



**Progress Report on the Implementation
of the National Reform Programme
of the Slovak Republic
for the period of 2006 – 2008**

October 2006

TABLE OF CONTENTS

1	INTRODUCTION.....	3
2	MANAGEMENT OF THE LISBON STRATEGY AGENDA AND DELEGATING RESPONSIBILITY.....	6
2.1	National-level Lisbon Strategy management	6
2.2	National-level responsibility for the Lisbon Strategy	7
3	MACROECONOMIC POLICY.....	9
3.1	Basic objectives and principles	9
3.2	Present situation and a medium-term forecast	9
4	EMPLOYMENT POLICY.....	12
4.1	Modern education policy	16
4.2	Achieving a high employment rate	19
4.3	Accommodating demographic changes	22
4.4	Inclusive labour market and inclusive society	23
5.	MICROECONOMIC POLICY.....	26
5.1	Current state of implementation of the objectives	26
5.2	Business environment	32
	<i>Priority 1: Effective enforcement of the law</i>	32
	<i>Priority 2: Public institutions as a partner and not as a burden</i>	36
	<i>Priority 3: Effective access to capital market by all companies</i>	39
	<i>Priority 4: Quality physical infrastructure and services in network industries, and liberalisation of energy markets</i>	39
5.3	Science, research, and innovation	41
	<i>Priority 1: Training and supporting top scientists</i>	42
	<i>Priority 2: Research of international quality and adequate linkage to the business sphere</i>	43
	<i>Priority 3: Effective public support for entrepreneurial activities oriented on development and innovations</i>	43
5.4	Information society	49
	<i>Priority 1: Modern on-line public services</i>	49
	<i>Priority 2: Digital literacy</i>	52
	<i>Priority 3: Wide availability of Internet</i>	52
6	COORDINATION OF TARGETS AND TASKS OF THE NATIONAL REFORM PROGRAMME AND THE 2007 - 2013 NATIONAL STRATEGIC REFERENCE FRAMEWORK.....	54
	ANNEXES.....	56

1 Introduction

Basic intentions and objectives of the National Reform Programme of the Slovak Republic for the period of 2006 – 2008 (hereinafter the “NRP”) were prepared in the last but one year of the previous Slovak Government’s term, when Slovakia, in a sense, ran ahead of the developments on the European level and, as early as in February 2005, the Government adopted the *Competitiveness Strategy of Slovakia until 2010* (hereinafter the “Strategy”), which is in full accordance with the priorities and objectives of the renewed Lisbon Strategy and with the new principles of EU economic policy, so called integrated principles. That is why this document was assigned the attribute of a National Lisbon Strategy.

Strategic action plans are focused on those Slovakia’s development plans that are expected to contribute most to the increase of the Slovak economy’s innovative potential, development of knowledge economy, and employment of Slovak citizens. That is why they became the focus of the National Reform Programme and were identified with its priorities. Four basic priorities of the NRP – *education and employment; business environment; science, research and innovation; information society* – are considered to be parts of the basic strategy of Slovakia’s economic development until 2010 and they were drafted envisaging that they are to be reflected in all strategic documents and initiatives of the Government so that they are fully compatible with the priorities and contribute to their fulfilment. In other words, great emphasis was put on the objectives and policies for individual areas being clearly complementary and well coordinated.

Similarly as the *National Lisbon Strategy*, also the *National Reform Programme* stands on two pillars:

- on the completion of the structural reforms and maintaining their results,
- on the development of knowledge economy.

In the interests of maintaining these pillars, it was necessary to achieve a broad national consensus for this strategic document so that the implementation of the reforms and building knowledge economy became part of the programme orientation of the coming government.

The initial periodical report has been made shortly after the new government started its term, taking over after a government usually described as a reform government, while the present government relies on a balance between individual’s responsibility and social solidarity. However, by this orientation, the government is not declaring a substantial departure from previous Slovakia’s efforts as the Manifesto of the Government builds on a continuity with the previous government in all aspects where it considers it purposeful. The government supports a harmony of the progressing European integration with a consequent defence of national and state interests.

The Government respects the conclusions of the spring European Council session of March 2006 and it will focus its efforts on priority measures aimed at investment in education and innovation, increasing the number of jobs and progressing towards an efficient and integrated energy policy of the EU.

At the same time, it identifies with EC recommendations concerning stimulating the research, development and innovation, addressing regional disparities and structural unemployment, and elimination of existing barriers to integration of high-risk population groups.

In the state economic policy making, the Government of the Slovak Republic relies on the EU programme documents, pursuant to which it aims to put efforts in a parallel growth of economic performance with the growth of employment in the conditions of social cohesion and increasing quality of life. The Government wants to create all institutional, personnel, and financial conditions for preparation of an integrated “*Strategy of the Slovak Republic’s Development in a Medium- and Long Term*”, to reach a broad political consensus therefor, and thus to ensure the continuity and stability of Slovakia’s strategic direction regardless of programmes and ideologies of governmental coalitions succeeding each other.

The Government has the ambition of creating such conditions that the economic growth rate annually exceeds the level of 5% of GDP, accompanied with a gradual growth of employment. The parameters of state economic policy should be set so that the economic growth achieved is accompanied with a growth of real wages.

The Government will put emphasis on such macroeconomic development that will ensure a stable and sustainable growth, in a long term, of Slovakia's economy and its convergence to advanced economies. The convergence will be implemented in accordance with the Convergence Programme of the Slovak Republic for the period of 2005 – 2010, which it will be annually updating and making more specific. The basic framework in the implementation of Government's policy and objectives will be a prudent fiscal and budgetary policy, maintaining the stability of public finance, and consequent compliance with Maastricht criteria and commitments of the Slovak Republic under the reformed Stability and Growth Pact.

The stability of growth will be ensured by increasing the economy's potential product based on the growth of productivity, competitiveness, and employment. It will support this effort by creating favourable business environment and by consequent orientation of the economy in the course of knowledge economy.

The basic priorities of the Government include compliance with the criteria for Slovakia's transition to the Euro currency in 2009. To this end, it will be necessary to coordinate economic, currency, financial, budgetary, taxation, subsidy, and pricing policy along with the structure and volume of public receipts and expenditures.

The Government will approach a reform of public finance spending to give preference to those expenditures or programmes that will be key for growth of economy's performance, decrease of unemployment, and elimination of regional disparities, social and family stability, and that will support the favourable demographic development and have multiplication effects on the economy.

The Government considers public finance and tax policy to be the main tool to build a modern welfare state, whose objective is to minimise the social exclusion and gradually eliminate the existing regional differences and social misbalance. In the field of direct taxes, it considers necessary to increase the measure of solidarity in the tax system and to propose increased taxation of natural persons with more than standard income. In the field of indirect taxes, it proposes and implements reduction of the value added tax rate for certain goods and services, the scope of the tax adjustment being adapted to the development of public finance.

The Manifesto of the Government is also focused on creating optimum conditions and mechanisms for efficient drawing of resources from the structural funds and from the Cohesion Fund in the framework of the new programming period of 2007 – 2013 seeing the solution in introducing an adequate system of financial management and an appropriate form of involving territorial self-government in this process.

Funds from the EU financial instruments will be drawn primarily for building knowledge economy, employment support, support of innovation and competitiveness, completing infrastructure in railways, motorways and water management, and to address selected problems in the environment and agriculture. Resources from the Social and Cohesion Fund and community initiatives should be used to address problems of regional development, reduction of poverty, and general regional problems.

The periodical report was prepared in a situation where, in spite of the political will of the new government, political decisions were not adopted yet that would enable, for the entire NRP programming period, specifying and presenting all measures necessary for the implementation of the priorities adopted and assigning them appropriate timeframes. Therefore the periodical report is limited mostly to assessment of tasks set for the 1st half of 2006 and it generally sets out further necessary measures in those areas, in which opinions on the direction and implementation of tasks have crystallised to an extent. Considering the present progress in preparation of Slovakia's strategic documents (National Strategic Reference Framework, Convergence Programme) and the public administration budget for the period of 2007 – 2009, the programming period of the National Reform Programme cannot be correctly and satisfactorily complemented within the deadline for delivery of the document.

The structure of the periodical report is adapted to the NRP structure to provide easier orientation when matching the tasks to their fulfilment. The text of the document is structured in six chapters with the seventh

part comprised of an appendix, which includes an overview of the development of structural indicators and the Assessment Grid.

The introductory part of the document characterises the basic starting points and intentions stemming from the new Government's programme document and will form the framework for further development of the NRP. The present level of specification of intentions and objectives in the assessed areas does not allow, within the deadline for delivery of the assessment report, explicit definition of tasks for the next phase of the programming period as reasoned above.

The second part of the periodical report characterises the *levels of control* of the Lisbon agenda in Slovakia and *how the responsibility for this area is delegated*.

The part dealing with *macroeconomic and fiscal policy* presents the current macroeconomic development and, based on expectations stemming from the planned steps of the new government, suggests further development in both areas.

The chapter dealing with the *employment policy* responds to the areas of key importance for employment in the Slovak Republic, such as regional disparities, long-term unemployment, and support to disadvantaged groups; it maps the previous development in the labour market; and points out positive trends in employment as well as deficiencies in the system provisions for tasks aimed at reduction of unemployment. Attention is paid to the issue of the Roma ethnic group and disadvantaged groups, and to system steps aimed at addressing the demographic changes and support to active ageing. It provides an overview of measures taken in the field of education and employment and, at the same time, it evaluates the performance of this part of the NRP until now.

The part of the report dealing with *microeconomic policy* evaluates the present status in the performance of objectives and tasks *in the business environment*, in the field of *science, research, and innovation*, and in building the *information society*. It presents further progress achieved in the business environment and specially in the field of small and medium enterprise, presents the procedure of the Government in elimination of barriers in the field of energy, points out problems and deficiencies in the field of management of research, development, and innovation, which need to be addressed through further measures, and considers further progress achieved in informatisation of the society.

The sixth part of the periodical report documents the links between the objectives and tasks of the NRP with the National Strategic Reference Framework under preparation.

The appendix to the report includes the Assessment Grid and an updated overview of development of the structural indicators presented in the National Reform Programme in 2005.

2 Management of the Lisbon Strategy agenda and delegating responsibility

The Lisbon Strategy set common objectives for all EU member states in areas that are mostly in exclusive competence of the member states. Therefore the specification of methods to achieve the objectives as well as the specification of the national institutional framework is fully within the competence of individual states of the Union. The Lisbon Strategy agenda is of a super-sectoral horizontal nature in member countries.

The Government of the Slovak Republic passed, in its *Resolution No. 152 of 16 February 2005*, the document “Draft Institutional Provisions for Lisbon Agenda Coordination in the Slovak Republic”, whose subject is the institutional provisions for coordination mechanisms to manage the Lisbon Strategy in the conditions of the Slovak Republic, spreading this issue from central state administration also among social partners and the academic community, and provisions for organisational links and methods of communication among individual components of the mechanism.

2.1 National-level Lisbon Strategy management

Implementation of the Lisbon Strategy objectives in the Slovak Republic is coordinated on political as well as expert level, the following members of the Government of the Slovak Republic being responsible for the coordination of the Lisbon agenda:

- Deputy Prime Minister of the Slovak Republic for Knowledge Society, European Affairs, Human Rights and Minorities
- Minister of Finance

Political level

Proposals of strategic direction of the Lisbon agenda in the Slovak Republic are presented by the Minister of Finance in cooperation with the Deputy Prime Minister of the Slovak Republic for Knowledge Society, European Affairs, Human Rights and Minorities, and are approved by the Government of the Slovak Republic.

Expert level

On the expert level, individual ministries are coordinated through a working group for the Lisbon Strategy, which was established at the beginning of 2004 from representatives of the relevant sectors under the leadership of the European Policy Section of the Slovak Republic Government Office and its operation proved useful. The intersectoral working group for Lisbon Strategy is responsible for acceleration of implementation of Lisbon measures approved by the Government of the Slovak Republic and, on the basis of information from the competent ministries, for preparation of materials and position documents for sessions of the European Council dealing with the topic of the Lisbon Strategy. From the organisational viewpoint, the working group is controlled by the European Policy Section of the Slovak Republic Government Office and exists in two forms: basic and extended. In the basic version, there are representatives of the ministries, which have one of the four priority areas of the revised Lisbon Strategy in their direct competence. Members of the extended version of the working group include, in addition to the above-mentioned ministries, also ministries and other central state administration authorities concerned with the issues of structural reforms.

The working group informs also the National Council of the Slovak Republic on its outputs.

Ministerial level

Ministry's outputs and documents in the field of the Lisbon agenda are the responsibility of individual ministerial coordination groups (MCG) or working groups for the coordination of the Lisbon agenda at the respective ministry; in the case of the Ministry of Foreign Affairs of the Slovak Republic, considering the specific position of the ministry in the field of European Union affairs, the responsibility for the Lisbon agenda rests with the European Affairs Section (EAS), particularly the EU Sectoral Policy Coordination Department.

Microeconomic level and the level of partners

Other partners, i.e., employers, trade union organisations, the academic community, non-governmental organisations and regional self-governments, if applicable, are involved in the performance of the Lisbon Strategy objectives on the level of sectoral coordination groups of individual ministries and, in some cases, also on the level of the working group. The intensive meetings, discussions, and consulting ensure cooperation of all components of the society mentioned, including the state sector, in implementation of Lisbon objectives.

2.2 National-level responsibility for the Lisbon Strategy

All essential documents of strategic importance within the Lisbon Agenda must be discussed at the Meeting of Economic Ministers and at the Ministerial Council of the Government of the Slovak Republic for European Union Affairs.

Responsibility of the Minister of Finance

The Minister of Finance, in cooperation with the Deputy Prime Minister of the Slovak Republic for Knowledge Society, European Affairs, Human Rights and Minorities, is responsible for the strategic direction and identification of measures aimed on fulfilment of Lisbon objectives set in the Slovak Republic and on the European Union level.

Responsibility of the Deputy Prime Minister of the Slovak Republic for Knowledge Society, European Affairs, Human Rights and Minorities

The Deputy Prime Minister of the Slovak Republic for Knowledge Society, European Affairs, Human Rights and Minorities, in cooperation with the Minister of Finance, is responsible for the area of coordination and monitoring of the Lisbon agenda. The executive tool for the performance of this task is the intersectoral working group for the Lisbon Strategy, which operates on the basis of the following principles:

- The basic task of the working group for the Lisbon Strategy is to ensure the acceleration of implementation of priority objectives/measures in the field of the Lisbon Strategy in the Slovak Republic and the respective action plans approved by the Government, and preparation of relevant documents either for the purposes of the Government of the Slovak Republic, National Council of the Slovak Republic, sessions of the European Council dealing with the Lisbon Strategy, or for the purposes of communication with the European Commission or other international institutions;
- Monitoring and system coordination of community programmes with a special emphasis on the community programmes linked to fulfilment of Lisbon Strategy objectives, which will be allocated in the expenditure heading 1a.) in the financial perspective for 2007 – 2013;
- Fulfilment of Lisbon objectives and measures in the Slovak Republic on the level of individual ministries is the responsibility of the respective ministerial coordination groups. On the basis of their outputs, the ministries, within their competences, communicate with EU institutions as well as with domestic entities in accordance with priority plans approved by the Government of the Slovak Republic; at the same time it needs to be emphasised that it is fully in the competence of the respective ministry as to how it will deal

with the Lisbon agenda within its structures – it does not have to be exclusively the ministerial groups, there can be internal working groups formed for the coordination of the Lisbon agenda at the respective ministry;

- From the organisational viewpoint, the working group is controlled by the European Policy Section of the Slovak Republic Government Office, existing in two forms – basic and extended, the basic tasks of both forms of the working group being identical. The members of the basic “version” of the working group for the Lisbon Strategy are the following authorities: Slovak Republic Government Office, Ministry of Finance of the Slovak Republic, Ministry of Transport, Posts and Telecommunications of the Slovak Republic, Ministry of Labour, Social Affairs and Family of the Slovak Republic, Ministry of Education of the Slovak Republic, Ministry of Economy of the Slovak Republic, Ministry of Construction and Regional Development of the Slovak Republic, Ministry of Environment of the Slovak Republic, Ministry of Agriculture of the Slovak Republic, Ministry of Justice of the Slovak Republic, Ministry of Foreign Affairs of the Slovak Republic, Ministry of Health of the Slovak Republic, and the Office of the National Council of the Slovak Republic. The members of the extended “version” of the working group for the Lisbon Strategy are, in addition to the above, also the following authorities: Ministry of Interior of the Slovak Republic, National Bank of Slovakia, Antimonopoly Office of the Slovak Republic, Statistical Office of the Slovak Republic, Geodesy, Cartography and Cadastre Authority of the Slovak Republic, and the Public Procurement Office.

Responsibility of the relevant ministries

The implementation of Lisbon Strategy targets and objectives in the Slovak Republic is diversified into four priority areas. The responsibility for the management of individual priorities' agenda is delegated as follows:

1. Education and employment:
 - Minister of Labour, Social Affairs and Family and
 - Minister of Education
2. Information society:
 - Slovak Republic Government Plenipotentiary for the Informatisation of the Society
3. Science, research, and innovations:
 - Minister of Education and
 - Minister of Economy
 - in cooperation with the Minister of Finance
4. Business environment:
 - Minister of Economy in cooperation with the Minister of Justice and with the Minister of Finance

Considering the economic dimension of Slovakia, a special role in the fulfilment of objectives is played by the local and regional self-governments, whose activity in the fulfilment of the programme should support, as much as possible, the growth of all areas of Slovakia and thus also a fast growth of the entire country's performance.

3 Macroeconomic policy

3.1 Basic objectives and principles

The main objective of the economic policy is to achieve a high and long-term sustainable growth of economy, which will contribute to a faster growth of the living standard of Slovakia's population.

Slovakia's objectives in the field of fiscal and monetary policy presented in the Convergence Programme of Slovakia are still current and further development will be described in a greater detail in the programme update this autumn. This document therefore presents only the main objectives that remain unchanged after the new government took over in July 2006.

The most important objective of Slovak Republic's fiscal policy is clearly to reach a long-term sustainability of public finance until 2010. The main short-term objective of the *fiscal policy* is to reduce the deficit of public administration in 2007 to the level of 3% of GDP including costs of introducing the second pillar of the pension system. In practice, this means, besides implementing and maintaining structural reforms in the field of pensions and healthcare, also the fact that by the end of this decade, the Slovak Republic should have an approximately balanced structure of public finance. Such ambition is fully in line with the new definition of medium-term objectives in the Stability and Growth Pact, mentioning a deficit on the level of up to 1% of GDP in countries with a high economic growth and a relatively low level of the public debt. Implementing this strategy through the two mutually interlinked pillars mentioned – structural reforms and public debt reduction – should make Slovakia ready on time for the negative consequences of the ageing population.

