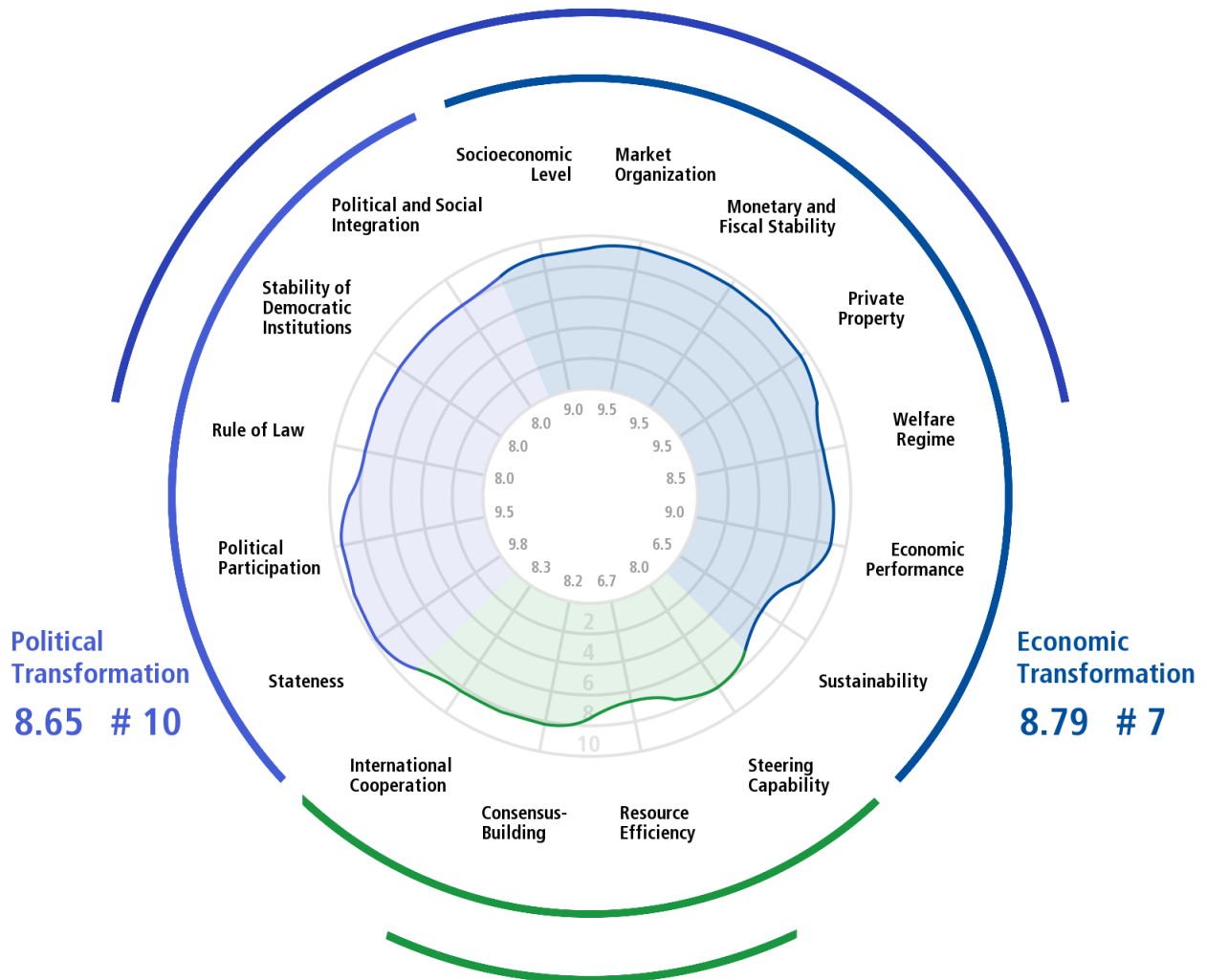


Slovakia

Status Index

8.72 # 9

on 1-10 scale out of 137



Governance Index

6.36 # 17

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2020**. It covers the period from February 1, 2017 to January 31, 2019. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	5.4	HDI	0.857	GDP p.c., PPP \$	33917
Pop. growth ¹	% p.a.	0.1	HDI rank of 189	36	Gini Index	26.5
Life expectancy	years	77.2	UN Education Index	0.824	Poverty ³	% 1.0
Urban population	%	53.7	Gender inequality ²	0.190	Aid per capita \$	-

