinion when it comes to the precise nature of the market economy. The incumbent center-right parties prefer "pure" market economic principles. The former left-leaning governing coalition insist on a socially-oriented market model, without providing detailed characteristics, and have slowly interfered in the free market. The current consensus is focused on a few issues usually related to EU priorities, such as the need for fiscal consolidation and a balanced budget. However, a number of independent institutions could still prevent any attempts to erode basic market principles. These institutions include the debt-brake law, the Council for Budgetary Responsibility, the Slovak National Bank, and Slovakia's membership of the eurozone.

For a long period, there were no anti-democratic veto players in Slovakia. During the review period, the influence of extremist political forces persisted in public discourse, and the right-wing populist and extremist party Kotleba-ĽSNS again gained seats in parliament with 8% of the vote (20,000 more votes than in 2016). However, support for anti-democratic actors may decline given the internal split of the party leadership (January 2021) and a court verdict on Kotleba, who was found guilty of supporting and propagating movements which oppress fundamental human rights. His party remains rather isolated in the parliament.

Consensus on goals

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Anti-democratic actors

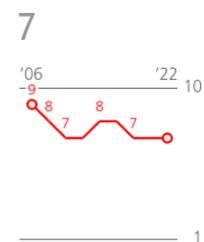
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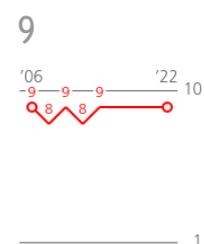
Slovakia is marked by several cultural cleavages (e.g., ethnic, political, regional and religious) and social cleavages (e.g., social status and rural-urban residence). Ethnic nationalism still plays an important role in politics, and radical nationalists (Kotleba-ĽSNS) are present in the parliament (10.39% of the vote). However, nationalists SNS received 3% of the vote and did not pass the 5% threshold for attaining seats in parliament. Overall, however, Slovak-Hungarian tensions have become less politically salient over the last couple of years. The Roma population and Slovakia's few Muslim immigrants have replaced ethnic Hungarians as populist politicians' main target for hostility. The Matovič government has not made any serious attempt to prevent the escalation of cleavage-based conflicts. Traditionally Slovak cleavages are cross-cutting, rather than of a cumulative character, meaning deep conflicts along ethnic, class, regional or religious divides are very rare. Even if the political leadership has not intentionally focused on depolarizing structural conflicts, political parties tend to focus on immediate electoral challenges and not on long-term mobilization along cleavages.

Cleavage /
conflict
management



The involvement of civil society actors in the political process depends to a high degree on the government's composition and policies. Previous cabinets led by Robert Fico and Peter Pellegrini preferred a paternalist and etatist model of interaction with civil society and opted for trade unions and employers' organizations, churches, academic institutions, and state universities as partners. Center-right parties tend to cooperate more with NGOs, advocacy, watchdog and human rights groups, and think tanks. The new government installed after the 2020 elections promised in its manifesto to strengthen the systemic financing of non-governmental organizations and eventually consider increasing the allocation of the share of income tax to NGOs. Civil society is mentioned in the government's manifesto several times in relation to goals in fighting corruption, supporting democracy, and increasing transparency.

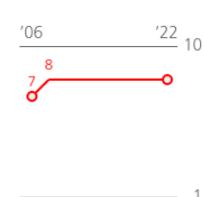
Civil society
participation



Slovak civil society proved to be sufficiently mature to gain widespread public respect and to influence public discourse to determine government policies. On the other hand, trade unions expressed their dissatisfaction with the inclusive social dialogue and in October 2020 left the social dialogue mechanism (tripartite negotiations). They blamed the labor minister (Sme-Rodina, We are Family) for constantly bypassing laws, and began a series of small peaceful protests, launching a petition to improve conditions and rights of working people.

Slovakia remains split over the legacies of two authoritarian regimes (fascist and communist). The process of reconciliation has been more complicated than in neighboring countries, and it has taken longer to establish institutions able to cope with the country's totalitarian past.