The new government is currently preparing the public administration budget for the period of 2007 – 2009. The budget is only in the preparatory phase; various proposals and initiatives are being considered on the side of receipts as well as on the side of expenditures. It is premature to speak about specific proposals and particularly about the rate of probability, with which they will be eventually approved and implemented. However, the Government clearly declared two basic principles, on which the budget will rely. The first one is the above-mentioned commitment to reduce the deficit of public administration in 2007 to the level of 3% of GDP including costs of introducing the second pillar of the pension system and thus to comply with the Maastricht deficit criterion. This essential fiscal objective was formulated by the previous government and the new government fully identified therewith. At the same time this means that all proposals on receipts and expenditures will have to be eventually harmonised to avoid increasing the deficit in excess of 3% of GDP. In other words, proposals that will bring an increase of expenditures and reduction of receipts must be eventually compensated by adequate measures that in turn will reduce expenditures or increase receipts. The second principle consists in the fact that the Government will be preparing the budget in the spirit of its Manifesto. That means that the effort will be to introduce more solidarity to the economic system.

The proposals being considered on the side of receipts include modifications to the income tax, involving particularly the abolition of non-system exemptions and reliefs and thereby extending the tax basis. The tax rate remains unchanged, flat tax will be maintained at 19%. Another essential proposal is to introduce a reduced VAT rate for medicinal products at 10%, while presently there is a single rate of 19%. On the side of expenditures, there is an initiative to increase the income of pensioners (so-called Christmas bonus), to increase the income of families with children (a bonus for grandparents taking care of children), reconsidering the pensions for people with disabilities, introduction of mortgage loan bonuses for low-income groups, and abolition (implemented already) of healthcare fees.

3.2 Present situation and a medium-term forecast

The development of economic and financial indicators in 2005 and 2006 clearly confirms the present expectations on the positive direction in all important areas of the Slovak Republic's economy and on creating sound foundations for prosperity and stable growth of Slovakia's economy at a relatively high rate also in the medium term. The macroeconomic development already shows a marked progress particularly in two of four NRP priorities: in the field of employment and business environment.

Good conditions for favourable development of the Slovak Republic are created by the economic policy of the Government as well as by the recovery of important trade partners' economies and the persisting increased interest of foreign investors focusing particularly on the development of the automotive industry. Prudent macroeconomic policy with harmoniously interoperating fiscal and monetary policy creates a stable environment for domestic and foreign entrepreneurs and for the creation of new jobs. Internal and external conditions, including the accession of the Slovak Republic to the EMU and the declared commitment and actual efforts of the Slovak Republic to enter the Euro zone as of 1 January 2009, thus contribute to the growth of competitiveness of the Slovak economy based on the growth of the potential product – on the growth of total productivity as well as of employment.

Starting from 2006 it is expected that the growth of Slovakia's economy will be stimulated not only by domestic but gradually also by net foreign demand in an ever greater extent. Automotive industry exports are expected to recover and weaker pressures on investment imports are envisaged, which hitherto reflected the development of new production facilities but also the growth of consumption. However, the development of global economy and subsequently also that of the Slovak Republic was negatively influenced by the high increase of energy raw material prices, this exogenous factor continuing to be a serious risk factor for the development of inflation in the Slovak Republic also for the years to come.

The increasing trust and interest in work on the part of the population as well as in the business sphere and also the inflow of know-how from foreign countries jointly stimulate the production side of the economy, increasing GDP real growth (in 2005, growth of 6.1%, the expected figures being 6.6%, 7.1%, 5.5%) and create conditions for higher, however, non-inflationary real growth of wages (at 6.3% in 2005 with expectations at 3 – 4% in coming years), of employment (growth of 2.1% in 2005 with expectations of 3.5%, 1.5% and below 1%), reduction of the unemployment rate (particularly after 2005 to approx. 14 – 12%), and an increase of the general living standard of the population.

The inflow of foreign investment, governmental development programmes and EU funds, as well as the relatively low interest rates and good conditions in the markets stimulate the growth of investment (particularly 13.8% in 2005 with expectations of 8%, 6%, 5%, respectively) and building the foundations for further growth of the economy.

Growth of population disposable income, competitive network of wholesale operators, and good availability of goods with instalment plans as well as of consumer loans enable a relatively high real growth of private consumption, which even exceeded the growth of GDP in 2005.

The high performance of the economy ranges close to the level of the potential product; in 2006 – 2008 probably even slightly in excess, however, it does not cause overheating of the economy. The growth may be considered stable, even if the *current account deficit* in 2005 increased to 8.6% of GDP and the growth of the annual *inflation rate* in 2006 increased from 2.7% to approximately 4.5%. Indeed, both cases involve transitional phenomena – the current account reflected particularly the phase of upgrades and extension of certain production facilities, which, on the one hand, weakened exports, while causing higher imports of investment nature on the other hand. The growth of inflation should also become more moderate in the years to come (3.1% in 2007 and 2% in 2008), since the unfavourable development in 2006 has been caused exclusively by the growth of global energy prices and the subsequent adjustment of regulated prices in the Slovak Republic. We expect the coming years to bring a global stabilisation in this field, even if at a higher level. Inflation in the Slovak Republic is therefore not of a demand nature and is under control by the National Bank of Slovakia, which will endeavour to press inflation to its target values and particularly to the envisaged inflation values in accordance with the Maastricht criteria. The growth of energy raw material prices will more

or less affect most of the countries and influence the level of the inflation criterion; however, for the Slovak Republic it means a higher risk level as Slovakia's economy is still energy intensive and also the energy prices have a greater weight in the consumption basket than the EU average or the level in countries with the lowest inflation. The most important indicator of macroeconomic stability in a medium- and long-term – *the position of public finance* – also indicates a positive development. The new government clearly confirmed the previous main fiscal objectives concerning the reduction of public finance deficit and the resolve to comply with all the Maastricht and other criteria in 2007 so that the Slovak Republic can, as of 1 January 2009, enter the Euro zone and continue the irreversible process of general convergence to developed EU countries.

The update of the medium-term macroeconomic forecast, which reflects the recent development of important macroeconomic indicators and the current plans and measures of Government's economic policy, provides the following quantitative characteristics of the expected trends:

Forecast of selected development indicators of the Slovak Republic's economy											
September 2006											
Indicator	UoM	History →				Current Forecast →					
		2002	2003	2004	2005	20061H	2006	2007	2008	2009	2010
GDP; in current prices	SKK billion	1,111.5	1,212.7	1,355.3	1,472.1	772.6	1,623.8	1,787.7	1,912.0	2,042.5	2,184.2
real growth	%	4.1	4.2	5.4	6.1	6.5	6.6	7.1	5.5	5.1	5.0
household end consumption; real growth	%	5.2	0.1	3.8	7.2	6.3	5.7	5.3	4.4	4.2	4.1
nominal growth	%	8.7	6.7	11.4	10.0	11.8	10.8	8.2	6.6	6.7	6.8
avg. monthly wages in economy – nominal growth	%	9.3	6.3	10.2	9.2	8.0	7.8	7.1	6.0	6.2	6.3
- real growth	%	5.8	-2.0	2.5	6.3	3.3	3.1	3.9	4.0	3.7	3.6
avg. employment growth, according to SELF ¹	%	0.2	1.8	0.3	2.1	4.1	3.5	1.5	0.8	0.8	0.8
by reg. avail. number	%	0.1	0.8	0.3	2.2	2.2	2.1	1.5	0.8	0.8	0.8
by ESA95	%	-0.5	1.8	-0.3	1.4	2.2	2.0	1.1	0.8	0.8	0.8
avg. unemployment rate, according to SELF	%	18.5	17.4	18.1	16.2	14.2	13.8	13.2	12.9	12.4	12.0
consumer price index (avg. growth)	%	3.3	8.5	7.5	2.7	4.5	4.5	3.1	2.0	2.4	2.6
production price index (avg. growth – domestic)	%	2.1	8.3	3.4	4.7	9.5	8.8	3.2	2.4	2.0	2.0
current account deficit (proportion of GDP)	%	-7.8	-0.8	-3.6	-8.6	-8.1	-6.9	-3.5	-2.8	-2.3	-1.9
public administration end consumption (real growth)	%	5.2	3.9	2.0	0.5	6.0	3.9	2.0	3.0	2.8	2.8
gross domestic fixed-capital formation (real growth)	%	0.3	-2.3	5.0	13.8	10.8	8.2	6.0	5.0	5.0	5.5
export of goods and services (real growth)	%	4.7	15.9	7.9	13.5	18.2	17.6	14.2	8.5	7.3	6.9
import of goods and services (real growth)	%	4.6	7.6	8.8	15.5	17.8	15.2	11.2	7.3	6.4	6.3

Source: IFP

¹ Selective Enquiry of the Labour Force (translator's note)

4 Employment policy

One of the basic priorities of the new government's economic policy is to ensure a dignified living standard for each person. From the economic point of view, this converts into the need of creating conditions for the growth of employment and enabling each person to obtain a high-quality and adequately remunerated work.

Misbalance in the labour market, the difference between the demand and the supply in the labour market, is probably the most severe disparity that the Slovak Republic has to tackle in this respect. For Slovakia, on the one hand, it is necessary to concentrate on new job creation, particularly through improving the business environment, while it is necessary to consider the quality of the newly created jobs. In the labour market, the growth of labour demand accelerated, which was positively reflected in the increased growth of employment and a more marked decrease of unemployment. To maintain the growth rate of new job creation, the Slovak Republic will continue the policy of improving the conditions for business, creating business environment, and general support for business, elimination of administrative and legislative barriers in business, etc. The steps implemented will be judged with respect to compliance with social rights and equal opportunities. New programmes are also introduced focused on training and education towards entrepreneurship.

Measures supporting job creation in regions with high unemployment rates through seeking ways to increase the attractiveness of these regions for entrepreneurs (building industrial parks, building infrastructure, etc.) partially benefit also the reduction of regional disparities in employment. Tools of active labour market policy, increasing interregional mobility, are accompanied with the support for investment in human resources and improvement of education systems in accordance with the needs of regional labour markets (such as the national programme for learning regions). Elimination of the high unemployment rate and of its considerable regional differentiation is the focus when programming the ZSI operational programme within the strategic priority of Human Resources and Education. We realise that the Slovak Republic will have to put greater effort into the resolution of the issue of addressing regional disparities in the future.

The gradual building of transport infrastructure in regions lagging behind employing the EFRR funds in the future programming period will contribute to an increase of their development potential with a positive impact on the regional aspect of increasing employment. In the case of the self-governing county of Bratislava and Košice, integrated transport will ensure better connection to the regions.

Transport accessibility of individual regions of Slovakia is the basic prerequisite for entry of foreign investors into the Slovak economy and, at the same time, a prerequisite for reducing disparities in regions' development. High-quality transport networks will positively influence labour mobility and the increase of employment related thereto. It is undoubted that the enlargement of internal market requires availability of such infrastructure that integrates European economies and therefore the completion of the interconnection of countries is indisputably a priority. In this period, however, the internal dimension of infrastructure is of no less importance from Slovakia's viewpoint. Insufficient accessibility of physical infrastructure in the territory of the state may significantly influence the attractiveness of the country for foreign investors. Therefore the efforts in the Slovak Republic are presently concentrated on completion of motorway and railway projects that will connect the west with the east of the country improving thus the readiness of the country for implementation of cross-border projects.

An accompanying sign of the process of the Slovak economy's restructuring and the problem of long-term unemployment connected therewith is also the abrupt drop in the number of low-skill jobs requiring only elementary or incomplete secondary education and the resulting problems with employment of unskilled persons. In 2005, the unemployed persons having only elementary or incomplete secondary education comprised as many as 75.5% of the total number of job seekers. A phenomenon occurs whereupon a

relatively high unemployment rate in regions lagging behind and among unskilled citizens is accompanied with depletion of labour reserves in fast developing regions and in high-skill professions. This fact is one of the reasons for the high prioritisation of the education system reform and the support for educational, retraining and similar activities in the employment policy of the Slovak Republic.

Even if since 2002, the unemployment of young people was significantly reduced, the lack of feedback between the education system and the labour market's needs continues to be one of the causes of this phenomenon. With respect to the above, the present secondary and apprentice education system undergoes a restructuring phase as well as changes of orientation at new apprentice and study specialisations, which find application in the present labour market. Special measures will be focused on increasing the employability of young people without completed elementary education, in the form of 'second-chance education'. Support for increasing the employability of graduates is the focus of a measure focused on acquisition of experience and skills of young people following schooling in the form of postgraduate practice. The Slovak Republic plans introducing further new measures to improve the employability of young people.

The issue of increasing the employability and employment in the Roma ethnic group is addressed within the support for disadvantaged groups in the labour market since absolute majority of unemployed Romas are long-term unemployed and low-skilled at the same time. Most of the APTP tools are included in the mechanism of the highest support for the disadvantaged groups in the labour market; projects are being implemented focused specially on the Roma minority to improve the education, qualification, and professional skills. A role is played also by the subsidy system supporting the access to education and healthcare for the marginalised population. There is a continuing problem with the relatively high level of long-term unemployment, which is a special problem, particularly in the Roma population group. It will be necessary to concentrate more on the inclusive labour market and particularly on the low-skilled long-term unemployed, including marginalised groups.

Greater involvement of social partners will be sought in preparation and implementation of programmes and projects aimed at solutions to unemployment and support to employment or keeping employment particularly by the disadvantaged groups of labour market participants.

Population ageing and the possible consequences stemming therefrom initiated changes in the social system. The basic system reform step reflecting the demographic development changes consists in the social system reform, the pension system reform in particular, increasing the retirement age, and the introduction of the 2nd pillar. Demographic changes in the Slovak Republic became a challenge bringing about the need of a more intensive support for policies enabling harmonisation of professional life with family life and care for children, the elderly, and the disabled, gender equality, active ageing, solidarity among generations, health support, lifelong education quality improvement, and increase of the employment rate among young people, elderly workers, and women.

Another aspect of addressing the demographic changes in Slovakia is the support for active ageing, which will be contributed, besides the improvement of the opportunities of lifelong education, by a gradual change in the organisation of labour and introduction of flexible forms of labour, which enables combining work (particularly part-time work) with a pension.

The Government considers active support to families to constitute a basic duty of the state and it will enforce a higher support for the pro-family policy with an emphasis on young families and creating conditions for establishing the same, including through financial instruments. The policy of harmonising the family and professional life will be implemented particularly through improving the conditions for the provision of support services to families, multifunctional daily centres, etc. The policy of gender equality and equality of opportunities will also be supported (a draft gender equality strategy will be prepared).

High unemployment rate, traditional gender division of labour persisting particularly in backward agricultural areas, differences in job positions and remuneration of men and women stemming therefrom are the factors determining the success in achieving the key objective in increasing the participation of women, particularly of older women, in the labour market. Along with gradual facilitation of women's entry to the labour market through harmonising job and family, emphasis is put also on creating conditions for and supporting women in entrepreneurial activities.

The Slovak Republic aims at maintaining the employment rate growth at 1 – 2% a year and, by 2010, reducing the total unemployment rate in accordance with the updated convergence programme of the Slovak Republic while ensuring the growth of employment of women and the elderly.

Employment reduces the risk of a person falling into poverty, however, it is not an universal means of fighting poverty. The Slovak Republic will therefore be ensuring the compliance with social rights and evaluating the social bearability of the reforms. The basic objective is such a social policy and an employment policy, which will guarantee the maintenance and development of human, economic, social, and cultural rights leading to a dignified living standard for every human being.

Employment

In 2005, a year-on-year growth of employment was 2.1% and, compared to 2000, the employment was higher by 114.5 thousand persons on average. In the first half of 2006, the favourable development in the labour market was reflected in the greatest year-on-year growth of employment in the history of monitoring of this indicator. This indicator increased year-on-year by 4.1%, which is a growth of 70.3 thousand persons in absolute figures. The number of persons working in the economy thus reached 2,276.1 thousand and achieved a new historic maximum of employment. In the labour market, according to selective enquiry of labour forces, the forecast year-on-year growth of employment for 2006 is over 3%.

The high growth of employment was significantly contributed to by the increased number of employees and by the increased number of self-employed.

Unemployment

According to the ILO methodology, the unemployment rate in the Slovak Republic in 2005 was 16.2%, which represented 427.5 thousand unemployed persons in absolute figures. The strong growth of employment was reflected also in the first half of 2006 in a marked decrease of unemployment, which reached the lowest values in the last seven years. The number of the unemployed, compared to a corresponding period of the previous year, dropped by more than 15.1% and reached the value of 376.5 thousand persons. The unemployment rate fell to 14.2% (a decrease of 2.7 percentage points). So far the proportion of long-term unemployed in the total number of the unemployed failed to be decreased below 50% (according to a selective enquiry of labour forces).

The number of available jobs as at 30 June 2006 was 18,345. Their number increased year-on-year by nearly a third (by 32.6%). Besides other indicators, also the ratio of the unemployed per available job improved falling from 31 (2005) to 20 (1st half of 2006).

Indicator								
	2000	2001	2002	2003	2004	2005	Q1/2006	Q2/2006

Total unemployment rate (15 – 64 years)								
Total	56.5	56.5	56.7	57.6	56.9	57.7	58.3	59.2
men	61.5	61.4	62.0	63.0	63.0	64.6	65.8	66.9
women	51.5	51.8	51.4	52.2	50.9	50.9	50.8	51.6
Unemployment rate of the young								
15 – 24 total	28.4	27.2	26.8	27.3	26.3	25.7	24.8	25.5
15 – 24 men	28.5	27.9	28.3	29.1	28.0	28.1	28.0	29.0
15 – 24 women	28.2	26.6	25.3	25.4	24.6	23.0	21.5	21.8
Employment rate of the elderly (55 – 64)								
55 – 64 total	21.4	22.3	22.9	24.6	26.3	30.3	33.7	32.9
55 – 64 men	35.4	37.7	39.1	41.0	42.9	47.8	51.8	49.1
55 – 64 women	9.8	9.8	9.5	11.2	12.4	15.6	18.4	19.1
Total unemployment rate (15+)								
Total	18.6	19.2	18.5	17.4	18.1	16.2	14.9	13.5
men	18.6	19.5	18.4	17.2	17.3	15.3	14.0	12.2
women	18.6	18.8	18.7	17.7	19.1	17.2	16.1	15.0
Unemployment rate of the young (15 – 24 years)								
15 – 24 total	35.2	37.3	36.1	32.2	32.0	29.7	29.3	26.2
15 – 24 men	36.3	38.4	36.5	32.7	33.0	30.4	29.4	26.1
15 – 24 women	33.8	35.7	35.5	31.6	30.8	28.7	29.2	26.4
Unemployment rate of the elderly (55 – 64)								
55 – 64 total	12.2	12.2	15.2	13.5	15.4	13.3	11.2	10.3
55 – 64 men	13.5	12.5	15.6	14.6	15.7	13.1	11.8	10.5
55 – 64 women	8.4	11.4	13.8	9.9	15.1	13.8	9.6	9.5
Unemployment rate of citizens with disabilities								
Total	*	*	*	32.6	31.6	30.0	23.9	26.1

Source: Statistical Office of the Slovak Republic – selective enquiry of the labour force

Young people

In recent years, the unemployment rate of young people (in the age of 15 – 24 years) was successfully reduced. In the second quarter of 2006, the specific unemployment rate of young people was 26.2%, while in 2000 it was as many as 35.2%. The trend of falling unemployment rate of young people was positively influenced also by a measure in the labour market – by the postgraduate practice and by a relatively high number of persons finding jobs thereafter.