Sources (as of December 2019): The World Bank, World Development Indicators 2019 | UNDP, Human Development Report 2019. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

During the period under review, there were several important events and political trends in Slovakia. After the parliamentary elections on March 5, 2016, Robert Fico formed his third government. It was originally composed from four parties: the leading Smer-SD (Direction – Social Democracy), the Slovak National Party (SNS), the Slovak-Hungarian party Most-Híd (Bridge) and Siet’ (Network). Siet’ split after it entered the coalition, which was caused by a disagreement between party members and the party leadership’s decision to coalesce with Smer-SD. Following the split, Siet’ ceased to exist. Thus, the ruling coalition of “strange bedfellows” included Smer-SD (in reality, national populists with left-leaning rhetoric), radical nationalists and center-right politicians. The coalition included parties representing the two sides of the Slovak-Hungarian ethnic cleavage, with extremely complicated historic relations. This made the coalition very fragile. However, Prime Minister Fico stated that the coalition was the only viable option and promised to “deliver political stability.”

The 2016 elections produced a new polarized constellation of party politics, as governing parties confirmed their office-seeking tendencies. The more programmatic, center-right Christian Democratic Movement (KDH), and the reformist political force the Slovak Democratic and Christian Union (SDKÚ) dropped out of the parliament. Consequently, the government-opposition divide juxtaposed more traditional parties with several parties that had emerged after 2009. In the parliament, a moderate opposition operates, represented by the Freedom and Solidarity (SaS) party, the OĽaNO (Ordinary People and Independent Personalities) movement and the new Spolu – Občianska Demokracia (Together – Civic Democracy) party. Spolu was formed by former members of Siet’, Most-Híd and OĽaNO. The anti-system opposition is represented by right-wing extremist party Kotleba – ĽSNS (Kotleba – People’s Party Our Slovakia). For other newcomers in the parliament, such as anti-establishment movement Sme Rodina – Boris Kollár (We Are Family – Boris Kollár), the borders between moderate and radical politics are fuzzy.

The two main issues that caused the current fragmented party configuration were widespread anti-migrant xenophobic feelings following the 2015 refugee crisis in Europe and corruption. Corruption has been an extremely polarizing issue in Slovak politics since the emergence of two new parties with anti-corruption agendas, SaS and OĽaNO. The current opposition has defined its mission almost exclusively through its (largely unspecified) struggle against corruption, rather than through other policy concerns, and accusations of corruption have been a major source of the opposition's criticism of the government. Fiscal responsibility is a key priority shared by all moderate parties. Still, when Smer-SD and SNS frequently pushed for one-time, symbolic political measures to increase their popular support (e.g., an ad hoc increase in pensions by 2% in 2017, free lunches in schools and kindergartens, recreational vouchers), the moderate opposition criticized such moves and accused the government of irresponsible behavior. All three Smer-SD led governments, despite their ostensibly left-wing ("social-democratic") rhetoric, failed to reform the welfare state and the labor market, which both remained largely conservative. Despite differences in the political ideologies of the coalition partners, the government – due to parties' mutual "respect" for the division of ministerial responsibilities – achieved a broad consensus in their approach to power and respected the priorities of coalition partners in their ministerial domains. Open conflicts have been confined either to alleged corruption cases involving SNS-led ministries or the unpredictable rhetoric of SNS's leader and the speaker of the parliament, Andrej Danko.

The murder of the investigative journalist Ján Kuciak and his fiancée Martina Kušnírová in February 2018 shook the whole country and attracted international attention, which led to significant changes to the government's composition. Kuciak had been investigating the murky links between oligarchs and top politicians, including ties with so-called VAT fraud mafia. His investigative work had annoyed some businesspeople with criminal ties, particularly Marián Kočner. According to Kuciak's investigative articles, Kočner worked with the VAT revenue scheme and used to deal in luxury apartments, buying from and selling to himself, depriving the state of substantial tax revenues. After Kočner started intimidating Kuciak, Kuciak filed a criminal complaint against Kočner in September 2017. However, according to Kuciak, the police did not assign an officer to his case. The public responded to the murder with a series of mass protests in the capital city Bratislava and around Slovakia, while members of the Slovak diaspora protested around the world. In Bratislava, the protests attracted the largest attendance since the Velvet Revolution in 1989. Protesters, civil society organizations and the democratic opposition demanded the resignation of Interior Minister Robert Kaliňák and Police President Tibor Gašpar.

