

# Coronavirus response in 2021: building back better

## Update on the Slovak Republic (06 December 2021)



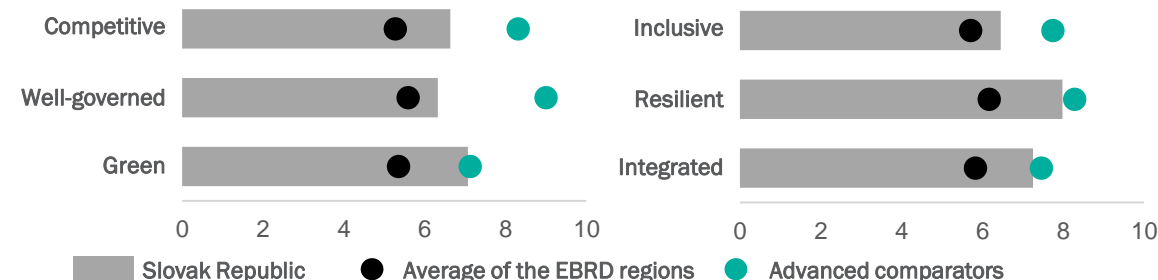
### Covid-19 policy response

- **The government maintained its Covid-19 crisis support measures throughout 2021.** Because of restrictions introduced in November 2021, SMEs and the self-employed with reduced business activities will be able to apply for low-interest loans worth up to €350,000 from the Slovak Guarantee and Development Bank.
- **Covid-19-related fiscal measures in 2022 are projected to total 0.7 per cent of GDP.** The draft budget for 2022 also envisages additional reserves to support the economy.
- **The pre-financing payment from the European Union (EU) will be directed to healthcare, education and justice.** As of October 2021, the Slovak Republic had received €822.7 million (about 0.9 per cent of GDP and 13 per cent of the total allocation) in Recovery and Resilience Facility (RRF) funds, as an initial support for investment and reform implementation.

### Macroeconomic indicators (per cent)

	2018	2019	2020	
GDP growth	3.8	2.6	-4.4	<b>Short-term indicators</b> <b>EBRD GDP growth forecast (Nov 2021)</b> <b>2021: 4.0%; 2022: 5.0%</b> Quarterly GDP growth: 1.3% y/y (Q3 2021) Economic sentiment: 94.8 (November 2021) Bratislava SAX stock market: 395.72 (November 2021, up 1.6% m/m) Annual inflation: 4.4% y/y (October 2021)
Annual inflation (year end)	1.9	3.2	1.6	
Government balance/GDP	-1.0	-1.3	-5.5	
Current-account balance/GDP	-2.2	-3.4	0.1	
Net FDI/GDP	-1.3	-2.3	2.1	
Public debt/GDP (year end)	49.6	48.1	59.7	
Unemployment rate (year end)	5.9	5.7	7.0	

### EBRD assessment of transition qualities (ATQs), 2021<sup>1</sup>



### Building back better: key ongoing initiatives

#### Competitive

- The amendment to the public procurement law ensures the publishing of contracts worth more than €10,000 and the use of electronic platforms to announce tenders.

#### Green

- In addition to EU budgetary support, a package of around €1.35 billion for 2021-30 from the Modernisation Fund will be targeted at decreasing coal combustion.

#### Inclusive

- A permanent short-time working scheme from 2022 will enable employers to receive up to 60 per cent of wage compensation in extraordinary circumstances in future.

#### Resilient

- Due to the negative impact of energy price spikes on industry, the Environmental Fund will support energy-intensive industry with an €11 million compensation scheme.

#### Digital

- The government's investment agenda is focused on accelerating digital transformation and will be financed through the RRF and by budgetary measures in 2022.

### Key short-term priorities

- The announced tax changes should reduce the tax burden on labour, boosting employment and disposable income, and encourage new investment.
- The implementation of green transition reforms requires greater administrative capacity and digital skills, also at the local and regional level.
- Active labour-market policies should promote labour-market inclusion, addressing, in particular, the low participation rate of women in the labour market.

To learn more about the EBRD's support for the Slovak Republic, visit: <https://www.ebrd.com/slovak-republic.html>.

<sup>1</sup> For more details on ATQs, see EBRD (2021), *Transition Report 2021-22: System Upgrade: Delivering the Digital Dividend*, London.