Elderly citizens

The unemployment rate of the elderly (55 – 64 years) in individual years of the period of 2000 – 2005 reached the level from 12.2% to 15.4% and its value in the 2nd quarter of 2006 represented 10.3%, which indicates a significant decrease of unemployment of this group of population. The employment rate of the elderly also significantly increased. This tendency will continue particularly in the group of women, especially in relation to the gradual increase of the retirement age.

Women

The total unemployment rate of women since 2001 steadily grew until 2004; in 2005, a year-on-year decrease was recorded in comparison to 2004 by 1.9%. The difference in the unemployment of women and men since 2001 (when it was lower by 0.7% than the unemployment of men) has constantly grown at the expense of women, which will require increased attention for measures focused on increased employability of women and creation of measures to harmonise professional and family life.

Citizens with disabilities

The total trend of decreasing unemployment supported by active measures focused on the disadvantaged groups of the population with an emphasis on the citizens with disabilities was reflected also in a substantial decrease of the unemployment rate in this population group.

Regional disparities

The decrease of the registered unemployment rate in 2005 and 2006 was reflected, among others, also in the tendency of reducing inter-district disparities in unemployment rate, when in 2004, the difference between the highest and lowest registered unemployment rate was 27.3 percentage points, in 2005 its was 26.6 percentage points, and as at the end of August 2006 it was 26.5 percentage points. The number of districts, which had an average unemployment rate in 2005 higher than the average for the Slovak Republic, decreased year-on-year by 2 districts. In 2005, out of 79 districts of the Slovak Republic, only 37 had the registered unemployment rate higher than the Slovak Republic's average and, as at the end of August, there were only 33 such districts. The growth of salaries is faster in regions of Slovakia than in the capital. While in Bratislava, real wage increase was 1.9 percent, in six regions the increase was higher.

Labour productivity

In 2005, labour productivity calculated from GDP per worker in current prices increased by 8.0% and labour productivity per worker calculated from GDP in fixed prices increased by 5.4%. For the 1st half of 2006, labour productivity calculated from GDP per worker in current prices increased by 7.0% and labour productivity per worker calculated from GDP in fixed prices increased by 4.1%.

4.1 Modern education policy

Basic objectives of the reform of the elementary and secondary education system drafted within modern education policy are based on the National Programme of Training and Education of the Slovak Republic for the next 15 – 20 years. The contents of the document comprise plans of changes to be implemented in several areas.

The passing of the law on state administration in the education system and school self-administration created, through school institutors and school facilities, realistic prerequisites for a competitive education environment. The passing of the law on funding of elementary schools, secondary schools, and school facilities initiated the formation of such environment that supports streamlining the network of schools and school facilities. The greatest scope of modifications to the network of schools and school facilities was implemented upon proposal by the institutors, specifically by municipalities and self-governing regions. Similar streamlining was implemented also in the system of study and apprentice specialisations.

In the framework of the education reform, the education process puts emphasis not only on acquiring and developing knowledge and information but particularly on the development of pupils' capabilities. Since 2004, with the target year being 2008, there have been information and communication technologies implemented in curricula at all levels of schools, which will ensure digital literacy of each pupil. An analysis of the current status in teaching of foreign languages was made. It is part of the national project "Making the Teaching of Foreign Languages at Secondary Schools More Efficient and Deeper". The analysis will be used in the outputs of this project.

An important part of the rebuild and reform of the elementary and secondary school system was the introduction of a new concept of the A-level examination. The new A-level examination brought about increased objectivity and information value, unification of requirements for students' knowledge and skills at a nationwide level, and increase of the acceptability of A-level examination results by higher education institutions, employers, but also foreign countries. The change in the contents and form of the A-level examination followed the objective of comparability with analogous examinations in the European Union states. From the legislative viewpoint, changes were made to the generally binding legal regulations that created the legal framework for the introduction of a transparent normative method of financing, transformation of the state administration system, introduction of a new A-level examination, the monitor examinations, free choice of education opportunity, independence of the state school inspectorate, freedom of choice of the education path, adaptation of the system of specialisations to the requirements of the labour market, and introduction of the Internet and computer classrooms to each school. In this field, the objectives of the National Programme of Training and Education failed to be met by passing an important law on training and education, which has an impact on the entire society and which requires a broad consensus of the general and professional public. It is expected to be passed by the end of 2007. By preparing and passing a new school law, the reform of the elementary and secondary school system should be finalised in the period of 2007 – 2008. In 2007, a concept will be prepared for the field of pre-school education, for the teaching of foreign languages at elementary and secondary schools, for teachers' professional development in a career system, as well as that of a two-level model of education programmes in the field of professional education in accordance with the School Act. In 2008, a draft law will be prepared on pedagogical and professional employees of schools and school facilities. For the period of 2008 – 2013, a concept of state policy of children and youth will be prepared and, in 2008, a Youth Act will be drafted. In the field of the model of working with talented pupils, a draft concept of developing talented youth was prepared in 2006 and presented for public discussion. In the framework of the new model, the efficiency of the leading of talented youth will be increased. Its approval is expected in the course of 2007.

As for higher education institutions, emphasis needs to be placed on expanding capacities and significant improvement of quality. In the period of 2005 – 2006, the transformation of study specialisations into study programmes was completed opening possibilities for a more active adaptation of the higher education contents to the needs of the practice and to the knowledge-based society. Emphasis was placed on expanding capacities and significant quality improvement of the higher education institutions. Innovated and new motivational elements were set with a focus on expanding higher education capacities as well as on the field of quality by updating the methodology for state budget subsidy allocation to public universities for 2006. The methodology's tools were aimed also at the support of research and development at higher education institutions as the basis for strengthening the institutions' culture of quality. To support the quality of higher education institutions, basic conditions (criteria, plans) were created in the period of 2005/2006 for launching and developing comprehensive accreditation of higher education activity as the basis for the evaluation of their quality and for their qualitative differentiation (universities/higher education institutions other than universities, research universities/universities). An independent evaluation activity was the first-time ever performed evaluation of higher education institutions by an independent ranking and rating agency.

The development of higher education quality was supported also by legislative measures (passing an amendment to the Higher Education Act, issuing a decree) and financial subsidies to introduce and provide motivational scholarships to the best and most active students, and introduction of social scholarships, which

ensured equal chances of access to higher education studies. By creating a national scholarship programme to support the mobility of students, doctoral students, and pedagogic and scientific staff, and by starting its practical implementation by an independent institution, additional practical opportunities were created to support mobility in the same extent for both domestic as well as foreign students in accordance with the need of creating a European higher education space. Through creating higher education financing methodology tools, a space has been created for a significant support to developmental central projects and higher education projects with a focus on the development of information technologies in the field of higher education support as well as management of higher education institutions. The development projects were focused to a considerable extent also on application of information technologies in academic libraries and their implementation contributed to creating a higher quality environment for the educational and research activity of students, teachers, and research staff of higher education institutions.

In 2007 – 2008, a new concept of higher education will be created for the period of 5 – 10 years. Further, draft laws will be presented in the case of public higher education institutions and draft changes of state approvals in the case of private higher education institutions. The objective of the amendment to the Higher Education Act will be to contribute to efficient operation of the higher education system in accordance with the Bologna Process documents and the needs of the practice; the operation of foreign higher education institutions as well as of private higher education institutions will be provided for to have only accredited higher education institutions operating in the territory of the Slovak Republic and, at the same time, the law will implement EU directive concerning refugees and students from third states. In the field of funding, multi-source financing of higher education institutions will be strengthened as well as the adoption of measures aimed at motivating the business sphere to invest in education, science, research and development. Conditions will be expanded for higher education, particularly in the fields of informatics and information technologies, nanotechnologies, and biotechnologies. Possibilities of introducing new support programmes for the higher education system will be supported through a set of scholarships, tax incentives or by modification of wage conditions as well as motivating and supporting higher education institutions towards introducing specific modules related particularly to small and medium enterprise operating in higher education.

Following up the support for creating technology platforms with the objective of a closer relation among science, research and development, forming mutual partnership between the business sphere and the academic environment, a methodology will be created for establishment of Technology Transfer Centres; the building and innovation of unique research and development workplaces at higher education institutions will be supported in a greater extent, which workplaces will constitute foci of future centres of excellence of international scale; arrangements for grants will be made to ensure development projects in the field of ICT; the project of new-generation intelligent digital technologies implementation in education and organisation of scientific research work [Virtual Room Videoconference System (VRVS) communication environment] will be continued.

In the field of lifelong learning, it is necessary to prepare and approve a lifelong learning strategy and lifelong counselling strategy as well as a national programme for learning regions. A prerequisite for preparation of a strategy is a critical assessment of the present situation in the field of lifelong learning (hereinafter “LLL”). Fulfilment of strategic objectives is conditional upon active cooperation of all involved partners, particularly of state administration and local government authorities, but also of educational institutions, social partners, employers, and citizens themselves. The LLL strategy is in the phase of preparation. It is envisaged to be passed by the end of 2006 and implemented starting from 2007. An important aspect of implementation of the lifelong learning strategy will be the outputs of the project “*Creation and Implementation of an Open System of Lifelong Learning in the Slovak Republic for the Labour Market Needs*”, which is financed from the European Social Fund. The outputs of this project as well as those from the draft European Qualification Framework in the field of institutions of both formal and informal education will be further used also in preparation of the amendment to the Continued Education Act following the amendment to the Higher Education Act in the course of 2008.

To ensure the objectives in the education policy, it is necessary to improve the quality of education for the teachers, who need to be ready for constant changes. A draft Concept of Professional Development of Teachers in the Career system has been presented for professional discussion. By the end of 2006, a national project of further education of teachers should be prepared, the launch and implementation being expected in the course of 2007.

An important part of education is the integration of children from high-risk and marginalised groups in the standard school environment, especially of children from the Roma environment and pupils with disabilities. This concerns the field of education content, material provisions and success in the practice/job using the results of PHARE and ESF projects. This is the reason for preparing a concept during 2007 of integrated education of Roma children and youth including the development of secondary and higher education and, to optimise school integration of pupils with special training and education needs, the concept of special pedagogy counselling will be innovated. A concept of integrated pedagogic and psychological counselling system will be prepared and implemented in the practice along with a guideline on financing of pupils from socially disadvantaged environments.

In 2006, projects in the field of education based on ESF funds have been or will be approved in the financial volume of SKK 585 million. In the period of 2007 – 2008, the activities of these projects will be implemented. The state budget, observing the principle of additionality, contributes to these funds with 25% (in projects for the area of Bratislava NUTS II – 50%).

4.2 Achieving a high employment rate

Competitiveness and employment

The ratio of the unemployed per one job available, also thanks to the adopted broad-spectrum measures aimed at the labour supply side (see the *Microeconomic Policy chapter for details*), continues to have a decreasing trend.

As of 1 January 2006, the non-taxable part of the tax base for all taxpayers has been increased to SKK 90,816, which means a reduction of the tax burden for low-income groups. Similarly, the tax bonus was increased in January to SKK 6,480 a year per each child in care living in the household with the taxpayer.

Implementation of new Act No. 124/2006 on Occupational Safety and Health and on Amendments and Additions to Certain Laws in concurrence with Act No. 125/2006 on Labour Inspection and on Amendment and Additions to Act No. 82/2005 on Illegal Work and Illegal Employment (effective as of 1 July 2006) will contribute to elimination of excessive administrative burden of the employers and natural persons, who are entrepreneurs and do not employ people.

The present Labour Code enables employment of an employee who does not perform work on an employer's workplace. Starting from 2007, an analysis of obstacles in its use will be conducted. Creating flexible jobs (working from home, shorter work time, divided jobs, etc.) will be supported in the new programming period in accordance with the support for harmonising family and professional life.

In July 2006, an audit of obstacles in business was prepared through employers' partner organisations and publicly presented. A report on the business environment will be presented by the end of 2006 and, besides the audit of obstacles, it will include further draft measures to eliminate administrative and legislative barriers to business.

Addressing regional disparities and increasing mobility

Most of APTP tools have a mechanism built in, which differentiates assistance and measures provided in the framework of the APTP on the basis of the extent of unemployment reached in the district, the districts with higher than the nationwide average unemployment rate being provided greater support.

With the purpose of intensifying labour mobility and eliminating the deterring effect of high fares on the acceptance of jobs on the part of the unemployed, the financial allowance towards moving for job was substituted in 2006 with an allowance towards commuting to work designated to cover part of the travel expenses of the employed citizens who, before starting a job, were the disadvantaged job seekers. Differentiation was also introduced to the amount of the flat-rate allowance towards commuting for job depending on the distance of the place of work or place of performing autonomous gainful activity from the place of residence.

Another important condition is to ensure the transport serviceability of the territory. It is necessary to harmonise the nature of transport services with the transport needs, to determine the necessary volume of transport performance of the public bus and railway transport to ensure an optimum transport serviceability in the regions.

The support for starter housing and social housing is presently implemented through the State Housing Development Fund, the objective of "Rental Housing Support", for which the funds in the budget were increased for the period of 2006 – 2008.

Benefits for regions lagging behind are expected from a broad range of measures including the education reform, second-change education programmes, better targeting of education and retraining programmes ensuring harmony with the needs of the regional labour market, but also gradual completion of the transport infrastructure, provision of advantageous conditions for investment and also support and improvement of public employment services and social services (local social inclusion partnerships, community social work, etc.). In this sense, the Social Development Fund supports projects assisting the social inclusion of those who were pushed by poverty to the edge of the society, which is also one of the key problems of regions lagging behind. Attention and support for mobility in the labour market and cross-border integration of labour markets will be ensured also in the new programming period in the framework of active labour market measures within the specific priority of Employment and Social Inclusion.

Support for employment and self-employment

As of 1 January 2006, legal changes came into force, which followed better conditions for starting or operation of independent gainful activity by job seekers and more efficient stimulation of disadvantaged job seekers, achieving better targeting of employment support for the disadvantaged in the labour market, and increasing the stimulation of employers in creating jobs for the disadvantaged job seekers. An allowance was introduced towards independent gainful activity in advance through a flat-rate benefit without presentation of documents of costs incurred.

More significant changes include also the introduction of differentiation in the amount of allowances towards individual types of education activities with the objective of increasing the efficiency of funds allocated to active labour market measures and to motivate job seekers, job providers, and education and training service suppliers to ensure success in the labour market for the persons who underwent education and training courses.

For the purpose of provision of the allowance towards employment of disadvantaged job seekers, the group of the disadvantaged was expanded to include additional groups particularly in relation to the return to the labour market from a disadvantaged position (maternity leave, etc.).

Minor corrections were made to the provisions for the allowance towards postgraduate practice with the objective of improving the graduates' chances of getting a job after the postgraduate practice and preventing its possible misuse by the employer (limiting the length of the postgraduate practice to 6 months, increasing the flat-rate allowance for the postgraduates, and removing the allowance for the employer, introducing employers' commitment not to reduce the number of jobs available while supplying the corresponding labour by graduates performing their postgraduate practice).

Several corrections were made towards the disadvantaged job seekers including citizens with disabilities, particularly concerning the provision of employer allowance towards the establishment of protected workshops or protected workplaces.

In the previous period, implementation of projects already launched continued introducing several new elements. In funding of individual APTP tools, ESF funds are planned to be largely used also in the future as they contribute to their implementation.

In March 2006, we introduced a new NP IIIA project focused on education and training for the labour market and employee practice. This project should contribute to increasing the volume, quality, and better targeting of education programmes for the unemployed and, at the same time, act as a prevention of long-term unemployment. In the event of marginalised groups, it should ensure obtaining elementary education, acquiring basic skills (reading, writing, and calculating) with subsequent acquisition of social skills; and completion of incomplete secondary vocational education. At the same time, it should act to increase employers' motivation to employ the long-term unemployed who underwent education and training for the labour market.

In November 2005, the Ministry of Labour, Social Affairs and Family of the Slovak Republic introduced a new pilot project to support employment of disadvantaged groups through a flat-rate allowance (*see Inclusive Labour Market and Inclusive Society for more information*). The framework of this new project includes also the support for protected workshops and workplaces.

In 2005, 9,908 new jobs for independent gainful activity were created and staffed, which is 4,290 jobs more than in 2004.

In the framework of the active market labour policy and in accordance with the new Manifesto, the Government of the Slovak Republic plans:

- introducing new forms of support to employing young people
- increasing the attractiveness of employment even for low-paid jobs and thereby increasing the involvement of low-skilled long-term unemployed persons in employment
- in accordance with labour supply from the viewpoint of the required qualification, orienting the training programmes for the unemployed and adapting retraining courses and qualification-increasing courses.

4.3 Accommodating demographic changes

Lifelong learning strategy

(See subchapter “Modern education policy”)

Harmonising professional and family life

Progressive changes were significantly contributed to by the Labour Code and the Employment Services Act amended as of the beginning of 2006 (e.g., the possibility was extended of compensating the expenditures for services to job seekers who take part in education and training for the labour market or in activities in the framework of professional counselling services, if they are parents taking care of a child or children before compulsory school attendance).

In June 2006, the Government passed a document entitled “Draft Measures to Harmonise Professional and Family Life for 2006 with an Outlook to 2010”, which constitutes the basic programme document for the given area. The objective of the measures of legislative, institutional, and educational nature is primarily to support employment and employability of persons with responsibility for family and to reduce the risk that they are exposed to the dilemma “work versus family” and, at the same time, to increase the support for services to families so that the support has a positive effect on the demographic situation.

In the course of 2007 – 2008, new legal provisions for services will be prepared, the objective being to create conditions for provision of services to families, to ensure availability of services for all who need them; equal rights to the providers; equitable remuneration to those performing such services; creation of new jobs for the intermediate labour market and community work.

The elimination of gender stereotypes was contributed to by projects aimed at removal of barriers to equality of men and women in the labour market implemented with the assistance from the ESF. In the framework of the measure aimed at stimulating and increasing the quality of education for the needs of employers and business sector, there was a possibility to support, within accompanying measures, the care for minor children during parents’ education. Further, projects were supported aimed at gender research and gender audit as means of achieving equality of women and men in the labour market with the objective of gender sensitisation of various involved actors, whose activity has an impact on the situation in the labour market (employers, unions, state administration and territorial self-government, education system) and supporting gender-sensitive education.

The measures proposed will continue to be implemented primarily using the ESF funds. The issue of harmonising the professional and family life was included in the specific priority “Employment and Social Inclusion” with the objective of increasing the availability and quality of services aimed at supporting the harmonisation of professional and family life.

The harmonisation of professional and family life is contributed to also by NGO’s, which are supported through subsidies. E.g., “maternity centres” are non-governmental non-profit organisations founded by parents, most frequently by women on a maternity leave, for the purpose of self-provision of services to families with minor children in the territory of a municipality in accordance with the state’s family policy.

Demographic challenges and active ageing

In 2004, the Slovak Republic launched a pension reform, whose basic objective is to prepare the pension system for population ageing on the basis of compliance with the principle of solidarity and merit. The pension reform includes a gradual increase of the retirement age. In the period of 2006 to 2008, the implementation of the increase of the retirement age will continue. In men, the target state will be reached as early as in 2006; for women, the increase will continue until 2014. Besides that, the introduction of the capitalisation pension pillar continues, having started on 1 January 2004. To ensure the sustainability of public finance and to reach a high employment rate, it is necessary to continue the social insurance reform, particularly in the field of further deepening the motivation to work longer and adequately to the individual's physical and mental state. The Slovak legislation enables paying old-age pension during gainful activity performed in an unlimited scope.