Prime Minister Fico responded with desperate attempts to mitigate the public frustration. However, his public communication attempts failed and he reverted to calling on opposition leaders not to "exploit" the situation, as some opposition members of parliament had suggested that Smer-SD might be indirectly connected with the murders. President Andrej Kiska called for a "radical cabinet reshuffle" or early parliamentary elections to prevent tensions escalating. Most-Híd, a coalition partner, de facto agreed, indicating that the party wanted Prime Minister Fico to resign. On March 15, 2018, Fico resigned in order to avoid early elections and Deputy Prime Minister Peter Pellegrini (Smer-SD) became the head of the newly appointed cabinet.

In summary, 2018 highlighted the deteriorating quality of governance in Slovakia and raised serious questions about the future of the country's democracy. Slovakia has found itself at a crossroad. However, the broad mobilization of citizens, NGO activities and journalists against corrupt and discredited politicians represented positive steps in protecting liberal democratic principles in Slovakia.

History and Characteristics of Transformation

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

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

about the course of the country's development. Nevertheless, the first Fico government maintained the previous government's main economic priority (i.e., meeting the economic criteria for adopting the euro on January 1, 2009). Given this goal, the government pursued sound fiscal and monetary policies during the first half of its term. However, since the 2009 global crisis, Fico has abandoned this course and the budget deficit has increased. This increased the role of the state in the economy through minor changes. For example, concerning health care, it imposed an unconstitutional (as the Constitutional Court stated later) ban on profit distribution for insurance funds. Meanwhile, the government failed to properly address the major social challenge, increasing unemployment. Welfare policies were not systematic and mostly included one-time direct payments. Moreover, during his first term, Fico showed less respect for media freedom, civil society, judicial independence and the rule of law in general, and the government's commitment to tackle discrimination and corruption weakened. The government passed a controversial press law in 2008, which provoked strong criticism domestically and internationally. Tensions between Slovakia and Hungary also increased due to the participation of the radical-nationalist SNS in the coalition, while Smer-SD's anti-Hungarian approach crystallized in the State Language Act, the Patriotism Act and an amendment to the Law on Citizenship.

The 2010 elections brought the center-right parties back into government as the public reacted to corruption, party cronyism and the poor performance of the previous government. Although Smer-SD emerged as the strongest party (with 34.8% of the vote), the party failed to form a majority coalition, as its previous coalition partners lost substantially: HZDS did not pass the parliamentary threshold and SNS gained only nine seats. A center-right coalition government headed by Iveta Radičová (Slovak Democratic and Christian Union – Democratic Party) included the Christian Democratic Movement (KDH) and two new parties, the liberal Freedom and Solidarity (SaS), and a newly formed Slovak-Hungarian Most-Híd. Radičová's government, however, collapsed due to an intra-coalition disagreement over the European Financial Stability Facility (EFSF), which was strongly opposed by SaS. The government lost a parliamentary vote of confidence in October 2011. The performance of the Radičová's government left a rather ambiguous impression. In its short time in office, it passed a number of important legislative changes, including the requirement that all contracts involving public funds be published on the internet (making the validity of these contracts conditional on publication), a new system for the selection of judges, changes to the Press Act, and amendments to the Labor Code to make it easier to hire and fire employees. The quality of democracy improved under the Radičová's government due to the involvement of dynamic civil society actors, watchdog organizations and the media.

In the wake of a corruption scandal and ensuing "Gorilla protests" in 2012, disappointed center-right voters were left disoriented and demotivated, and Smer-SD won a sweeping victory in the early 2012 parliamentary elections, gaining 83 seats in the 150-seat parliament. Fico successfully mobilized left-leaning voters and achieved a vote share of 44.4% (with 59% electoral turnout). The second Fico government benefited from Smer-SD's clear parliamentary majority and the prime minister's strong position within the party. At the same time, the government lacked transparency, and had done little to improve anti-corruption measures and economic development.

After the 2016 parliamentary elections, Fico was re-appointed prime minister. However, this time, the elections produced a fragmented parliament with eight parties, and forming a stable government based on programmatic and ideological compatibility that would last until the next scheduled elections looked almost impossible. Fico had to accept three other parties as new coalition partners. Two of them belonged to the center-right (Most-Híd and Siet'). The third partner, SNS, stemmed from the radical nationalist wing, but had moderated its program before the elections and excluded some its old discredited leaders (e.g., former chairman Ján Slota).