Reconciliation



The Nation's Memory Institute (ÚPN) was established in 2002; its main responsibility is to provide access to records of the secret police (STB). Allegedly, some top figures of the former ruling party HZDS, including Vladimír Mečiar, were

collaborators of the STB. Allegedly, there have been instances in which the archives were manipulated and utilized against public and political figures, including Ján Budaj (now the minister of environment), one of the leaders of the 1989 anti-communist revolution. The ÚPN is responsible for documenting totalitarian regimes in Slovakia and its recent role in fighting right-wing extremism has been positive, although inconsistent, as some leading figures clearly favored a clerical-fascist state. During the review period, ÚPN became more active in analyzing the communist regime and this is likely to increase.

17 | International Cooperation

Slovakia is fully integrated into the international community, including the United Nations, the OECD, and the European Union. Leaders and diplomats use EU membership and alliances to advance the country's priorities. In recent years, Slovakian governments (including the incumbent government) have placed particular emphasis on the direct material benefits of EU membership; since the 2019 European elections the public discourse has been slowly changing and post-materialist values (e.g., EU climate policies) have increasingly gained support - mostly among the young generation - and subsequent relevance in policymaking. Slovakia is a voluntary party to the UN's High-Level Political Forum on Sustainable Development and has prepared a medium-term strategy for development cooperation. The national priorities for Agenda 2030 include (1) education, (2) an environmentally sustainable and knowledge-based economy, (3) poverty reduction and social inclusion, (4) the sustainability of settlements, regions, and the countryside in the context of climate change, (5) rule of law, democracy and security, and (6) good health.

According to the EC, the country has made progress toward achieving the Sustainable Development Goals (SDGs). For example, Slovakia performs better than the EU average on a number of SDGs such as reducing poverty and inequalities; some progress has been made in good health and well-being, and the quality of education, but Slovakia still lags behind the EU average on some indicators in these areas. However, environmental pressures, energy consumption from sources with low emissions, and resource productivity, all require more progress. Slovakia needs to reinforce climate action, affordable and clean energy, and more responsible consumption and production. The country has become increasingly dependent on EU structural funds to meet its developmental goals and lacks alternative means of development. Despite several attempts at reform, the rate of absorption of EU funds has remained low, although under the Matovič government it has improved slightly.

The Matovič government endorses many of the EC and OECD recommendations and is aware that growth opportunities lie in a more sustainable and higher value-added economy. The most visible progress occurred in the field of justice and anti-

Effective use of support

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corruption policies. However, Slovakia's main economic goals, namely reinstating sound public finances by 2024 (including reducing the tax burden for low-income persons, compensating the subsequent tax revenue gap by increasing indirect, property, and environmental taxes) is rather uncertain given the impact of the COVID-19 pandemic on Slovakia's small and open economy, and the empty state treasury left by the previous governments.

Since 1998, all Slovak governments have been trustworthy and reliable partners in their relations with the international community. An underlying state priority is to be recognized as a credible partner by the international community, especially by the United Nations, the OECD, OSCE, Council of Europe, NATO, the European Union, the Eurozone and in bilateral relations with individual states.

However, this image was damaged slightly during the Greek debt crisis and more importantly by the previous government's negative position toward the refugee crisis in Europe (although Prime Minister Peter Pellegrini, who replaced Robert Fico, showed a more accommodating stance toward EU migration policy). During the COVID-19 pandemic, the Matovič government acted responsibly and coordinated its engagement in international and multilateral efforts with the international community and its closest neighbors (Czech Republic, Austria, Hungary, Poland). Sometimes however, information on the response (e.g., closure of borders and mobility for commuters) was communicated at the last possible moment.

Slovakia's compliance with existing international agreements is relatively high; however, some compliance problems occur when economic costs are too high, for example regarding ILO core labor standards, climate change agreements, and human rights conventions.

The third Smer-SD-led government officially positioned Slovakia as a core supporter of EU reform together with France and Germany. The former prime ministers (Robert Fico, and his successor Peter Pellegrini) made EU relations a government priority, before the Visegrád-4. Since the change of the government, Slovakia's foreign policy and international cooperation is back on its Euro-Atlantic orientation. Slovakia's efforts to act as a credible and reliable partner within the European Union and pursue cooperative regional and international relations have been improved after the change of government and the departure of controversial SNS leader, Andrej Danko.