In 2006, the Ministry of Labour, Social Affairs and Family prepared a document entitled "What is and what should be the strategy of accommodating the demographic changes in the Slovak Republic", which it submitted for public discussion from 26 June to 26 July 2006. The document includes an analysis of the present demographic situation and deals with the most recent development of basic demographic processes, the current composition of Slovak Republic's population, and special attention is paid to the causes and consequences of the process of ageing and changes in family structure. At the same time, it points out regional and gender differences in the population development and international implications. On the basis of a public discussion, the document will be prepared in 2006 for a session of the Government.

An inevitable part of accommodating demographic changes is also a concept-based approach to migration flows. In 2005, the Slovak Republic adopted its migration concept, within which it will seek ways to gain and employ highly skilled migrating workers in a long term.

4.4 Inclusive labour market and inclusive society

In November 2005, the Ministry of Labour, Social Affairs and Family of the Slovak Republic introduced a new pilot project to support employment of disadvantaged groups, with an emphasis on persons with severe disabilities, through a flat-rate allowance. The project is aimed at creating jobs for micro- and small employers, self-governments, non-governmental and non-profit sectors, and creating jobs in protected workshops and workplaces.

The implemented projects aimed specially at the Roma minority include, in particular,

- Assistant for National Projects – providing the assistants with the possibility to acquire working experience, insight, and knowledge that will increase their chances of success in staff selection procedures within individual offices of labour, social affairs and family
- Roma assistant paediatrician
- Roma assistant teacher

A special mechanism was introduced by the Slovak Republic in the field of support to families with children in material need, low-income families, and families from deprived locations through subsidies supporting access to education and healthcare.

In the framework of the National Project III A (*see above for more*), the activity “Completing Elementary School and Completing the Last Year of a Secondary School” is being implemented. The project “Completing Elementary School” provides the possibility of completing elementary education and thereby facilitating the entry or return to the labour market for those that were excluded from the labour market due to insufficient or no education. The selection criterion for project implementation continues to be the regions with a high rate of the unemployed with incomplete elementary education.

The issue of marginalised Roma communities constitutes a horizontal objective and is part of the specific priority “Employment and Social Inclusion” in the framework of the next programming period.

In the forthcoming period, a *draft social services act* will be prepared and submitted to the legislative process in the 3rd quarter of 2007. The draft social services act will include a new specification of social services, provisions for the conditions of their provision and financing, links between social services and healthcare, accreditation of education programmes in the field of social services, determination of quality standards for social services corresponding to the needs and conditions in the Slovak Republic, and also creating conditions for doing business in the social sphere. The draft will be subject to public discussion.

The implementation of the new legal provision for social and legal protection of children and social guardianship, which came into force on 1 September 2005, is influenced by the fact that other essential legal provisions, which radically influence the performance of the measures of social and legal protection of children and social guardianship – particularly the Family Act, the Code of Civil Judicial Procedure, the Criminal Law and the Criminal Code – were amended approximately at the same time. There were training working sessions organised for the involved entities concerning this change.

A system of monitoring is being gradually introduced for the performance of measures of social and legal protection of children and social guardianship, particularly for measures preventing crisis situations in families and to address upbringing and other problems in families. The new legal provision for social and legal protection of children is closely related to the new legal provisions for allowances towards the support of foster care for children, which allowances are aimed at supporting foster family care and preventing the placement of children in institutional care.

In the field of institutional care, the “Concept of Institutional Care for the Period of 2006 – 2007 with an Outlook to the Period of 2008 – 2010” was prepared and approved earlier in the year. The Concept includes not only plans in the given area but also specific tasks for the involved entities. The Concept was broken down to individual regions of the Slovak Republic.

The first integrated assessment of new measures’ impacts will be possible only in March 2007 in comparison with 2005 and particularly with 2004, where no significant measures in this field had been introduced. The analysis and assessment will include also proposals for solutions to the problems that occurred in the practical implementation of the new legal regulation.

Works are presently focused on increasing the qualification and targeted improvement of qualification of staff by individual areas of performance and on stabilising the institutional framework. This should be served by the project “Modernisation of Institutional Provisions and Improving the Quality of Human Resources in the Field of Social Affairs” (the World Bank), which should include the drafting of measures to improve the process and content conditions for performance in the social field, including social and legal protection of children and social guardianship. The project is presently in the process of public procurement.

Improving the performance of measures and of the system of social institutions is dependent in the forthcoming period also on the implementation of activities included in the specific priority “Employment and Social Inclusion”.

In the field of social inclusion, a “National Report on Strategies of Social Protection and Social Inclusion 2006 – 2008” was prepared, which deals with specific challenges of three pillars of social inclusion, pensions and health- and long-term care and aims at bringing summary information and messages and plans in the given sector. In accordance with the methodology of the European Commission, it is a brief and strategic document, which, linking to the Lisbon Strategy and the National Reform Programme, describes key priorities and measures to achieve them, which the Slovak Republic considers important in the period of 2006 – 2008 for the achievement of the objective of preventing and eliminating poverty and social exclusion.

The Social Development Fund (SDF) assisted the implementation of the programme “*Increasing the Employability of Groups Affected and Threatened by Social Exclusion through Social Inclusion Partnerships*” (National Project VI). The objectives are being fulfilled through establishing, methodologically supporting, and technically assisting the local social inclusion partnerships (LSIP) established, as well as through financial support to the projects. Two project types are supported:

Support for local social inclusion partnership programmes. Local social inclusion partnership is an independent entity formed of representatives of the self-government and representatives of key organisations and involved entities – various civil institutions and individuals with experience in relevant areas necessary for efficient work of the partnership. LSIP’s are focused as a priority on stimulating economic activity in locations, promoting equal opportunities, and reducing social exclusion. The total number of LSIP’s established and supported by the FSR is presently 27.

Projects in communities. The programme is focused particularly on activating and mobilising target groups with the objective of increasing the employability and supporting the social inclusion and development of starter local non-profit entities, whose activity is in accordance with the Programme objectives.

The *Community Social Work Programme (CSWP) in municipalities* operates continuously in accordance with the social programme of field social workers. The objective of the CSWP is the support for groups and individuals subject to social exclusion in a long term and eliminating the causes of social deprivation through permanent work of the community social worker and community social assistant worker in the particular community. Based on the financial analysis of the Programme and on the decision by the Ministry of Labour, Social Affairs and Family, the CSWP was extended to include additional 35 municipalities in July 2006, which were not supported in 2005 due to lack of funds.

5. Microeconomic policy

5.1 Current state of implementation of the objectives

The Government of the Slovak Republic will pursue a consistent growth-oriented economic policy aimed at creating essential prerequisites for the prosperity of market entities and individuals. The forthcoming "Development Strategy for the Slovak Republic" will fully respect the key objectives of the development of the European space, and foster competitiveness of the Slovak economy. We will continue to strengthen the process of assessing the regulatory impact on the business environment, and promote the establishment of one-stop business service centres. The key task for the Slovak government in the area of industrial policy will be the development of short- and long-term programmes and measures aimed at increasing competitiveness of the industry so as to ensure their contribution to creating a strong European industrial base, while taking account of the potential of every region of the Slovak Republic. Energy is a key factor that has an impact on all sectors of the economy, and constitutes one of the main pillars of the economy. The importance of ensuring a favourable business environment in the energy sector and creating conditions for reliable and safe energy supply, operation of electricity grids and networks, these are the cornerstones of all decision-making.

In keeping with the principles of mid-term review of the Lisbon Strategy, the Government identified the improvement of the business environment as one of its development priorities. Favourable business environment is an essential prerequisite for ensuring long-term competitiveness and growth of the Slovak economy. In such environment, the state promotes and protects economic competition, adopts clear and stable rules, effectively ensures compliance with the rules by all market entities while, at the same time, minimising administrative obstacles and demands on entrepreneurs.

In 2006, the Government of the SR improved the business environment in a number of areas that have an impact on doing business; as a result, there are no major business barriers today. The process of setting up new firms has been facilitated and the effectiveness of the bankruptcy procedure has improved. Nevertheless, the situation is still unfavourable as regards enforcement of the laws; regulatory burden on entrepreneurs has not been reduced to the desirable degree and, because of the weak capital market, business entities do not have adequate access to financial resources. The system of regulatory impact assessment is aimed at using a uniform methodology to ensure the assessment of all proposed regulatory measures for their financial, economic and environmental impact, impact on the employment and the business environment, thus improving the effectiveness, transparency and coordination of the assessment exercise, and reducing the frequency of subsequent adjustments needed because of the absence of such assessment. Legislative rules in force provide that regulatory impact assessment is to have the form of a clause on financial, economic, environmental impact, impact on the employment and impact on the business environment. The Government will discuss the proposed uniform methodology for drawing up the impact clause. Regulatory impact assessment will be performed by means of an analysis, carried out on the basis of estimates of probable costs, consequences and side effects of planned policy instruments (laws, ordinances, regulations, etc.). Analysis results will then be used to improve the quality of political decision-making and policy instruments, and their mutual interconnection.

The key task that had to be fulfilled in connection with the development of the regulatory impact assessment system was a comprehensive audit of business obstacles. The aim of this task was to analyse the existing legislative situation, the demands placed by the state on the business sector, and public administration processes that have direct implications for the business sector. An important part of the audit is a questionnaire survey and targeted interviews with entrepreneurs and managers concerning obstacles to businesses and possible ways of their elimination. Besides the analysis of the existing situation, the audit also

brought a proposal of measures aimed to eliminate the barriers identified (both at the macroeconomic and microeconomic level and at the level of administration) and the financial burden on business entities.

The aim of increasing the transparency of state aid provision is to create a system which corresponds to the priorities of the national strategy and of the European Lisbon strategy. To this end, the Government made a particular effort to re-channel state aid from sectoral priorities to clearly defined horizontal priorities, such as the support for research and technological development, for small and medium-sized innovative companies, etc. Act No. 231/1999 Coll. on State Aid as amended entrusts the role of the state aid coordinator vis-à-vis the providers of state aid in the Slovak Republic and in the European Union to the Ministry of Finance of the Slovak Republic. Rules on the provision of individual state aid to investors have been drawn up and approved, focusing on the provision of investment incentives; their aim is to ensure a more effective and more transparent state aid system and to remove the shortcomings of the previous system of individual state aid. The key principles include the channelling of investment into less developed regions and into high value-added projects. Another important principle is the provision of incentives for projects that would otherwise not be implemented. A system of electronic publication and regular update of the list of state aid recipients has been introduced at the level of central state administration authorities. The result of the introduction of the system is harmonisation, clarification and unification of state aid provision in the framework of the process of assessment and approval carried out by the ministries concerned and by the Government with the aim of determining the amount of the state aid.

Considerable progress has been achieved in the SME field. Two support programmes focused on counselling and training have been carried out: the Counselling and Training Support Scheme for Small and Medium-Sized Businesses and the Counselling and Training Subprogramme for Selected Groups of Prospective Entrepreneurs. The former include the provision of counselling and training services, the costs of which have been partly covered by entrepreneurs involved; the applicants were able to obtain a contribution towards the costs of training, amounting to up to 75% of total eligible costs. Under this scheme, applicants may receive training from any educational institution that meets the conditions of the scheme, without being limited to the network of existing counselling and training centres (RCICs, BICs, FCCs). Education and training oriented on starting-up and on the performance of self-employment activities is provided also in the framework of the IIIa National Project through the network of the offices of labour, social affairs and family. Under the Counselling and Training Subprogramme for Selected Groups of Prospective Entrepreneurs, counselling and training services are provided to persons who intend to start their own business, mainly from among the unemployed, employees, women, etc. According to the latest data, small and medium-sized business are already a major contributor to Slovakia's economy, accounting for 99 % of all companies, and representing a 70 % share of employment, a 39 % share of the GDP, and an important share of exports. In spite of a positive trend in the development of the SME sector, a relatively significant number of problems affecting business activities still remain. They include, in particular, high contribution rates, weak enforcement of laws, administrative burden on businesses, corruption, as well as increased regulatory burden connected with the transposition of EU legislation. Implementation of measures designed to remove these barriers makes it also necessary to take certain measures in the area of institutional support for small and medium-sized companies, in line with the Manifesto of the Government of the SR.

In conformity with the conclusions of the European Council of 19 April 2006 on easing company regulation, the Government adopted Resolution No. 324/2006 whereby it approved the *"Draft Concept for Establishing a One-Stop Shop Network in Slovakia"*. The Resolution set off the implementation of a number of tasks with a view to, in particular, meeting one of the above mentioned attributes and also objectives of the Slovak Government: to simplify the entry of entrepreneurs to the market in services, thus also fulfilling one of the objectives of the National Reform Programme "Public Administration as a Partner and Not as a Burden". Gradual fulfilment of these tasks will lead to the establishment and operation of one-stop shops (OSSs) in Slovakia, which will make it possible to concentrate all administrative procedures connected with the registration of business entities in one single spot. The objective of setting up and running OSSs is to facilitate market entry not only for future domestic entrepreneurs, but also for foreign entrepreneurs from the Member

States of the European Union seeking establishment in the territory of the Slovak Republic. They are intended to serve the widest possible variety of entrepreneurs performing different business activities and to other service providers, e.g. those providing services in liberal professions. The OSSs will make it possible for future entrepreneurs to obtain all necessary permits, authorisations, and forms necessary to start up a business (and later on to perform business activities) in one single spot. Moreover, they will act as mediators as regards obligations of entrepreneurs towards health and social insurance agencies, tax authorities, the statistical office, the company register, etc. Since 93% of persons doing business in Slovakia are self-employed persons, and given the established network of trade licence offices whose staff is experienced in business registration procedures, and also considering the technological support, it has been decided that the OSSs will be based at or hosted by the existing trade licence offices established in eight regional capitals.

One of the basic objectives of Energy Policy of the Slovak Republic is to ensure energy security and uninterrupted energy supplies at optimum costs, while ensuring adequate protection of the environment. The Slovak Republic has fully incorporated into its energy law and the law on regulation of network industries relevant EU directives governing the market in electricity and natural gas. Nevertheless, real market in these products has not yet become fully operational. One of the underlying reasons has been the situation in legal compliance. For the above reasons, identification of and removal of barriers to real opening up of the energy market (integrated guidelines Nos. 12, 13 and 16) had the aim of obtaining a realistic picture of the barriers that hinder the opening of the energy market (technical, institutional and other barriers to real liberalisation), and of defining measures for their elimination. The Government is therefore taking steps to identify and gradually remove barriers that prevent a more intensive use of renewable sources of energy, with a view to promoting entrepreneurial activities in the area of renewable sources of energy (integrated guideline No. 11). In order to make a more intensive and effective use of renewable sources of energy, it is necessary to make a thorough analysis of the current situation, to formulate a clear and comprehensive strategy of their use, including a mechanism for using public resources and other support instruments, to make adjustments in the energy policy of the SR, to make adequate legislative amendments and, last but not least, to formulate regional action plans that reflect specific conditions for using various forms of these sources in individual regions.

As regards integrated guidelines Nos. 12 and 13, it can be noted that while the internal market in goods is relatively well integrated, markets in services continue to be fragmented. This applies, *inter alia*, to markets in energy, transport and regulated professions. The Government of the Slovak Republic pursues the objective of promoting growth, employment and competitiveness by opening up the internal market in services as soon as possible. This also applies to removing the remaining barriers to the free movement of labour. The Antimonopoly Office of the Slovak Republic responded to the initiatives of the European Commission launched in 2003 with the aim of reviewing the justification for and adequacy of regulation in the area of professional services by an evaluation report on the regulation of professional services, which was to be used as a basis for recommendations concerning the reform of the existing system of regulation in the Slovak Republic. The report identified five areas that are relevant for the regulation of professional services, in which inappropriate and/or unsubstantiated regulation may present a serious barrier to competition. They include price regulation, regulation of advertising, market entry regulation, scope of reserved activities, and regulation of the form of entrepreneurship. Information asymmetry and existence of externalities were also identified among the reasons for market failures.

In the interest of ensuring an open and competitive market, the Slovak Republic has supported the elimination and reduction of tariff and non-tariff trade barriers under the Doha Development Agenda of the WTO. The National Reform Programme did not elaborate on integrated guideline No. 20 on the strengthening of competitive advantages of the industrial base on the basis of identifying value added and competitiveness factors in key sectors of industry, and responding to globalisation challenges.

The factors that are decisive for economic development and competitiveness of the Slovak Republic include the environment and environmental infrastructure; because the construction of the latter has not been completed, this causes a problem also for removing regional disparities, and has been identified as a factor

considered in connection with channelling investment into the regions and locations that meet environmental demands of investors. The environmental infrastructure has also an impact on the creation of favourable conditions for investment, entrepreneurship and tourism, as well as on the standard of living of the population. Consequently, continued economic growth will require taking measures to mitigate the effects of climatic change, to ensure a rational use and conservation of natural resources and protection of biodiversity, to use secondary raw materials, to secure integrated management of river basins and flood protection of the Slovak Republic, to alleviate old environmental burdens, to build the environmental infrastructure, and to promote environmentally-friendly products and quality systems.

Research and technological development and technological innovations constitute an irreplaceable and the most important source of high-quality knowledge. They constitute the key pillar of any knowledge-based economy. Also this was the reason for the identification by the Government of the SR of the area of science and research as one of its development priorities in line with the principles of the mid-term review of Lisbon Strategy. In keeping with the Competitiveness Strategy for the Slovak Republic until 2010, the field of science, research and innovation constitutes one of the four basic development priorities. In this context, the Government has decided to include research and technological development also among key priority areas to receive financial support from the structural funds of the European Union in 2007 – 2013.

In the spirit of the above goals and in conformity with the strategic documents on science and technology (the long-term outline of science and technology policy until 2015; programme documents relating to the support for research and technological development from the European Regional Development Fund in 2007 – 2013), an analysis of the research and technological development potential of the Slovak Republic was carried out, using internationally applied indicators. It identified excessive fragmentation of and the lack of coordination between research and technological development facilities as one of the basic problems of Slovak research and technological development. It is no longer possible to achieve state-of-the-art results in this field without the existence of a critical mass of human and material resources. In the Slovak Republic, there is a relatively large number of small research and technological development teams working in practically the same thematic fields without mutual co-operation. The analysis has made it clear that one of the key problems is the lack of adequate equipment and instrumentation and other elements of technical infrastructure, and its obsolescence. To achieve the objective of ensuring that research and technological development and the resulting technical innovation become a key pillar of the development of the Slovak society, public funds in the forthcoming years will have to be primarily channelled into technical equipment. In the next step, financial support may be shifted to the side of research, technological development and innovation outputs. These activities will thus lay emphasis on the spin-offs of research and technological development to the social and economic sphere.