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

Transformation Status

I. Political Transformation

1 | Stateness

The Slovak Republic has an unchallenged monopoly on the use of force throughout the country. Attempts by the far-right ultra-nationalist People's Party – Our Slovakia (ESNS) in 2016 to organize patrols on trains to harass passengers of Roma origin were successfully stopped after the parliament passed legislation forbidding any unauthorized subjects to monitor the public order on trains or at railway stations.

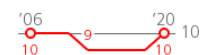
Question
Score

Monopoly on the
use of force
10



All citizens enjoy the same human rights and civil liberties, and the majority of the population acknowledges the legitimacy of the state. The loyalty of ethnic Hungarians living in Slovakia has been a sensitive political issue, although Slovak-Hungarian relations have calmed in recent years, especially after the 2016 coalition government comprised the Slovak National Party (SNS), and the Slovak-Hungarian party Most-Híd (Bridge). Even at the local level, there were no ethnically motivated political conflicts, which had occurred in the past.

State identity
10



According to the law, religious dogmas have no influence on the legal order or political institutions. The constitution contains a provision that the “state is not linked to any religion.” However, the church has not been fully separated from the state, as it receives funding from the state budget. The state fully finances the salaries of priests and subsidizes central church offices, building maintenance and church schools.

No interference of
religious dogmas
9



Some churches, especially the Catholic Church, have recently attempted to influence legislation concerning reproductive behavior and family models. As a result, the Ministry of Justice suggested an amendment (not approved yet) that would enable the Catholic Church to enter the process of drafting legislation.

The state's administrative structure functions throughout the entire territory, and the state extracts and allocates state resources on a broad basis. Administrative tasks are carried out in part by local state administrative institutions, and in part by self-governing bodies at the regional and local levels. They have separated and some shared competencies, which also determine principles of coordination on specific matters such as territorial planning and emergency situations. The situation in the illegal Roma settlements, where the state administration is failing to provide some public services (e.g., access to water and electricity), is not optimal and only a few municipalities have implemented effective policies (e.g., loans and subsidies to help Roma citizens build their own new homes).

Basic
administration

10



1

2 | Political Participation

Elections are free and fair without any significant restrictions. Slovakia's unicameral parliament is elected under a proportional electoral system in a single nationwide constituency with a 5% threshold. However, the existence of single electoral districts, not violating the free and fair character of elections, lowers the degree of representativeness of the results from a regional point of view.

Free and fair
elections

10



1

In the 2017 regional elections and the 2018 local elections, no serious violations of electoral rules occurred.

A persistent problem concerns the moratorium imposed on publishing the results of opinion polls indicating competing parties' ratings during the two weeks preceding voting. The provision was introduced by the Smer-SD government in 2014 with the clear intention of making the situation less comfortable for voters of small and medium size opposition parties, which substantially reduced citizens' right to information.

In October 2018, the coalition passed an amendment to the Law on Political Parties, prepared by Speaker of Parliament Andrej Danko (SNS). This amendment tightened restrictions on the participation of political parties in elections. Parties are required to have at least twice the full number of candidates (i.e., 300 for parliamentary and 28 for European Parliament elections); they also must have collective statutory organs and territorial organizations (at least in the half of the regional self-governing units). The amendment also aims to prevent the "purchase of a political party," which was a common practice before the 2016 elections. To avoid the requirement to collect 10,000 signatures, some politicians (e.g., Boris Kollár or Marián Kotleba) "purchased" the name of a political party that had already been registered with the Ministry of Interior. The amendment also limits donations from a single person to €300,000.

President Andrej Kiska vetoed the amendment, arguing that it was unconstitutional as the right of association (Art. 29[3]) can be restricted only in cases "specified by law, if this is unavoidable in a democratic society for reasons of state security, to

protect public order, to forestall criminal acts, or to protect the rights and liberties of others.” However, his veto was easily overruled by 78 members of parliament, the same majority of coalition members of parliament who passed it.

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

In Slovakia, Article 29 of the constitution provides for political rights, and states citizens can freely join political and civic groups. The freedom of association and assembly is unrestricted within the basic democratic order and can be limited only in accordance with the law.