The new Slovak government demonstrated firm support for EU values even if that may complicate Slovak-Hungarian relations. For example, Slovak foreign and justice ministers rejected the Hungarian justice minister's initiative to implement a special deal on the "Professional Network, a Junior Program" within the Visegrád Group as an attempt "to bring an alternative understanding of the rule of law." The Slovakian delegation stressed that they did not see any sense in creating

Credibility

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Regional cooperation

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“alternative” views of the rule of law principle that contradict the understanding of the principle across the EU.

Both Slovak governments during the period under review have supported EU foreign policy (e.g., supported sanctions against Russia and supported the EU’s short and long-term policy goals in the Western Balkan and Ukraine, which constitute traditional territorial priorities of Slovakia’s developmental programs).

Strategic Outlook

Significant room remains for further political, economic, and social improvement in Slovakia as the country faces many important challenges. In foreign policy, a proactive EU policy, multilateral regional coalitions, and strengthening NATO ties are vital to reaffirm the country's international standing, which was weakened due to its lack of solidarity with EU policy during the 2015 migration crisis.

Zuzana Čaputová's victory in the presidential elections in March 2019 was followed by a change in government. The February 2020 elections brought victory for parties critical of the pervasive culture of corruption and the erosion of democratic quality. However, the tense coalition relations of the new government, COVID-19 pandemic-related violation of legislative rules, and frequently chaotic decision-making were features of the new regime and are not conducive to successfully advanced democratic transformation.

Therefore, domestically, there is an urgent need to build a political consensus on basic goals beyond anti-corruption policy. A broad political agreement on the desired level of state intervention in the economy, the systematic scope of social welfare policies and wealth redistribution needs to be reinvented after ten years of self-declared social democrats in power. Social policy should go beyond immediate political concerns and one-time contributions. The ambitious reform plan of the new coalition correctly defines key policy aims (such as ensuring the independence of the judiciary, improving the system of public procurement, as well as public integrity and anti-corruption policies); however, it also needs to strengthen the capacity, accountability, strategic competence and efficiency of the public administration, as implementation is the weakest point in Slovakia's governance. It is also important that social partners, academics, and civil society are included in these reforms.

The COVID-19 pandemic revealed weak points in governance. Prime Minister Igor Matovič, his party, and the government, all faced a monumental erosion of trust due to chaotic political decision-making and poor coalition communication during the pandemic. To restore trust in democratic institutions and the political class will require more than just a few changes in personnel, it needs time and strategic progress.

The pandemic and consequent slowing of economic growth have revealed the risks and limits of Slovakia's strategy of economic development, with its strong reliance on the car industry, export and EU funds. The country needs well-designed, strategic policies to maintain its economic competitiveness and ensure sustainable economic growth. Tackling corruption, reforming the judiciary, and improving the quality of public administration will be of assistance in this respect as well, but are not sufficient in themselves. Slovakia needs to invest in fields such as education, R&D, and ICT, which have been neglected in the past. Mobilizing the support and necessary human resources will not be easy, as some of the key pillars of effective governance are failing. In general, to prevent democratic backsliding, the current trials of corrupt politicians and

oligarchs are not sufficient by themselves. The legal framework for tackling corruption and existing integrity mechanisms requires reform, as stressed in the GRECO report from January 2021. The COVID-19 pandemic complicated the overall performance of parliamentary democracy, which has particularly suffered due to the lack of executive coordination and clear communication. In sum, under the Matovič government, the role of the legislature has remained limited, partly due to the constitutional majority enjoyed by the coalition, and possibly because of the absence of justification and coherent communication of executive policies. These concerns are likely to remain in the future (such as efforts to curtail the competencies of the Constitutional Court). The future trend depends on the performance of the most relevant democratic anchors (EU institutions, civil society, and the media) and their capacity to subject the government to effective scrutiny.