The analysis of examined indicators revealed the following facts in the area of research and technological development in the Slovak Republic:

- low level of public and private spending on research, technological development and innovation – financial support for research and technological development in the Slovak Republic has been among the lowest in the European Union and, as regards its year-on-year dynamics, Slovakia even posted a year-on-year decrease in expenditures in recent years;
- low concentration of financial resources to larger-scale research and technological development projects, the outcomes of which would be significant for the entire society and would have a strong social and economic impact;
- low performance level of research and technological development potential, its fragmentation and the fact that it is relatively closed to international co-operation – one of the key priorities for promoting research and technological development from the European Regional Development Fund is the internationalisation of research and technological development in Slovakia; experience of other countries and experience from other fields show that the quality of a closed and fragmented entity gradually declines and that it becomes less competitive internationally;
- low qualitative and quantitative standard of research and technological development infrastructure (both as regards technology and human resources) – research, technological development and technical

innovation are inconceivable without high-quality human resources and, at the same time, without good-quality technical support (instrumentation, laboratories, etc.) – both conditions must be fulfilled at the same time. In the field of technical support, Slovakia has most probably the worst situation in the EU (or is among the worst in the EU) – under the circumstances, Slovak research, technological development and innovation entities cannot successfully compete for financial resources from the Framework Programme, where funds are allocated on a competitive basis to the best European research teams with good-quality technical support;

- low level of co-operation between research and technological development organisations and the business sector – this is a problem for the entire European Union, and is particularly acute in Slovakia; it applies across the board to the Slovak Academy of Science and universities as classical research and technological development institutions on the one hand, and to the business sector as a customer for research and technological development results on the other hand;
- lack of participation of business entities in the international scientific and technological co-operation;
- compared with other countries, a disproportionately low number of highly qualified researchers, imbalance of their structure from the aspect of scientific branches and regional disparities;
- limited social and economic impact of research and technological development projects funded from public resources;
- compared with other countries, a disproportionately low output of basic research, as measured by bibliometrical analysis;
- limited use of institutions for the protection of intellectual property (patents, licences, etc.);
- regional disparities in the area of research and technological development – major portion of research and technological development activities are concentrated in the region of Bratislava and, with the exception of Žilina and Košice, other regions make virtually no use of their research, technological development and innovation potential, which could become one of the key pillars for their development;
- low degree of “innovation” culture among small and medium-sized businesses – according to the data of the Statistical Office of the Slovak Republic, practically no new small or medium-sized business have emerged in Slovakia in recent years that could be labelled as “innovative” and/or “high-tech”, and that would be capable of cooperating with research institutes of the SAS/universities and other research and technological development institutions. This means that, on the one hand, the performance of research and technological development organisations (the SAS, universities, etc.) is inadequate and, on the other hand, there is a lack of customers for their outputs – i.e. business sector elements characterised by a high level of “high-tech” and innovative activities;
- absence (or low level) of innovation culture in the environment of RTD institutions;
- a large barrier between science and technology on the one hand and the society on the other hand.

The state supports innovative firms and innovation activities in the private sector by means of several instruments. There is, however, no comprehensive conceptual and effective system in place for this area as yet. The need to create such system is therefore very urgent. The proposed steps must be mutually compatible and become part of a comprehensive system of innovation policy, and thus make a significant contribution to the fulfilment of integrated guideline No. 15. The comprehensive system of support for innovative companies and innovation activities in the private sector envisages, in the first step, an audit of existing governmental instruments for supporting innovative companies and innovation activities in the private sphere. Instruments for promoting the development of venture capital were formulated on the basis of experience and best practices of the countries that achieve the best results in this field. Concrete and detailed specifications should be based on a detailed analysis of Slovak needs and relevant international experience. Since at this time we do not have human resources with necessary international experience and expertise in this area, detailed steps have been proposed and implemented in co-operation with international experts under a joint project aimed at addressing this problem.

Due to the fact that the Slovak legislation does not yet provide for the field of innovations, the innovation process may not be developed in conformity with EU requirements. This made it necessary to take steps

aimed at creating the legislative environment for the implementation of innovations. This effort requires the formulation of a national innovation strategy including a long-term state policy proposal for the area of innovations, and a law on innovations. The law on innovations is being adopted to complement and follow up on the existing law on the system of state support for research and technological development. The state pursues a policy of support to innovative firms. New incubators are being set up all over the territory of the Slovak Republic, funded mainly from the state budget and EU funds. There is, however, no uniform support programme in place that would enable individual incubators to exchange and use their respective experience and best practices.

The development of an information society is the basic pillar of modern societies, based on the use of information as a key source of sustainable economic growth. Its development is stimulated by the dynamically developing information and communication technologies which offer a new quality and dimension for communication and work with information. The ICT development constitutes the key incentive for transforming the industrial society to a knowledge-based society. Post-industrial or knowledge-based society is built on the principles of sustainable growth, which is driven much more by technological process than by traditional resources. Knowledge-based society is characterised by abundance of information, and its competitiveness depends on its ability to effectively process this information, and to generate and upgrade knowledge. On the other hand, the development of an information society is driven by a growing demand for knowledge, which is affected by changing socio-economic relations in the context of the global economy.

The following key disparities and factors of the development of information society in the Slovak Republic have been identified on the basis of analysis results.

KEY DISPARITIES	DEVELOPMENT FACTORS
1. Low quality, effectiveness, accessibility, flexibility of the provision of public services to inhabitants, entrepreneurs and public administration	◀ Modernisation of public administration by means of ICT (1, 2, 3)
2. Low level of computerisation, communication, technology and innovation in the production sphere	◀ Development of useful digital content (1, 2, 5)
3. Low penetration of broadband Internet	◀ High accessibility of broadband Internet and competitive environment in the telecommunications sector (1, 2, 3, 5)
• Low skill level of ICT users	◀ Improvement of digital literacy and digital skills of persons in training (2, 3, 4)
4. Non-existent, inaccessible or low-quality digital content for ICT users	

The legislative base for a uniform and homogeneous platform for information systems in public administration is represented by the law on public administration information systems, the system of classification standards and areas of standardisation for public administration information systems laid down in a decree on standards issued by the Ministry of Transport, Post and Telecommunications (MTPT SR), and the legislative proposal for introducing electronic public administration services. On 20 April 2006, the National Council of the Slovak Republic approved a law on public administration information systems repealing Act No. 261/1995 Coll. on the State Information System. The new law lays down the rights and obligations in the area of public administration information systems, basic requirements for their security, and the procedure for issuing

electronic excerpts of data from public administration information systems. The law creates the first systemic technological basis for the functioning of public administration as a single entity. The aim of the Parliament-approved bill on public administration information systems is to create conditions for effective work of public administration and its communication with the public through interconnected and secure information systems, making the best possible use of the potential of modern technologies. The law deals with information systems without difference of the content of processed data. An exception is represented by information systems that contain confidential data, and information systems serving for the defence and security of the state and its inhabitants, which fall outside of the scope of the law. Moreover, the law does not change the rights and responsibilities provided for in other laws.

As regards access to information, the building of an information society in Slovakia is still at the initial phase. It is a fact that requested information is sometimes simply non-existent, or is not accessible to citizens or entrepreneurs. In the area of introduction of basic e-government services, the Slovak Republic is still at the initial stage of implementing the Government-approved document on the e-Government Road Map. In a large majority of cases, public services continue to use outdated procedures, ineffective processes, outdated technologies and traditional themes. As a result, public services are not capable of responding to user requirements in a flexible manner and are overpriced, not effective enough and, ultimately, unsustainable in the long term.

Besides the above factors, effective informatisation of the society depends also on availability of quality human resources able to adequately use available ICTs in their everyday life, work or leisure. The information society needs the highest possible number of persons capable of making effective use of available digital services and information, and generating pressure towards continuous improvement of the quality of these services through their demands for them. One of the tasks implemented in this field includes the "Certification of Digital Literacy of Civil Servants Using the ECDL Programme" (the European Computer Driving Licence (hereinafter referred to as ECDL)). The ECDL is a training and qualification programme for obtaining and demonstrating digital literacy (i.e. the knowledge and skills necessary for effective use of ICT). The professional coordinator of the programme is the Council of European Professional Informatics Societies, CEPIS. The ECDL training and qualification programme is based on the ECDL standard, i.e. on a uniform approved package of basic knowledge and skills necessary for effective use of ICT, and on the prescribed procedure for the demonstration of skills and knowledge. The knowledge and skill package, the syllabus, is independent in terms of software and hardware, and is identical for all applicants. The ECDL Certificate declares that its holder passed an international qualification test and demonstrated his/her understanding of basic ICT concepts, and the fulfilment of minimum criteria for working with computers and computer applications. The ECDL programme has been introduced and is supported in practically all EU countries, because it is compatible with the eEurope Action Plan for building an information society. In 2004 and 2005, a certain number of officials of the MTPT SR obtained such certification under a pilot project; from 2006, the project will be implemented by all the authorities whose workers have the status of civil servants. The national project was prepared by the MTPT SR at the end of 2005 in conjunction with the Ministry of Labour, Social Affairs and Family and the Civil Service Office; it will be funded from the ESF.

5.2 Business environment

Priority 1: Effective enforcement of the law

Improvement of conditions for effective enforcement of the law

Act No. 371/2004 Coll. on Seats and Circuits of Courts of the Slovak Republic amending Act No. 99/1963 Coll. – the Code of Civil Procedure as amended – changed the structure of courts in the Slovak Republic with effect

from 1 January 2005; under the amended law, district courts have first-instance jurisdiction, regional courts have appellate jurisdiction, and the Supreme Court of the Slovak Republic has jurisdiction only for extraordinary legal remedies; the remainder of its activities is focused on the unification of judicial decision-making.

The second legal pillar in the area of court management and administration – Act No. 757/2004 Coll. on Courts and on amending certain other acts – entered into effect on 1 April 2005. Its objective is to separate court administration from the administration of justice at individual courts, and to strengthen self-governing judicial institutions in the administration and management of courts and in the administration of justice. In conformity with the Manifesto of the Government of the Slovak Republic, which mentions the necessity to address the issue of internal organisation, management and administration of courts and judicial self-government, the Framework Legislative Plan lays down the task to prepare a draft amendment to Act No. 757/2004 Coll.

The case management project – its roll-out to the criminal docket

The main objective of the Case Management project was to significantly reduce corruption in courts. At the same time, case management created the prerequisites for shifting administrative tasks performed by judges to court staff (higher court officials and court secretaries), thus giving judges more time to perform their judicial decision-making tasks. The project also included the setting up of electronic filing rooms and registers of civil and criminal dockets. Electronic filing rooms that have been set up under the project at all levels of courts including the Supreme Court of the Slovak Republic and the Special Court make it possible to issue a proof of filing, to ensure random selection of judges, to create files and establish a court register, all within the space of a few minutes. As regards court registers, the case management project is currently applied to the civil docket and to the criminal docket at all district courts and regional courts. In the criminal docket, it comprises a so-called Criminal Module (STA) of Case Management, which is fully integrated with the existing Filing Room Module (adjusted to meet the needs of integration). The STA makes it possible to keep a record of the dates of hearings and of the parties to the proceedings. The experience obtained to date with the introduction and use of STA filing rooms will have to be evaluated in order to consider the adoption of corrective measures, if necessary.

The “LEA” project

This acronym refers to the project of effective electronic exchange of information between law enforcement bodies in the criminal docket, the so-called project “LEA” (Law Enforcement Agencies – LEA). The long-term objective of the project is to reach a state where electronic means will be used to exchange all relevant documents: in particular the decision to press charges and the subsequent indictment proposal by police authorities, the final text of the indictment by prosecution authorities, the text of the judgment by judicial authorities, and other related decisions made in the course of prosecution by law enforcement agencies. Under the current wording of the Code of Criminal Procedure, it is possible to use electronic exchange of information in connection with criminal prosecution. The implementation of the project brought the following results:

- all the procedures involved in the communication between law enforcement agencies and all the documents used in these procedures were analysed in detail, documented and approved;
- the means of communication between individual information systems have been agreed at an inter-ministry level;
- the data are entered into the information system at the place of their creation and are used to generate documents in the information system concerned and in the related information systems. They are available for statistical processing;
- the Interior Ministry’s document that is made available for the inter-ministry exchange of data is the IS DVS (journal of investigation files); however, it has not yet been in routine use, and only the connection

between police and prosecution authorities and transmission of documents from police to prosecution authorities has been tested thus far;

- a process analysis describing the steps used in the processing of data on criminal proceedings has been carried out within the sectors of the General Prosecution Office and the Ministry of Justice. Individual activities have been described in detail, and the basic functionality was implemented in information systems;
- conditions have been created for introducing partial processing of electronic files. Electronic files should contain records of relevant structured data and documents;
- registers have been partly implemented in information systems, and there is a possibility of making document printouts;
- electronic communication is in place with the IS EOO (the register of sentenced persons) in the Criminal Register of the General Prosecution Office, with the IS ZVJS (the Corps of Prison and Court Guard) in the Ministry of Justice sector, and with the IS REGOB (the population register) in the Interior Ministry sector;
- the EOO information system of the Criminal Register has been adjusted with a view to enabling the provision of excerpts from the Criminal Register to the requesting system, and the processing of electronic criminal reports, reports on conditional stay of prosecution, and reports on conciliation.

Changes in the Execution Procedure Code

Practical applications have revealed certain outstanding legal problems connected with the changes introduced into the legal system by Act No. 341/2005 Coll. The elimination of the possibility to enforce decisions by court (except for enforcing judicial claims and decisions involving minor children) applies, *inter alia*, to the enforcement of maintenance claims that can be sought exclusively through enforcement officers (executors). Prior to the entry into effect of Act No. 341/2005 Coll., practically all maintenance claims had been enforced by courts. As a result, the relevant provision (Section 197 para. 3 of the Execution Procedure Code) concerning the payment of advance fees and reimbursement of cash expenses (analogically to Section 203 para. 2 of the Execution Procedure Code – reimbursement of the costs of execution to entitled persons if execution is stayed because the assets of the support obligor are not sufficient to cover execution costs), was not used in practice. After the elimination of the possibility to seek judicial enforcement of the decisions, relevant provisions no longer clearly specify which entity is liable for advance payment in case of execution carried out to enforce a maintenance claim. If the principle of protecting the obligor were applied in enforcing a maintenance claim, it would be in conflict with the interests of the entitled person – especially a minor child (conf. Article 3 of the Convention on the Rights of the Child).

In order to deal with these problems, the Parliament currently examines a legislative proposal submitted by a member of the National Council of the Slovak Republic, Róbert Madej, aimed at amending Act of the National Council of the Slovak Republic No. 233/1995 Coll. on Court Executors and Execution Procedure (Execution Procedure Code) and on amending other laws as amended. The Government of the Slovak Republic approved the bill on 13 September 2006. The proposed amendment is also intended to address specific issues related to execution titles issued by third parties, i.e. non-EU states with which the Slovak Republic has bilateral agreements on legal assistance (e.g. in connection with the procedures of filing submissions or issuing execution authorisations). The third objective of the proposed changes is to clear several ambiguities as regards the interpretation and practical application of the law (such as the mechanism used to prove the transfer or assignment of rights or obligations set out in the execution title pursuant to Section 37 para. 4; the parties that are to be served the court decision on the knock-down pursuant to Section 148 para. 2).

Records of court hearings

The prerequisites for introducing new ways of recording court hearings (audio/video) are created in Section 58 para. 3 of the Code of Criminal Procedure. The details are set out in the implementing regulation, namely Section 56 of the Decree of the Ministry of Justice of the Slovak Republic No. 543/2005 Coll. on Administration and Office Rules of District Courts, Regional Courts, the Special Court and Military Courts, effective from 1

January 2006. Decree No. 417/2006 Coll. introduced several modifications to Administration Rules with effect from 1 July 2006, including the clarification of the provisions of Section 56. Court hearings may be recorded by means of technical equipment and audio and video recording devices. The records are stored on a data carrier which, after the conclusion of the court hearing, is attached to the judicial file, or a note is made in the judicial file about the place of storage of the data carrier. The steps connected with making records of court hearings are taken by a technical assistant – a duly trained court employee. The technical assistant produces the records of hearings using a software for “Records of Court Hearings”. Where it is necessary for the proceedings, a *verbatim* transcription of the record is produced on an instruction from the presiding judge. As of today, it is technically possible to make only audio recordings of hearings in criminal matters. Making video recordings or audio and/or video records of hearings in civil matters remains a challenge for the future. Also in this area, it will be necessary to analyse and evaluate findings from judicial practice and to subsequently consider possible legislative corrections.

Measurable progress indicators

When comparing the share of court decisions issued in key agendas with the number of the submissions received in the given year, it must be noted that the docket of criminal cases in the current year includes not only the submissions filed since 1 January 2006, but also matters that had been pending as of 31 December 2005. This explains why the number of matters finally decided in the relevant period is sometimes higher than the number of matters filed with the courts in the relevant period:

In the first semester of 2006, district courts in the Slovak Republic (aggregate data on criminal agenda T) received 12,386 submissions; they decided 14,386 matters, i.e. 116% of the docket received during the same period. Regional courts of the Slovak Republic acting in their first-instance jurisdiction (agenda T) received 11 submissions in the first semester of 2006 and finally decided 85 matters, i.e. 773 % of the docket received. It needs to be explained that, pursuant to Section 97 para. 1 of Act No. 757/2004 Coll., regional courts of the Slovak Republic continue to hear the matters which they started to deal with in their 1st instance jurisdiction before the entry into effect of the Act. In the first semester, regional courts of the Slovak Republic acting in their 2nd instance jurisdiction (agenda To – appeals) received 2,416 submissions; they finally decided 2,406 cases, i.e. 100% of the docket received. In the To + Tos agenda (complaints + appeals), the number of submissions received in the first semester of 2006 was 4,209 and the number of finally decided matters was 4,217, i.e. 98% of the docket received.

Median length of proceedings in the criminal docket:

Average length of criminal proceedings before district courts in the first semester of 2006 was 6.23 months (from the moment of receiving the case until its final decision). This adversely compares with the year 2005 (approx. 5.5 months). Average length of criminal proceedings at regional courts in the first semester of 2006 was 34 months. This result is worse than in 2005 (approx. 25 months).

Publication of judicial decisions on civil and commercial cases on the Internet

To enhance the transparency of the administration of justice, strengthen the independence of the judicial branch, and increase the predictability of court decisions while ensuring the protection of the rights and legally protected interests, in particular the right to privacy, judicial decisions in the civil and the commercial dockets are published in the JASPI module on the website of the Ministry of Justice of the Slovak Republic.

Publication of the lists of pending cases on the Internet

The publication of the lists of pending matters on the Internet is governed by Instruction 8/2006 of the Ministry of Justice of the Slovak Republic of 2 May 2006 No. 101/2006-53 concerning the publication of the lists of pending matters on the Internet. The Instruction lays down the scope of published data. No names or

surnames, designations or trade names of parties to the proceedings in civil or commercial matters are published, except for the name of the bankrupt in bankruptcy and restructuring proceedings.

Electronic filing in the commercial register

The Ministry of Justice of the Slovak Republic submitted a legislative proposal on amending and supplementing Act No. 530/2003 Coll. on the Commercial Register and on amending and supplementing certain other laws as amended. This legislation implements the commitments of the Slovak Republic arising from EU membership and meets the requirement to harmonise the Slovak legal system with the law of the European Union. Under the EC/EU law, the Slovak Republic is obliged, *inter alia*, to transpose into its legal system the provisions enabling electronic filing of applications for the registration of business entities in the commercial register, including the documentation prescribed for such applications. At the same time, it introduces the possibility of filing electronic applications for excerpts from the register, and sets out the obligation of courts to provide excerpts in an electronic form at the applicant's request. The proposed date of entry into effect of the law is 1 January 2007. At present, efforts are made at creating practical conditions for electronic filing of submissions under the Code of Civil Procedure.