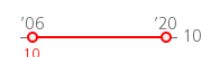
In Slovakia, the non-profit sector is vibrant and includes around 60,000 organizations, many of which function as watchdogs, and actively protect democracy and the rule of law. For more than a decade, their main source of income has been the so-called tax assignment. The tax law allows taxpayers, to assign 2% – 3% of their already paid taxes. For example, in 2018, about 800,000 taxpayers assigned €64 million (€2 million more than in the previous year).

During the period under review, the far-right party, Kotleba-ĽSNS, and anti-system online and printed media alleged that particular NGOs were financed from abroad, particularly by “Soros,” and such accusations have quickly spread via social media. However, the bill to register non-profit organizations financed from abroad as “foreign agents” (proposed by ĽSNS and similar to a law in Russia) was rejected in 2017.

In 2016, the Ministry of Interior started to draft a new register of non-profit organizations. Between 2016 and 2018, many influential associations participated in the drafting of the new legislation and the law was passed in October 2018. President Andrej Kiska vetoed the law, arguing that the scope of required information violates data protection requirements (e.g., statutory representatives have to declare their date of the birth) and discriminates against international NGOs operating in Slovakia. However, the parliament passed the law in December 2018 without accepting the president’s major suggestions and the law entered force in January 2019. Leading NGOs (e.g., the Pontis Foundation, Fair-Play Alliance, Via Iuris, Ekopolis Foundation) welcomed the new register emphasizing that this legislation reduces administrative burdens. Moreover, this legislation is designed for those organizations that plan to apply for tax assignment (about 15,000 organization annually). All other organizations can continue to function without any new obligations.

Effective power to govern

10



Association / assembly rights

10



Freedom of expression is guaranteed in Slovakia by law and there are viable independent media outlets. However, the third Smer-led government's attempts to limit these democratic norms have intensified. In the name of "privacy protection," freedom of speech is frequently restricted by courts in favor of politicians, oligarchs and judges. This tense relationship between the government and media has even escalated after the murder of investigative journalist Ján Kuciak and his fiancée Martina Kušnírová, found dead at their home in February 2018. The murders increased public concern over the state of democracy and media freedom, and massive protests were organized across the whole country. In the Reporters without Borders' Press Freedom Index 2018, Slovakia dropped from 10 to 27 out of 180 countries. Surprisingly, top politicians did not change their behavior toward the media. On the contrary, in December 2018 at the party congress, Smer-SD's chairman Robert Fico threatened to end the alleged "media terror" against politicians by reintroducing the right of reply in the Press Act. The act, originally passed by his first government in 2008, limited the right of reply to "persons libeled by the press." This move was fully supported by the junior coalition party SNS and its leader Andrej Danko, who serves as the speaker of parliament. During the period under review, both Fico and Danko deepened their confrontational approach toward the media and journalists and have continued to challenge journalists reporting on the alleged corruption of SNS or Smer-SD ministers. At the end of January 2019, Smer-SD members of parliament submitted an amendment, which would grant the right of reply to natural and legal persons if a claim in the article affects their "honor, dignity, privacy or good reputation." If a publisher fails to publish their reply, the person concerned can claim damages between €1,660 and €4,980. If passed, the amended law would become effective on May 1, 2019.

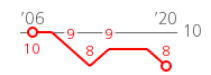
The investigation into the murder of Ján Kuciak discovered that the journalist's activities were monitored both by mafia and the police (with no legal basis), and the police had leaked information to mafia. It is also highly likely that not only Kuciak, but also other independent journalists have been illegally monitored.

3 | Rule of Law

Generally, the system of checks and balances has functioned within the framework of the parliamentary system. However, since the formation of the coalition government following the 2016 elections, attempts by the main coalition partners, Smer-SD and SNS, to reinforce their hold on power have increased. Since his election in 2014, President Andrej Kiska consistently tried to counterbalance the power ambitions of Smer-SD. However, due to the president's relatively weak constitutional powers, the president operates more as a moral voice than a real balancing force and, even in areas where he can have a stronger influence, several political conflicts have undermined his influence. The composition of the Constitutional Court (after a lengthy conflict) was completed only at the end of 2017, although a new struggle over the nomination of constitutional justices between the ruling coalition and opposition

Freedom of expression

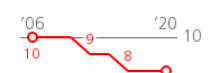
8



1

Separation of powers

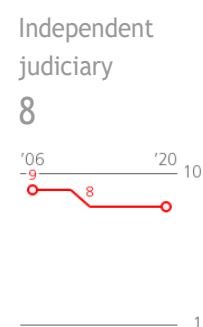
8



1

has emerged. This time nine out of 13 judges are to be replaced (February 2019), as the term of the incumbent justices will expire. The election and appointment of constitutional judges will shape the composition of the court until 2031. Therefore, it has provoked controversy between the opposition and coalition government, and between president and his opponents. The former justice minister, Lucia Žitňanská (Most-Híd), tried to prepare a new constitutional law, which would change the procedure for electing constitutional judges, increasing the threshold for elected candidates. However, she resigned from the cabinet following the murder of Ján Kuciak and his fiancée. Gábor Gál, her successor and a member of the same party, prepared an amendment. However, the proposed amendment aimed to limit the powers of the president over the court's composition (the president selects and appoints half of the candidates elected by the parliament). As the change required the support of 90 members of parliament (out of 150), the attempt failed. Tensions between the coalition government and opposition even increased, especially after the last-minute nomination of Robert Fico as a candidate to be a Constitutional Court judge. During the public hearings of the 40 candidates organized by the Parliamentary Constitutional Committee, several opposition members of parliament pointed out that Fico does not fulfill all the criteria, as his legal practice is smaller than required. In spite of this fact and after repeated voting, the committee approved his candidacy. However, realizing that his chances to be elected by the parliament and subsequently appointed by President Kiska to the position of Chairman of the Constitutional Court were low, Robert Fico withdrew his candidacy.

In the period under review, the Slovak courts have generally operated independently from executive power. However, the courts suffer from widespread nepotism and cronyism, typical features of Slovakia's political culture. According to the research conducted by Samuel Spáč for Transparency International Slovakia (TIS), every fifth judge has family ties to some other judge. These close family ties together with the relatively high autonomy of the judiciary have turned the courts into closed and not sufficiently transparent institutions. Consequently, trust in the courts has been constantly declining. According to a FOCUS poll (summer 2018), only 30% of respondents stated they trusted the judicial system. While the previous justice minister Lucia Žitňanská (Most-Híd), who sought to foster transparency and tackle corruption in the judicial system, resigned in March 2018, her successor, Gábor Gál (Most-Híd), has for political reasons abandoned some of Žitňanská's priorities. Žitňanská helped to reduce, for example, the length of judicial proceedings. The ministry created a new system for improving the training of justices and their allocation to the courts. But still, concerns over the independence of the judiciary persist. According to the EU Justice Scoreboard, Slovakia ranks as the country with the worst perception of judicial independence among EU member states. The Constitutional Court has generally operated independently from the executive branch of government, but – since two former Smer-SD members of parliament were nominated at the end of 2017 – its independence has decreased.

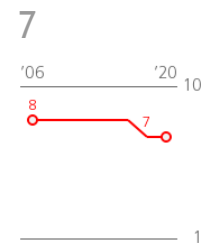


Corruption is the most sensitive sociopolitical problem undermining stability and quality of democracy in Slovakia. The previous two governments headed by Robert Fico not only did not pay sufficient attention to anti-corruption policies, but resorted to open clientelism when senior politicians were suspected of corruption. A vast majority of the scandals were not properly investigated before the end of 2018. The main obstacles include the lack of accountability in public bodies (police, prosecution service and judiciary) tasked with enforcing the law, and investigating and prosecuting infringements of the law, and the unwillingness of officeholders to take responsibility for any misconduct while in office. Even when corruption was properly investigated, the court proceedings were too long and frequently delayed to distract public attention. According to TIS (Transparency International Slovakia), only 47 people were charged with criminal acts of corruption in 2018, which is the lowest figure since 2009 and half of the annual average between 2010 and 2014.