Introduction of the Regulatory Impact Assessment (RIA) system

Impact assessment, as a component of Better Regulation, is one of priority tasks set out in the National Reform Programme. Consequently, regulatory initiatives must be supported at all levels of administration, and Member States bear an important share of responsibility for fostering better regulation in the areas where European competitiveness is at stake. The aim of impact assessment is to prevent the adoption of regulations that would create an unnecessary or excessive burden on the companies with the consequence of reducing their competitiveness. A "Proposal of Uniform Methodology for Preparing and Examining the Clause on Financial, Economic and Environmental Impact, Impact on the Employment and the Business Environment in Its Section concerning Impact on the Financial Performance of the Business Sector, Including Impact on Entrepreneurial Activities and Employment" has been drawn up for consideration by the Government. The proposed new methodology deals only with the impact on the financial performance of the business sector, including impact on entrepreneurial activities and employment. The impact of new regulations on personal and family finances will be evaluated under a separate clause, which is currently under preparation at the Ministry of Labour, Social Affairs and Family of the SR, and will be introduced under the title "Uniform Methodology for Drawing Up and Examining the Clause on Impact on Personal and Family Finances". The Ministry of Finance of the SR has developed a Uniform Methodology for Drawing up and Examining the Clause on Impact on the Public Administration Budget, and the Ministry of the Environment of the SR has prepared a Uniform Methodology for Drawing Up and Examining the Impact Clause in connection with environmental impact.

Priority 2: Public institutions as a partner and not as a burden

Comprehensive audit of obstacles to business in Slovakia

At its session of 13 July 2005, the Slovak Government approved the Competitiveness Strategy for Slovakia until 2010 – the Action Plan – which included, *inter alia*, the IVth Business Environment Action Plan allocating SKK 5 million from the state budget for an audit carried out by the Slovak Employers' Association (RUZ) and the Business Alliance of Slovakia (PAS). The audit was performed between August 2005 and April 2006. An important part of the audit was a questionnaire survey and targeted interviews with entrepreneurs and managers concerning business obstacles and possible ways of their elimination. Questionnaire findings and conclusions represent an important added value of the audit and are an essential part of its individual components.

Increasing the transparency of state aid

By its Resolution No. 855 of 26 October 2005, the Government approved the Rules for the Provision of Individual State Aid to Investors (hereinafter referred to as the "Rules"). The main objective of the approved Rules was to increase the effectiveness and transparency of the state aid system. The Rules are based on the applicable legislation of the Slovak Republic and legal standards of the European Union. For the sake of completeness we add that the Ministry of Economy of the SR is preparing a new law on investment incentives and an implementing regulation aimed at creating the preconditions for providing investment incentives also after 31 December 2006, and harmonising this legal standard with a new EU Guideline No. 2006/C 54/08 of 4 March 2006 on national regional aid for 2007 – 2013, and draft Commission Regulation No. 2006/C 120/02 of 20 May 2006 on the application of Articles 87 and 88 of the EC Treaty to national regional investment aid. The new legal norm will set out framework conditions for the provision of state aid to individual investors, in particular for encouraging high value-added investment projects in the area of knowledge-based economy. The implementing regulation to the law will lay down detailed conditions for the provision of state aid.

Improving the business infrastructure

The activities in this field are focused on improving access of the business community to the latest information via the Internet, and on creating a system of effective support for electronic trading. The following time-table was adopted to fulfil this task:

- to update, by 30 June 2006, existing aid schemes for counselling and training in line with the envisaged uptake of structural funds in 2007 – 2013. Aid schemes for counselling and training in line with the envisaged uptake of structural funds in 2007 – 2013 have been maintained without any changes;
- to propose, by 31 December 2006, a system of effective support for electronic training.

In the area of legislation, a considerable number of EP and Council directives concerning e-commerce have already been transposed. The Slovak Republic transposed into its legal system the EP and Council Directive 2000/31/EC on electronic commerce through Act No. 22/2004 Coll. on electronic commerce and its amendment No. 160/2005 Coll. The law on electronic commerce legalises communication by means of electronic equipment and lays down the requirements for its use. The Slovak Commercial Inspection and self-governing professional organisations represent focal points for providing information and assistance in this field to relevant bodies and professional organisations (institutions, associations, etc.) in other Member States. The Ministry of Economy of the SR is the place from which assistance and information is provided to the Commission and state authorities of other Member States, as well as to service providers and recipients.

A number of other EP and Council directives governing electronic commerce have also been transposed into the Slovak legal system, including:

- Directive 97/7/EC of the EP and of the Council on the protection of consumers in respect of distance contracts was transposed into the Slovak legal system by Act No. 118/2006 Coll. which amended Act No. 108/2000 Coll. on consumer protection in door-to-door selling and distance selling, and Act No. 266/2005 Coll. on consumer protection in distance marketing of financial services amending and supplementing certain other laws.
- Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts was transposed by Act No. 634/1992 Coll. on consumer protection and by the Civil Code,
- Directive 2002/21/EC on a common regulatory framework for electronic communications networks and services, Directive 2002/58/EC on Privacy and Electronic Communications and others were transposed by Act No. 610/2003 Coll. on electronic communication,

- Directive 1999/93/EC on a Community framework for electronic signatures was transposed by Act No. 215/2002 Coll. on electronic signatures and 7 implementing regulations and by the Civil Code,
- Council Directive 84/450/EC on deceptive and comparative advertising was transposed by Act No. 147/2001 Coll. on advertising as amended by Act No. 23/2002 Coll.,
- Directive 2002/65/EC of the EP and Council concerning the distance marketing of consumer financial services and modifying Directives 90/619/EEC, 97/7/EC and 98/27/EC was transposed by Act No. 258/2001 Coll. on consumer credits and amending Act No. 71/1986 Coll. on the Slovak Commercial Inspection.

The form of electronic business that is widely spread in Slovakia is B2B (business to business) and B2C (business to consumer, retail sales), e.g. the sale of music CDs, books, electronics, white goods, etc. The conclusion of contracts and deliveries of goods are governed by the provisions of the laws on electronic commerce and consumer protection in door-to-door selling and distance selling, and by the provisions of the Civil Code. Moreover, e-payments by cards, the possibilities of drawing on consumer credits via credit cards, and also payments using mobile phones, and on-line payments between banks and individual institutions, payments between entrepreneurs on the basis of contractual relationships through a bank are quite common. The law on electronic commerce and signatures makes it possible to use electronic communication and electronic signatures between entrepreneurs, suppliers and customers – electronic order forms, electronic invoices. Competent authorities introduced the possibility of electronic filing of tax returns with guaranteed electronic signatures, electronic reporting of insurance events, using and sending forms through relevant public administration portals by individuals, entrepreneurs, for the purpose of further proceedings before these bodies; furthermore, electronic communication with customs authorities has been introduced with a view to simplifying formalities in international commerce. Standards and procedures recommended by the United Nations Centre for Trade Facilitation and Electronic Business at the Geneva-based ECE are respected in the communication with customs authorities, supported globally also in co-operation with other international organisations, in particular the OECD, WTO, UNCTAD, etc. At present, attention is focused on e-cash in connection with preparations for introducing the Euro in the Slovak Republic.

Electronic public procurement (E-procurement)

Public procurement for the project was concluded in December 2005 by the Ministry of Transport, Post and Telecommunications (hereafter referred to as “MTPT SR”) and a contract was signed with the winner, the IBM Slovakia, s. r. o. In January 2006, the IBM demonstrated the functionality of the solution on an international solution. Customisation of the solution to the Slovak legislation was concluded in March 2006, including the translation of the texts of application into Slovak, in co-operation with the Public Procurement Office (hereinafter referred to as the PPO), the MTPT SR and the IBM. In the same month, the solution was successfully tested on test data. A sharp-data pilot project was launched on 22 April 2006 in a public tender launched by the MTPT SR as the contracting authority. The pilot project was successfully completed with the announcement of the successful bidder on 5 June 2005. The MTPT SR informed about the successful project solution at a press conference on 19 May 2006. On 30 May 2006, the Ministry organised, in co-operation with the PPP, a successful public presentation of the e-procurement project (hereafter referred to as “EVO”). The event was attended by over 150 participants from state administration, public administration, and the business environment. Information about the project was presented by the PPO, the MTPT, and the IBM. A number of participants used the possibility to test the EVO application after the official part of the event. Another public procurement pilot project was launched in May 2006. Government Resolution No. 230 of 15 March 2006 defined the tasks related to the EVO project. Project C 5 on experimental placing of orders with electronic support was successfully completed one month ahead of the deadline of 30 April 2006. Good conditions were created for implementing the following tasks ahead of the deadlines set out in the Government Resolution in co-operation of the PPO, the MTPT, the National Security Office, the Ministry of Finance and the IBM:

- drawing up supporting documents, methodological instructions and model procedures for activities at individual stages and for each concrete procedure of electronic procurement,
- creating organisational prerequisites and, in co-operation with the MF SR, the MTPT SR and the NSO, build technical infrastructure for implementing an exclusively electronic communication when placing orders for the supply of goods using the EVO portal,
- assigning administrative responsibility for pilot operation of the EVO portal to the PPO.

The tasks related to EVO are implemented in good time and the desired quality. Successful implementation of the project has created the prerequisites for the fulfilment of strategic objectives of the project – a substantial reduction of public procurement costs of both the contracting authorities and the tenderers, significant reduction of the length of public procurement, and the possibility of electronic filing of all necessary PP documents, as well as an increased transparency of PP processes.

Priority 3: Effective access to capital market by all companies

An analysis was carried out in the framework of the project on *Identification and elimination of legislative obstacles in the field of capital market* with broad participation of the representatives of the business and financial sectors; it mapped out the key obstacles to the development of the capital market, and the possibilities of effective entry of Slovak companies to the capital market. The objective of the task was to identify bottlenecks in the legislation and to adopt necessary legislative amendments and measures. The analysis has shown that legislative shortcomings are not the main reason behind the weak capital market in Slovakia. The main reason for the weakness of the capital market is connected with economic, regional and historic obstacles reflecting the development of the Slovak economy. The analysis led to the identification of tasks aimed at removing the existing legislative obstacles within the next two years.

The first step in this direction has already been taken in the form of the task *Creating Conditions for the Establishment of a Regional Central European Stock Exchange*, which consisted in linking the ownership of the Central Securities Depository of the Slovak Republic, a. s. (the CDCP SR) with the Bratislava Stock Exchange, a.s. (the BCPB) in March 2006 (the BCPB, a.s. acquired a 100% stake in the CDCP SR, a.s.). The responsibility for implementing the second step and the decision on the entry of a strategic investor into the structure of BCPB shareholders has been assigned to the National Property Fund of the SR, which acquired a majority stake in the BCPB, a.s.

Priority 4: Quality physical infrastructure and services in network industries, and liberalisation of energy markets

In conformity with the conclusions of the spring European Council, the Slovak Republic takes part in the development of the future European energy policy, cooperates with other Member States, and actively presents its positions at the meetings of the energy working group.

Identification and elimination of barriers to the real opening of the energy market

Energy Act No. 656/2004 Coll. implements Directive 2003/54/EC concerning common rules for the internal market in electricity and Directive 2003/55/EC concerning common rules for the internal market in natural gas. In conformity with these legal standards and principles of the Competitiveness Strategy for Slovakia until 2010, a new energy policy of the Slovak Republic was formulated and received Government approval on 11 January 2006.

With effect from 1 January 2005, all customers except for household customers have the status of eligible electricity customers. The degree of opening of the market thus attained 75 % of the overall consumption of electricity in the Slovak Republic. The households will obtain the right to choose their supplier as from 1 July

2007. The number of customers who changed their electricity supplier as of 1 January 2005 can only be estimated; according to unofficial data it represents approx. 1 %. Based on the comments received and practical experience obtained, a document on the “Analysis of Barriers to Opening Up the Gas and Electricity Market” was prepared in December 2005, serving as a background document for other legislative provisions. Since 1 January 2005, the Slovak energy legislation meets all the requirements for the accounting, functional and legal separation of electricity supply, including relevant implementation deadlines. Under the new energy legislation, the Regulatory Office for Network Industries has a duty to introduce secondary legislation on the details of keeping separate accounting records and on the manner of keeping records on assets and liabilities. This legislation is currently at the drafting stage.

In the natural gas sector, the opening up of the market in gas and its legal and technical aspects are provided for in the energy law and in Act No. 658/2004 Coll. on Regulation of Network Industries; more detailed provisions concerning contractual relations in connection with their actual performance are set out in secondary legislation. The entry into force of the new legislation on 1 January 2005 increased the degree of opening of the natural gas market in Slovakia to 73.5 % of total gas consumption; from 1 July 2007, all customers including households will be qualified as eligible customers. The requirements of Directive 2003/55/EC concerning the separation of accounts, and functional and legal separation, have been incorporated into the legislation in force with effect from 1 January 2005, including the deadlines for carrying out the separation. Separation of accounts and functional separation of undertakings has been completed. The operator of the transmission network and the operator of the distribution network are legally separated from the parent company as from 1 July 2006.

Since the new legislation has been in effect only for a short time, a process of monitoring has been launched to map out the behaviour of business entities on this market, the level of transparency and application of non-discrimination rules by all the participants of electricity and gas market. The monitoring covers transparency and non-discrimination in the application of the rules governing access of third parties to grids and networks, including the provision of information on effective access and price regulation issues. An active process of effective separation of regulated activities is underway, and the possibilities are sought to diversify resources and gas transmission routes, and to interlink national electricity grids and gas networks. Other steps and measures will be carried on the basis of the results of the monitoring process and in conformity with the conclusions of the European Commission concerning the detailed examination of obstacles to the opening up of electricity and natural gas market.

Promoting business activities in the area of using renewable energy sources

A draft document – “The Strategy for Increasing the Use of Renewable Energy Sources in the Slovak Republic” submitted for Government’s deliberations on 30 June 2006 – contains an analysis of the actual use of these sources, identifies barriers to their use, defines the premises and objectives for 2010 and 2015, and the possibility of using financial support mechanisms from the state budget, structural funds, legislative measures, and measures in the area of education, science and research. This document is currently subject to a review and approval procedure.

Moreover, the following tasks with implications for entrepreneurial activities are implemented in connection with using renewable energy sources under IG measure No. 11 (promoting sustainable use of resources and strengthening synergy between environmental protection and growth):

- reducing energy intensity and fuel base changes in energy sources, focusing on low-emission and renewable sources,
- drawing up a law on renewable energy sources,
- fostering research and counselling in the area of use of renewable energy sources

The key objectives of the Lisbon strategy for Slovakia are reflected also in the objectives and focus of the Transport Operational Programme to be supported from EU funds (the CF and the ERDF) in the 2007 – 2013

programming period; it is aimed mainly at the modernisation and development of the transport infrastructure in the territory of the Slovak Republic.

In 2006–2008, projects that fall under the 2004–2006 programming period and the next 2007 – 2013 programming period will run in parallel.

Priority is given to international and supraregional projects, mainly:

The construction of D1 motorway sections of Mengusovce – Jánovce, Žilina – Hričovské Podhradie, and sections of Sverepec – Vrtižér (through Považská Bystrica), and R1 expressway Žarnovica – Šašovské Podhradie.

The following sections of motorways and expressways will be put into operation in 2006–2007:

D1 Motorway Vrtižér – Hričovské Podhradie
R1 Expressway Rudno nad Hronom – Žarnovica
R2 Expressway Ožďany – bypass, Tornaľa – bypass
D2 Motorway Bratislava, Lamačská cesta – Staré Grunty
D1 Motorway Hričovské Podhradie – Žilina (Strážov)
Access road Žilina (Strážov) – Žilina

The following sections of motorways and expressways will be completed in 2008:

D1 Motorway Važec – Mengusovce
D1 Motorway Svinia – Prešov
D1 Motorway, access road Poprad – Kežmarok, Stage 1
R2 Expressway Figa – bypass
R4 Expressway Svidník

In the railway transport, priority is given to railway track sections of Trnava – Piešťany, Piešťany – Nové Mesto nad Váhom, and to preparations for the Košice - Liptovský Mikuláš section.

Other important railway projects aimed at ensuring the development of the fixed railway infrastructure, i.e. tracks and stations, are focused on upgrading the railway infrastructure through modernising stations, increasing the speed of services, improving safety and reliability, and reducing the environmental impact. At the same time, modernisation will create the prerequisites for expanding the use of freight and passenger railway transport. Implementation of these projects will result in reducing the transportation time and will have positive implications for employment in the region.

Electrification of the Zvolen – Banská Bystrica railway track section (11/2004 – 12/2006).

Construction of underpasses and platforms, the Poprad – Tatro railway station (04/2006 – 08/2007).

ŽSR (Slovak Railways), the Prešov railway station – platform construction. Implementation of this project will, besides the above, increase the speed at selected reconstructed track sections near the entry to the Prešov railway station.

5.3 Science, research, and innovation

Creation of a high-standard central state agency for promoting research and technological development

Members of the Presidium of the Slovak Research and Development Agency (hereafter referred to as “Agency”) were appointed by Government Resolution No. 845 of 26 October 2005 in conformity with Act No. 172/2005 Coll. on the organisation of state support for research and technological development. The statute of the Agency was approved by Government Resolution No. 250 of 22 March 2006, and the Agency started to operate in line with its stated purpose set out in that legislative provision. The Agency programme for

promoting human potential in the area of research and technological development, and the popularisation of science was approved by Government Resolution No. 216 of 8 March 2006. Other Agency programmes will be drawn up in the course of 2006 and financed from 2007 onwards in harmony with the actual possibilities of the state budget.

Formulation of the long-term objective of national science and technology policy

Several substantively oriented documents have been drawn up with a view to defining the long-term outline of the state science and technology policy (hereinafter referred to as the "long-term outline"); the European Commission requested an analysis that was to serve as a background for the proposal of substantive priorities for research and technological development in Slovakia, and asked the representatives of the academic community (Learned Society of the Slovak Academy of Science, Slovak Academic Society) and the business community (Union of Industry of Slovakia) to prepare short studies aimed at the determination of basic principles for the long-term outline of the state science and technology policy. By his letter No. 4532/2006/KPVOSV, the Prime Minister of the SR granted the postponement of the deadline for the formulation of the long-term outline by the Ministry of Education of the SR to 30 September 2006, postponement of the deadline for its discussion by the Government's Council on Science and Technology to 31 October 2006, and postponement of its examination by the Slovak Government to 30 November 2006.

Central information portal for the field of science and technology

The content and the framework structure of the portal have already been specified. They are currently being finalised and, after receiving approval from the minister of education, the process of putting the portal into operation will be launched. By a letter from the Prime Minister of the SR, the putting into operation of the portal was postponed to 1 October 2006.

Priority 1: Training and supporting top scientists

System for promoting mobility of human resources in research and technological development

One part of this objective has been partly fulfilled through the "Programme of the Agency for promoting human potential in the area of research and technological development, and the popularisation of science", approved by Government Resolution No. 216 of 8 March 2006. The Agency issued the call for projects under the above Programme on 18 April 2006, and the deadline for applications was set at 19 June 2006. Another part of the objective was fulfilled by drawing up the "Report on the audit into the existing process of academic recognition and a proposal for simplifying the recognition of qualifications" and its transmission to the Government Office of the SR. The objective to create the possibilities for promoting the mobility of human resources in the research and technological development field, and to introduce a new simplified process of the recognition of qualifications will be reflected in the amendment to Act No. 131/2002 Coll. on Universities as amended, to be adopted by 31 December 2006.

Programme of the popularisation of science in the society

This objective has been fulfilled through the "Programme of the Agency for promoting human potential in the area of research and technological development, and the popularisation of science", approved by Government Resolution No. 216 of 8 March 2006. The Agency issued the call for projects under the programme on 18 April 2006 with the deadline for applications of 19 June 2006.

Priority 2: Research of international quality and adequate linkage to the business sphere

Elaboration of the system of quality assessment of RTD outputs

New methodology guidelines for defending research and technological development projects falling under state RTD programmes and new principles for quality assessment of project outputs have been introduced. The introduction of the new system is still at the initial phase. The Agency will also start applying similar new criteria in the course of 2006.

Proposal of a new system of state programmes for promoting research and technological development

The fulfilment of this task is conditional on the formulation of the long-term outline, which will also include the identification of three substantive priorities for applied research. The objective will be implemented only after these substantive priorities of the long-term outline have been approved by the Government of the SR.

Instrument for promoting international science and technology co-operation and facilitating the uptake of EU financial resources and research and technological development

The implementation of this task included the development of a financial facility – a state budget reserve for VAT refunds to successful participants of the projects falling under the 6th EU Framework Programme for Research, Technological Development and Demonstration Activities. The amount of SKK 50 million allocated for this purpose from the budget of the Ministry of Education under the 06K11 subprogramme of the Minerva project will be provided through the Agency. At the same time, this task has been implemented by transforming the SARC (a contributory organisation of the Ministry of Education falling under the substantive competence of its science and technology section) into a modern agency fostering the participation of Slovak entities in international projects falling under EU framework programmes for research, technological development and demonstration activities, and the related initiatives. As of 1 April 2006, the SARC was dissolved as an independent legal person and became part of the Agency. It was incorporated into the organisational structure of the Agency as a new department for international scientific and technological co-operation.

Priority 3: Effective public support for entrepreneurial activities oriented on development and innovations

Adoption of modern legislation for the field of innovation

An “Innovation Strategy of the SR for 2007– 2013” and a draft law on innovations are under preparation. Both documents are being drawn up in conformity with the requirements of the Commission for this field, accounting for local specificities. The aim of the strategy and of the law is to incite and promote interest in innovative entrepreneurship in the Slovak Republic, especially with a view to a commercial use of the results of research and technological development, i. e. their market introduction. The implementation of the law is expected to significantly increase the level of innovative entrepreneurship and innovation growth in Slovakia with a subsequent increase in the competitiveness of the economy of the Slovak Republic. According to the draft law, the major portion of funds for financing the activities under innovative programmes is to be provided from public sources, i.e. from the state budget, structural funds, and the remaining part from the sources of the business sector. The draft innovation strategy and the draft law will be submitted for consideration by the Government in the course of 2006.

These issues are to be addressed also in co-operation with foreign experts so as to make use of international experience. The Ministry of Economy asked the Government of the Kingdom of the Netherlands through the MATRA PPA Short Program for co-operation of Dutch experts in the promotion of innovation activities. The Ministry also held working meetings with experts on innovations from the German Federal Ministry of Economy

and Technologies (BMW) and with experts from the Austrian Federal Ministry of Economy and Labour (BMWA).

Support for technological incubators focused on innovative undertakings

The support provided in the framework of Measure 1.2 of SOP PS (the area implemented by the NADSME) also includes activities aimed at promoting projects of building incubators for start-up entrepreneurs and self-employed persons, and for applied research. Final recipients from the public sector may thus provide start-up entrepreneurs or self-employed persons with suitable premises, office infrastructure, and comprehensive services. A call for projects was launched in the framework of this measure already in 2004, based on the 2003 and 2004 programming documents (SOP PS, PD to SOP PS). Support was provided in connection with measure 1.2 covered by the call, represented by the commitment in the amount of SKK 266,695,667.70.

A comprehensive system of support for innovative companies and innovation activities in the private sector

An audit of the existing state instruments for supporting innovative companies and innovation activities in the private sphere was submitted to the Government's Ministerial Council for EU Affairs. The objective of the audit was to review the impact of the state and of state instruments on innovations, and to propose a set of measures that would ensure an effective use of public funds for supporting innovation activities of entrepreneurs.

Public support instrument to improve the supply of venture capital for innovative companies at the early stage of their existence

Several programmes for supporting venture capital have been developed. They include, e.g., the Programme for the Provision of Training Services in the Area of Promoting Entrepreneurship through Venture Capital, Venture Capital Programme, Designing a System of Venture Capital for SMEs, the ESTERNET programme – "Creating Seed and Venture Capital Funds for Central European Countries." These programmes and projects are currently subject to approval proceedings.

Measures planned in the area of research and technological development support in 2007–2008

In the framework of scientific and technological policy and in conformity with the new Government Manifesto, the Ministry of Education is defining key priority measures designed to improve the situation in this area. The main priority will be to increase the emphasis of scientific and technological policy on applied research and technological development, in order to achieve a significant social and economic impact of publicly funded projects and to directly link these projects to innovations and development of the business environment, and to significantly boost research and technological development efforts of small and medium-sized companies which generate a substantial part of gross domestic product. The Long-Term Outline of State Science and Technology Policy until 2015 which is currently under preparation will define the principles for addressing the aforesaid problems, in particular:

- in the area of modern technical infrastructure for research and technological development;
- in the area of pooling the best quality research and technological development potential by setting up and supporting the so-called "National Research Centres";
- in the area of improving the quality of education and training of the young generation of top-researchers and high-tech industry;
- stimulating the interest of the young generation in a career in the research and technological development field;
- supporting the development of the system of regional policies for promoting research and technological development at the level of self-governing regions;

- reducing large regional disparities in the area of research and technological development potential, including adjustments in its structure to make it reflect the development priorities of the regions;
- improving quality of research and technological development conducted in the Slovak Republic by promoting the integration of Slovak regions into the European research space,
- increasing social and economic impact of research and technological development projects funded from public resources;
- encouraging research and technological development participation of the private sector,
- improving the perception of research and technological development in the society, increasing the recognition and social prestige of RTD workers,
- making the financing of research and technological development more attractive for private companies,
- increasing the concentration of resources for major projects of society-wide significance with the participation of private companies.

Financial resources from the European Social Fund have also been used in the implementation of measures under the 2006–2008 National Reform Programme as follows:

Activity under the call for Projects No. 8 – AP task No. 9: Programme of the popularisation of science in the society

11 SOP HR projects amounting to 68,349,244.80

Activity under the call for projects No. 9 – AP task No. 13: Supporting technological incubators focusing on innovative companies, and partly AP task No. 7: Supporting national centres of excellence

1 SPD3 project amounting to 6,856,500.00

Activity under the call for projects No. 10 – AP task No. 7: Supporting national centres of excellence

4 SPD3 projects amounting to 29,569,072.00

Financing research and technological development from public funds with the outlook to the future

The volume of financial resources invested into research and technological development in the Slovak Republic is among the lowest in the EU. This situation should change, also as foreseen in the new Government Manifesto, as besides the funds from domestic budgetary resources, relevant amounts should be allocated from structural funds for 2007 – 2013 where research and technological development are among the key priority areas. Because the debate concerning public spending in 2007–2009 and the National Strategic Reference Framework for 2007 – 2013 is still on-going, the volume of funds that will be invested from these financial sources into research and technological development in the coming years may not be yet determined.

Financing research and technological development from state budget funds

Under the legislation in force, research and technological development in Slovakia are financed from the state budget by means of institutional or competitive financing. Institutional financing is used to finance the functioning of the Slovak Academy of Sciences and scientific and technological activities of universities.

A combination of the following three types of financial instruments is used in the area of competitive financing:

- “bottom-up” support – provided in case of state research and technological development programmes, state programmes for the development of research and technological development infrastructure, and programmes of the Slovak Research and Development Agency that serve as a framework for defining the

topics of RTD projects – in this type of financial support for research and technological development, the state directly defines thematic areas that reflect the needs of the society and of the economy, and that will frame the calls for proposals; in case of state programmes, they are represented by larger-scale projects of applied research and technological development, while in case of programmes of the Slovak Research and Development Agency, they are represented by smaller-scale projects;

- “top-down” support – regular open calls for proposals without any thematic limitation, announced once a year by the Slovak Research and Development Agency. In response to open calls, applications for funding may be submitted in the form of projects by RTD teams from any field;
- competitive support for international scientific and technological co-operation both of bilateral and multilateral type, provided by means of special calls for projects.

The existing financial instruments in the area of competitive financing of research and technological development under the legislation in force are as follows:

- **state programmes of research and technological development:**

The following state research and technological development projects were approved by the Government on 4 September 2002 in keeping with the Concept of State Scientific and Technological Policy until 2005:

 - Building an information society;
 - Quality of life – health, nutrition, education;
 - Development of progressive technologies for a high-performance economy;
 - Use of domestic raw materials and resources;
 - Application of progressive principles in energy generation and transformation;
 - Participation of social sciences in the development of the society;
 - Development of personality and talents of young employees and doctoral students under 35 years of age in research and technological development;
 - Comprehensive support for and effective use of the research and technological development infrastructure;
 - Forecast of the development and application of science and technology until 2015 – prepared using the Forecasting Technology methodology;
 - Topical issues of the development of the society.
- the Slovak Research and Development Agency’s programme for the development of human resources in the area of research and technological development and the popularisation of science, approved by Government Resolution No. 216 of 8 March 2006 – the first call for projects published between 18 April 2006 and 19 June 2006;
- promoting international scientific and technological co-operation in selected areas by means of calls for projects published by the Slovak Research and Development Agency (COST², EUREKA³, the EU Framework programme for research and technological development, the ESF – the European Science Foundation⁴) – the Slovak Research and Development Agency announced the first calls for projects to promote research and technological development between 31 May and 31 July 2006;
- regular calls for projects with no thematic limitation published by the Slovak Research and

² The instrument for promoting co-operation of scientists in the area of fundamental research. The designation of the instrument – COST – is derived from its English name „European Co-operation in the Field of Scientific and Technical Research“.

³ EUREKA is a pan-European network for market-driven research and technological development.

⁴ The ESF – the European Science Foundation – is an international non-governmental organisation supporting state-of-the-art fundamental research.

Development Agency once a year – in response to the latest call, projects may be submitted between 23 May 2006 and 24 July 2006;

- calls for projects under bilateral intergovernmental and interstate agreements on scientific and technological co-operation⁵ – these projects serve to finance researcher mobility – under Act No. 172/2005 on organisation of state support for research and technological development, calls will be announced and this type of research and technological development projects will be funded by the Slovak Research and Development Agency. Up till now, the umbrella organisation for these activities had been the Ministry of Education of the SR.

A newly developed system of state research and technological development programmes is expected to receive approval of the Slovak Government in the second half of 2006, and the projects falling under new state research and technological development programmes are to be financed from 2007 onwards. They will cover a limited number of thematic priorities (approx. 3) in line with the Long-term Outline of State Scientific and Technological Policy; at the same time, all new state research and technological development programmes will have to contribute to applied research and technological development and, to be eligible for support, every research and technological development project will have to have a substantial social and economic impact. Compared with the existing system of state programmes, the number of thematic fields – and thus the number of state programmes – will have to be reduced. The rationale for this step is that the Slovak Republic is a small country with limited financial resources, and cannot afford to support an excessive number of thematic priorities. However, this feature of scientific and technological policy does not mean that all the remaining areas of research and technological development other than the Government-approved thematic priorities will cease to be financed. The Slovak Research and Development Agency supports all fields of fundamental research and of applied research and technological development without any restriction.

At the same time, it needs to be stressed that, as regards the calls for projects published by the Slovak Research and Development Agency, any research entity in the state, whether public or private, may apply for financial support through its projects.

Financing research and technological development from structural funds in 2007 – 2013⁶

In the shortened programming period of 2004–2006, research and technological development did not belong among the priority areas to be financed from EU structural funds.

Based on an active participation of the Ministry of Education SR in the negotiations with relevant sectors and partners, the Government defined financial support for research and technological development as one of the key priorities to be financed from EU structural funds in 2007 – 2013. According to the Government Resolution, the 2007 – 2013 allocation for research and technological development from the European Regional Development Fund should amount to approx. EUR 900 million. Additional financial resources for promoting human resources in research and technological development are to be provided from the European Social Fund.

The total amount of funds for supporting research and technological development is EUR 910 million from the European Regional Development Fund. At the same time, given the specific situation of the Bratislava region, an additional max. EUR 290 million may be allocated from the EUR 900 million allocation to support research

⁵ The importance of bilateral co-operation lies primarily in the fact that it creates favourable conditions for the preparation to successfully participate in multilateral co-operation, mainly under the 6th EU Framework Programme for Research and Technological Development and the envisaged 7th EU Framework Programme for Research and Technological Development, and in projects under EUREKA, COST, NATO and other forms of international co-operation.

⁶ Data valid as of 1 June 2006. The final form of support for research and technological development from EU structural funds will be known only after the relevant documents (operational programmes, etc.) have received approval from the European Commission towards the end of 2006.

and technological development in the region of Bratislava – this is a derogation negotiated by the Slovak Republic with the EU.

The rationale for the “Bratislava” derogation

From the territorial point of view, Slovakia is divided into the Bratislava region (objective: Regional Competitiveness and Employment) and the rest of Slovakia (objective: Convergence). From the thematic point of view, the funding for the priority axis of research and technological innovation is to be provided in a uniform manner for the entire territory of Slovakia. However, in quantitative terms, Bratislava accounts for approx. 50 % of the research and technological development potential of Slovakia – with approx. 50 % of equipment and instrumentation, and approx. 50 % of researchers. At the same time, the Bratislava region faces the same structural problems in the field of research and technological development as the rest of Slovakia – i.e. outdated equipment and instrumentation, inadequate RTD infrastructure, weak links of research institutions to the social and economic environment, etc.

The main reason for this specific solution to the problem of financing research and technological development in the Bratislava region is the fact that the RTD capabilities of the region (in terms of the number of researchers who represent close to 50 % of the entire RTD potential of Slovakia) take part in the development of other regions of the Slovak Republic, including in the upgrading of the research and technological development potential of other regions. Failing to address this problem would seriously hamper the fulfilment of the objective of the Competitiveness Strategy for Slovakia until 2010, i. e. to make research, technological development and innovation become one of the key pillars of the development of Slovakia. In view of the above, towards the end of negotiations on the 2007 – 2013 financial perspective, the Slovak Republic obtained a derogation under which the allocation for supporting research and technological development under the Convergence objective (the rest of Slovakia) may be partly used to support Bratislava-based RTD institutions, in the amount of a maximum EUR 290 million. The underlying reason for the derogation is that the situation where 50 % of the RTD potential of the Slovak Republic is underfunded while, from the global point of view, Slovakia does not make full use of its research and technological development potential, is untenable.

Substantive orientation of support for research and technological development from the European Regional Development Fund

Basic areas of support are as follows:

- **Renewal and building of technical infrastructure for research and technological development**
 - modernisation of technical equipment of research and technological development organisations, including the necessary building adaptations;
 - building state-of-the art laboratories in the areas that have a potential to contribute to the further development of the Slovak Republic, including the necessary building adaptations;
 - building and modernisation of the research and technological development support infrastructure, mainly in the area of information technologies – computer networks, high-speed information networks connecting RTD facilities, including the necessary building adaptations.
- **Supporting networks of excellent research and technological development facilities that represent the pillars of regional development, and supporting supranational co-operation**
 - supporting the building of networks of research and technological development facilities in the light of development priorities of individual regions – the facilities that will be provided support will be chosen on the basis of practical applicability of their state-of-the-art outputs;
 - supporting the integration of research and technological development facilities into supranational and international networks for research, development and innovation co-operation;

- supporting the creation of national and regional technology platforms ensuring interaction between research and technological development facilities, regional and national authorities, and the economic sphere.
- Transferring the knowledge and technologies generated by research and technological development to practice
 - supporting joint projects with industry;
 - supporting science and technology parks, technology centres and incubators exclusively in the environment of public research and technological development organisations (universities, the Slovak Academy of Sciences, etc.);
 - supporting programmes for encouraging and identifying possible innovations, business plan competitions, virtual incubators in the environment of public research and technological development organisations (universities, the Slovak Academy of Sciences, etc.);
 - supporting competence centres of universities for co-operation with practice and the technology transfer enabling “collaborative” research, building long-term responsible partnerships between universities and industry;
 - setting up focal points for contacts with industry, offices/units for technology and knowledge transfer, valorisation and commercialisation units at universities with relevant expertise, relevant training, experience, understanding for the needs of researchers, legislative norms, entrepreneurship, technological development issues;
 - providing comprehensive support to the management of intellectual property rights of research organisations funded from public resources.

5.4 Information society

In the 2004 – 2006 period, the main priorities of society informatization included: 1. modern on-line public services, 2. digital literacy, 3. Internet availability and security. These priorities were also the basis for the strategic documents the Slovak government adopted, in particular Society Informatization Strategy and Competitiveness Strategy for Slovakia until 2010 together with its Information Society Action Plan. The Action Plans of both documents were harmonised because they pursue a common goal, which is to facilitate acceleration of society informatization through the accomplishment of their tasks.

Priority 1: Modern on-line public services

Procedures, organisation and information model of public administration services – the e-Government Road Map.

The document approved by the Slovak government in October 2005 aims at improving the effectiveness of public administration services provision, improving its transparency and reducing the administrative burden for the citizens. The Road Map describes the current situation in provided public services and it proposes a schedule for the implementation of all activities that the citizens, entrepreneurs or public administration will be offered in electronic form.

The Central Public Administration Portal – the entry point

The development of the Central Public Administration Portal (ÚPVS) is the most important part of society informatization. The objective of this project is to make the services and information on public administration services for citizens, entrepreneurs and public administration authorities accessible and, thus, to simplify the process of the provision of its services. The ÚPVS will allow communication with state and public administration 24 hours a day, 7 days a week. In addition to electronic services, simple information, e.g. topical

instructions to tackle concrete situations in life, contacts to relevant institutions are available. At the same time, the goal is that citizens handle their agenda only with one institution that will acquire necessary documents from other institutions electronically. The citizen, thus, will cease to play the role of a messenger between individual institutions. The portal gives the public administration technical infrastructure that may be used in the development of their e-services and also as a possibility to offer their services to the citizens from one point. The Office of the Government of the Slovak Republic and the Plenipotentiary for Information Society ensured the creation of the "presentation layer", i.e. ÚPVS user interface and they also integrated the information part of the existing www.obcan.sk portal into the Portal. On 1 July 2006, the technological part of the ÚPVS was put into operation. In the course of 2006, the services of the Trade Register, Criminal Record Register, services of the Central Office for Labour, Social Affairs and Family will be made available, and later, other services making use of information technologies for life in a knowledge-based society will be added. The new Information Systems in Public Administration Act designates the MoTPT administrator of the Portal while the Office of the Government remains to be the operator.

Electronic public procurement

The objectives of the project are, in particular, the reduction of costs in public procurement on the side of tenderers as well as contracting authorities in public administration, significant speeding up of the public procurement procedure and increasing PP procedure transparency (reduction of corruption). The EVO project allows the government and public sectors organisations to prepare for the statutory obligation of electronic procurement of all goods from 1 January 2007, on time. End last year, the MoTPT organised a public tender for the EVO project software (EVO Portal). The Public Procurement Portal (EVO) is accessible for the public since May 2006 (www.evo.gov.sk). The historically first electronic public procurement principle based open tender for the needs of the MoTPT of the SR was successfully conducted in May 2006. Next electronic public procurement is under preparation for the MoD SR.

The proposal of electronic payment for e-services administrative fees

A governmental draft law amending Act No. 104/2004 Coll. on excise duty on wine as amended (print 1426) was submitted to the National Council of the Slovak Republic. Article II of this governmental draft law supplemented Act No. 145/1995 Coll. on administrative fees as amended by stipulating a legal clause making payments of fees at a 50% reduced fee rate of the tariff up to a total amount of SKK 2,000 through a payment portal of the Central Public Administration Portal possible for acts and proceedings performed on the basis of electronic filing with the Central Public Administration Portal.

Increasing the use of electronic signature in public administration institutions as a support to the business environment and to the computerisation of public administration.

Currently, the MoTPT SR procures a multi-license of the QSign application for secure electronic signature with 1,000 licenses for state and public administration, higher territorial units and selected local government authorities according to the Public Procurement Act. Preparation of electronic forms for electronic signature is a part of the delivery. At present, software implementation and training of operators (administrators and users) are being carried out. The delivery of chip card readers is a separate exercise. The open tender will be conducted before the end of 2006.

The National Security Authority has created all legislative and technical prerequisites for the implementation of electronic signature mainly in the public administration environment. A whole range of applications is already in operation and a part of them is in pilot operation. The stipulation of the obligation of public administration authorities to accept electronic filings with electronic signature from citizens and entrepreneurs is the key

moment. The National Security Authority prepared a draft amendment to the Electronic Signature Act, which tackled this problem by obligatory implementation of electronic filing rooms. The draft amendment passed through the Legislative Council of the Government of the Slovak Republic, the Government of the Slovak Republic, however, it failed in the National Council of the Slovak Republic.

The introduction of the identifier for communication among public administration information systems and the creation of unique personal birth certificate identification number based identifier

The objective is to introduce an identifier, generated for each inhabitant by the Ministry for the Interior, for the communication among information systems. The identifier – it is a number that cannot be used for legal acts, it will purely serve informative purposes, i.e. for a clear identification of the person to issue a certificate for a secure electronic signature, for e-Government information services and the communication among the information systems of public administration. The Ministry for the Interior will ensure the personal birth certificate identification number as the unique identifier, i.e. it will connect registers of birth certificates on-line and thus remove the duplication of birth certificate identification numbers.

Creation of the system of data electronic exchange among registers

The task was to prepare a study on data exchange. MoTPT SR organised the study and the results were delivered to the Ministry for the Interior and the Statistical Office. The study also serves as a background material for the achievement of other strategic tasks (public administration registers, land register, etc.)

Giving information from the reference register of the inhabitants of the Slovak Republic and from the documents database of the Slovak Republic to competent entities.

A substantial part of registers is located at the Ministry for the Interior. Provision of information from REGOB and the documents database is in trial operation. Currently, data are prepared for publishing on the central portal of the Office of the Government of the Slovak Republic.

Introduction of personal ID cards with a chip card and secure electronic signature

The feasibility study is prepared. The Ministry for the Interior published a call for an open tender for fair copies of new personal ID cards made of polycarbonate card with the possibility of adding the delivery of a chip for secure electronic signature to it. The open tender is in progress now.

Free information access to the land register

The MoTPT SR arranged the elaboration of a study on making information accessible. Currently, the MoTPT SR has completed the specification of technical equipment delivery in the amount of approx SKK 20 mill and of software and licences in the amount of approx SKK 22 mill. The public procurement dossier is prepared in compliance with the law. The HW delivery open tender will take place from mid-June. At the same time, a negotiated procedure concerning the completion of the presentation layer of the land register will be carried out by the MoTPT SR. According to the deadlines laid down in the Public Procurement Act, all necessary procedures will be completed before the end of 2006.

2. Priority 2: Digital literacy

The European Computer Driving Licence (ECDL) – The ECDL programme based certification of digital literacy of workers in public administration.

The ECDL certificate confirms that its holder has successfully passed international qualification tests in which he/she proved to meet the specified knowledge criteria for work with computers and computer applications. The pilot stage of the certification project was implemented at the MoTPT SR and the Civil Service Office in 2005. Based on the positive results and amendment to the Civil Service Act which stipulates that each civil servant must pass ECDL, the MoTPT in cooperation with the MoLSAF prepared the “National Project of ECDL programme based certification of digital literacy of workers in public administration”, which aims at having all workers in the public administration passed such certification and at having their ICT capacity tested in a qualified manner. The project is financed from the ESF, and in the end, it has exerted pressure on effective and measurable appreciation of investments into information and communication technology in public administration and objective measurement of digital literacy of the workers in public administration.

Digital “Štúr’s Movement” at schools

The so-called Digital “Štúr’s Movement” at schools project is one of the most important projects in the context of improving population’s digital literacy. In 2005 and 2006, more than 820 places were created at schools where the local community can improve their ICT skills. The positive aspect is that this project makes use of funds invested by the state and the private sector in schools through the Info-age and Computers for Schools projects (2.5 billion until now) and these technologies are used by the people also in the evenings, during holidays and vacations. The preliminary estimates indicate that at least 70 thousand inhabitants of Slovakia will attend such courses. Another positive aspect of this project consists in the fact that schools improve their IT equipment and can pay teachers-lecturers for the courses given, from the Digital “Štúr’s Movement”.

Mapping the situation in digital literacy and adaptability of the population to ICT

The feasibility study was drafted, presented to the public and its conclusions are of help in designing and planning projects in the field of digital literacy growth.

Priority 3: Wide availability of Internet

Internet for All

The objective of the project is to increase broadband Internet access penetration and IT literacy of young people with a contribution from the state. The Internet for All project together with the creation of the Clearing Centre that was a necessary prerequisite for the project, was launched on the basis of the approved amendment to Ordinance No. 2424/M-2004 on 5 May 2006. A total of 12,000 applicants have filed for a subsidy by 6 June 2006. The highest number of applicants for subsidy is registered in the Prešov higher territorial unit. Other requirements necessary for the implementation of the project are tackled continuously.

Library computerization programme

In 2005, the Ministry of Culture of the SR arranged a multi-tier critical review procedure of the Virtua joint integrated system introduction into the library system of the Slovak Republic implementing project. The MoC SR allocated to public libraries more than SKK 4 mill for IT modernisation and library Internet connection within its grant system. At the same time, the MoC submitted the National Library Informatization Project with a deadline for the start of implementation in 2006, after an agreement with the Ministry of Construction and Regional Development of the Slovak Republic. The project was prepared in cooperation with the Slovak National Library and other professional organisations and it was also discussed with the MoTPT SR.

The study of the use of structures of existing backbone networks of organisations, in which the state has majority

Its purpose is to increase as much as possible the availability of broadband Internet access for the broadest strata of the population in the whole territory of the Slovak Republic and to create conditions for the improvement of competitiveness in the Slovak telecom market. The study was approved with resolution No. 199/2006 at the session of the Government on 1 March 2006. The task to prepare a feasibility study for the needs of a legal and financial analysis with the intention to found a joint stock company in which the State has a 100 % share resulted from paragraph B.1. of this resolution. This feasibility study is currently prepared and it is being prepared for its submission to the session of the Slovak government.

The 2007-2008 measures planned in the area of support to the information society development

Complying with the Manifesto of the Government of the Slovak Republic and its international commitments, the priority areas of information society development in Slovakia in the coming period will include the creation of legislative conditions for a functional model of e-government by adopting an Electronic Public Administration and Public Administration Registers Act, a consistent implementation of the e-Government Road Map, completion of Competitiveness Strategy core projects in-progress: free information access in the Land Register, increasing the use of electronic signature in public administration institutions as support to the business environment and the computerization of public administration, introduction of the identifier for the communication among public administration information systems and the creation of a unique personal identifier on the bases of birth certificate identification number. Other priorities will include the support to the informatization development in the regions - the proposal to add the area within the remit of self-governments to the e-Government Road Map as the current road map only covers state administration.

Funding of information society from Structural Funds in 2007-2013

Managing a fundamental technological change required by the process of economy transformation into a knowledge-based society needs a clear-sighted policy. In the context of the EU Strategic Framework for Information Society Development and the NSRF, which is the central strategic document for drawing SF in the 2007-2013 programming period, the development of information society will be supported with ERDF funds interventions into the specific priority of society informatization in 2007-2013. The specific priority will be implemented by means of measures and sub-measures under which SF funds will be granted for co-financing of defined activities and requirements. SF interventions into the following areas are considered key impulses to the development of knowledge-based society with a view to informatization: improved efficiency and development of public services by means of ICT, ensuring broadband Internet availability for all, creation and use of digital content that will be supported with the following measures:

1. Modern public services / Effective public administration computerization and the development of electronic services
2. Development of memory and fund institutions
3. Available broadband Internet / Increasing broadband Internet availability

The consolidation and development of a high-standard regulatory framework is the prerequisite for an effective informatization of the society and effective implementation of measures. Activities resulting in its development will complement all relevant activities targeted to the information society development supported with SF interventions.

6 Coordination of targets and tasks of the National Reform Programme and the 2007 - 2013 National Strategic Reference Framework

The basic goals of the National Reform Programme are reflected in two ways in the 2007 – 2013 National Strategic Reference Framework that is under preparation:

A. In the formulated strategic goal of the Slovak Republic's 2007 – 2013 National Strategic Reference Framework, which is: "To significantly improve competitiveness of the regions and of the Slovak economy till 2013 while respecting sustainable development", and which fully corresponds the objective contained in the NRP - the development of Slovakia's long-term competitiveness by building a knowledge based economy as expressed in four priorities: information society; business environment; education and employment, science, research and innovation.

		NRP			
		Information Society	Business environment	Employment, education and	Science, research and innovation
NSRF	1. Infrastructure and regional availability	1.1 Transport infrastructure			
		1.2 Environmental infrastructure and protection of the environment			
		1.3 Regional infrastructure			
	2. Innovation, informatization and knowledge based economy	2.1 Support of competitiveness of enterprises and services through innovation			
		2.2 Society informatization			
		2.3 Research and development"			
		2.4 Healthcare modernisation			
	3. Human resources and education	3.1 Modern education for knowledge based economy			
		3.2 Education infrastructure			
		3.3 Support to employment growth and social inclusion			

B. In the application of four NRP priority areas in the set strategic and specific NSRF priorities:

1) In case of the "Information Society" NRP priority, intersection with the 2.1 "Informatization of the society" priority within the NSRF No. 2 strategic priority "Knowledge based society" and the specific 3.1 priority "Modern education for knowledge based society" within the NSRF No. 3 strategic priority "Human resources and education" exists.

2) In case of the "Business environment" NRP priority, intersection with the specific priorities - 1.1 "Regional infrastructure", 1.2 "Environmental infrastructure and protection of the environment" and 1.3 "Transport infrastructure and public passenger transport" within the NSRF strategic priority No.1 "Infrastructure and regional availability" exists. As well as with the 2.3 "Support of the competitiveness of enterprises ad services via innovation" specific priority within the NSRF No. 2 "Knowledge based economy" strategic priority.

3) In the case of "Education and employment" NRP priority, intersection with the yy.1 "regional infrastructure " specific priority within the NSRF No. 1 "Infrastructure and regional availability" strategic priority and with the 3.1 "modern education for knowledge based society" specific priority and 3.2 "support to growth and social inclusion" specific priority within the NSRF No. 3 "Human resources and education" strategic priority exists.

In the case of "Science, technological research and innovation" NRP priority, intersection with 2.3 "support of the competitiveness of enterprises ad services via innovation" specific priority and 2.2 technological

research and development” within the NSRF No. 2.2 “Knowledge based economy” and 3.1 “Modern education for knowledge based society” specific priority within NSRF No. 3 “Human resources and education” strategic priority exists.

It is necessary to remind of the ongoing negotiations concerning the final structure and number of operational programmes and priorities under the NSRF, which means that some changes may be introduced to them and, consequently, be reflected in their intersection with the NRP priorities. The approval of the NSRF update by the Government of the SR is expected to take place mid-October. This update shall become the basis for updated operational programmes that will be submitted to the Government not later than end of November 2006. The detailed linkage of the NRP with programme documents on drawing funds from the SF and CF will be clearly visible in operational programmes.

Annexes

Annex No. 1

The set of indicators to monitor progress achieved in the tasks of the Lisbon Strategy for Slovakia						
Added value generation		2002	2003	2004	2005	2006
Labour productivity per worker (in % of GDP per worker, PPP, EU 25=100)	EU 15	106.8	106.6	106.1	106.1	-
	SK	58.9	58.8	60.2	62.0	-
<i>Labour productivity per one hour worked</i> (in % of GDP per one hour worked, PPP, EU 15=100)	EU 15	100.0	100.0	100.0	-	-
	SK	51.3	52.5	52.8	-	-
1 Information society						
1.1 Broadband Internet connection (number of connections in % of the total population)		2002	2003	2004	2005	2006
	EU 25	-	-	6.5	10.6	-
	SK	-	-	0.4	1.5	-
1.2 e-Government in %, availability of public services via Internet)		EU 25	-	41	-	50
	SK	-	-	15	-	20
1.3 Digital literacy Index ¹ (min.= 0 – max.= 1)		SK	-	-	0.33	-
2 Science, technological research and innovation						
Expenditures on research and technological development		2002	2003	2004	2005	2006
2.1 from public sources (in % of GDP)		EU 25	0.66	0.67	-	-
	SK	0.26	0.29	0.30	-	-
2.2 from business sources (in % of GDP)		EU 25	1.06	1.04	-	-
	SK	0.31	0.26	0.20	-	-
2.3 Graduates from higher education institutions in science and technology (in % per 1,000 inhabitants of 20-29 years of age)		EU 25	115	12.3	12.7	-
	SK	78	8.3	9.2	-	-
2.4 Quotation Index ² (the average number of publication quotations in the given country / the average number of world database publication quotations)		EU 15	-	1.07	1.05	-
	SK	-	0.56	0.58	-	-
2.5 EPO patents (number per 1,000,000 inhabitants)		EU 25	-	-	-	-
	SK	7.69	3.42	-	-	-
2.6 Risk capital investments (in % of GDP)		EU 15	0.107	0.107	0.107	0.138
	SK	0.011	0.010	0.013	0.002	-
2.7 Summary Innovation Index ³ (min.= 0 – max.= 1)		EU 25	-	0.41	0.42	-
	SK	-	0.24	0.21	-	-
3 Business environment						
3.1 Doing Business Index ⁴ (OECD=100, lower value of the indicator is better)		2002	2003	2004	2005	2006
	OECD	-	-	100.0	100.0	100.0
	SK	-	-	190.1	201.1	178.6
3.2 Net enterprise increment (The difference of the share of newly established and of closed enterprises)		EU 25	-	-	-	-
	SK	-3.1	-5.6	-	-	-
3.3 The enterprise survival rate (in %)		EU 25	-	-	-	-
	SK	89.37	83.54	-	-	-
3.4 Legislative and regulatory environment index ⁵ (3 rd Q of 2001 = 100, higher value of the indicator is better)		SK	98.08	98.60	100.62	104.03
					105.65	
3.5 Prices of telecommunication services for entrepreneurs ⁶ prices of the basket of services in euro without VAT, PPP)		EU 25	106.83	106.17	102.04	93.01
	SK	183.79	176.68	175.81	175.44	-
3.6 Index of energy prices for entrepreneurs		EU 25	-	-	100.0	110.8
					126.1	

(gas and electricity, without VAT, EU 25 2004=100, PPP) SK - - 213.8 212.1 273.4

4 Employment and education		2002	2003	2004	2005	2006
4.1 Youth with secondary education (in %, youth aged 20-24 years)	EU 25	76.5	76.5	76.6	76.9	-
	SK	94.0	94.1	91.3	91.5	-
4.2 Youth with the lowest level of education (in %, youth aged 18-24 years, does not continue with further studies)	EU 25	16.6	16.2	15.6	15.2	-
	SK	5.6	4.9	7.1	5.8	-
4.3 Graduates of higher education institutions (aged 20-29 years, in % per 1,000 inhabitants of the same age group)	EU 25	-	-	-	-	-
	SK	26.3	29.0	31.8	-	-
4.4 Life-long education (in %, aged 25-64 years)	EU 25	7.9	9.2	10.3	11.0	-
	SK	9.0	4.8	4.6	5.0	-
4.5 PISA Index ⁷ (reading, science and mathematics knowledge in 14 and 15 year olds)	OECD	-	1,492	-	-	-
	SK	-	1,462	-	-	-
4.6 Low ability of pupils to read with understanding ⁷ (in %, aged 15 years)	EU 25	-	19.8	-	-	-
	SK	-	24.9	-	-	-
4.7 Expenditures per higher education institution student ⁷ (in % per GDP/capita)	OECD	-	43	-	-	-
	SK	-	36	-	-	-
4.8 Computerisation of schools ⁸ (number of pupils per one computer)	PS	-	-	-	24.5	-
	SS	-	-	-	13.3	-
4.9 Total employment rate (in %, aged 15-64 years)	EU 25	62.8	62.9	63.3	63.8	-
	SK	56.8	57.7	57.0	57.7	-
4.10 Unemployment rate among those with a tertiary level education (in %, aged 25-64 years)	EU 25	4.2	4.6	-	-	-
	SK	3.1	3.2	4.9	-	-
4.11 Tax and contribution wage expenditures in the low income groups (in % of the total labour costs)	EU 25	37.1	37.4	36.4	-	-
	SK	40.8	40.9	39.6	35.3	-
4.12 Average age of those who leave the labour force (weighed with the probability of leaving the labour market)	EU 25	60.4	61.0	60.7	-	-
	SK	57,5	57.8	58.5	-	-
4.13 Long-term unemployment rate (in %, longer than 12 months)	EU 25	3.9	4.1	4.1	3.9	-
	SK	12.2	11.4	11.8	11.7	-
4.14 Children living in households without employment (in %, aged 0-17 years)	EU 25	9.8	9.8	9.8	9.6	-
	SK	12.1	11.8	12.8	13.8	-
4.15 Poverty risk rate (in %, lower income than 60 % of the median, after social transfers)	EU 25	15	15	16	-	-
	SK	21	21	13.3 ⁷	13.3	-
4.16 Absolute poverty ⁹ (in %, persons in social need)	SK	10.83	9.89	6.91	6.74	-

Source : Eurostat, other: ¹ Inštitút pre verejné otázky, ² Rada pre výskum a vývoj ČR, ³ European TrendChart on Innovation, ⁴ World Bank, ⁵ Podnikateľská aliancia Slovenska, ⁶ European Commission, ⁷ OECD, ⁸ MoE SR - Prieskum pre program partneri vo vzdelávaní, ⁹ MoLSAF

⁷ Data calculated on the basis of harmonised EU SILC survey in 2002 – 2003 based on Mikrocensus 2003