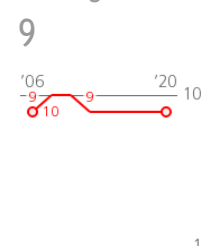
Only after the shocking murder of the investigative journalist Ján Kuciak and his fiancée Martina Kušnírová did some politicians, under the public pressure, ultimately to take some responsibility. First, Minister of Interior Robert Kaliňák and Prime Minister Fico resigned following a huge wave of protests, despite their desperate efforts to maintain their positions. Secondly, some pending cases involving corruption from the first Fico government were finally decided in court in autumn 2018. In the first ruling, two former senior SNS politicians, the former environment ministers Marián Janušek and Igor Štefanov, were sentenced to 11 and nine years in prison for violating a public procurement scheme in 2007. Even though the convicted ministers may not have been the main architects of the scheme, the case represents a slow progress in combating high-ranking corruption in Slovakia. Thirdly, Ladislav Bašternák, a businessman closely linked with Kaliňák and Fico and involved in VAT and insurance fraud and evasion, was sentenced to five years in prison in November 2018 in a case involving an unjustified VAT refund. Another controversial businessman with dubious political ties, Marián Kočner, who threatened the murdered reporter, Ján Kuciak, was taken into detention. Bašternák and Kočner are connected with the Bonaparte housing complex, where the former prime minister Fico still rents a flat. Finally, the police charged several suspects of murdering three people (Kuciak and his fiancée, and a former mayor of Hurbanovo who was shot dead in 2010). While these events are significant, there are many other pending cases still to be investigated.

As an EU member state, Slovakia has established institutions to supervise the observance of civil rights, which are largely respected. Their observance is supervised by the Constitutional Court, the Supreme Court, general courts, prosecutor offices, the Office of the Ombudsman (Public Defender of Rights), special committee of parliament and National Center for Human Rights. In association with the EU accession, Slovakia strengthened the non-discrimination against illegal interference by public administrative bodies. In sum, all these changes shall improve citizens'

Prosecution of office abuse



Civil rights



rights vis-à-vis the state. The delays in judicial proceedings constitute a persistent obstacle to Slovakia's citizens' access to their rights.

The most vulnerable segment of society is still the Roma population, which is frequently subject to mistreatment by the state authorities (including the police) and discrimination on racial grounds (especially in the labor market). Human rights NGOs in Slovakia, including advocacy groups and watchdogs, have a key role in enforcing the equal treatment of Roma, while negative social attitudes to members of this community still prevail.

4 | Stability of Democratic Institutions

Democratic institutions operate within a parliamentary democracy framework. During 10 years of Robert Fico's rule, the government and opposition were deeply polarized, which seriously threatened the effective functioning of democratic institutions. The Smer-SD party continued its efforts to concentrate power, which weakened the separation of powers.

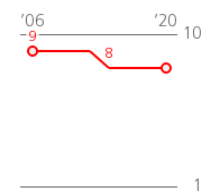
While the 2016 elections brought about a rather strange coalition of Smer-SD with two center-right former opposition parties (Most-Híd and Siet') and nationalist SNS, the polarization between the government and opposition has increased as the dividing line has shifted from policies to politics when the far-right ultra-nationalist party Kotleba – ĽSNS gained seats in the parliament. Moreover, given the strengthened rhetoric of this openly europhobic and anti-Atlanticist party, the activities of the euroskeptic movement Sme Rodina – Boris Kollár (We Are Family – Boris Kollár), the pro-Russian nationalist SNS and the opportunist “balancing” Smer-SD, the dividing line can be easily turned into the deeper political dispute over the country's foreign policy, including its membership in NATO and the European Union. The actors in this dispute are not only parties, ruling or opposition, but also state institutions, including the Ministry of Foreign Affairs. The activities of the speaker of parliament, Andrej Danko, and his SNS party, with its traditionally friendly approach toward Russia, illustrate these inherent institutional tensions.

The majority of political parties in Slovakia are committed to democratic institutions, or at least they support democratic norms and institutions in words. Influential business actors, the clergy and the military also accept most democratic institutions as legitimate.

The far-right party Kotleba – ĽSNS (Kotleba – People's Party Our Slovakia) obtained 8% of the vote in the 2016 elections, marking a distinct change in Slovak politics. Kotleba's party promotes a vision of an ethnically “clean” nation-state and discriminates against the Roma population and other minority groups (e.g., Jews, homosexuals and liberals), ruling political elites, and the European Union and NATO. Marián Kotleba, the leader of the party, has bridged nationalist, populist and

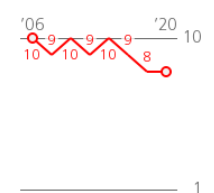
Performance of democratic institutions

8



Commitment to democratic institutions

8



xenophobic discourses, with greater success during the refugee crises in Europe. The anti-system Kotleba – ĽSNS failed in the recent regional and local elections, but the party still polls around 8% to 12%. In May 2017, the prosecutor general filed a complaint with the Supreme Court asking for the dissolution of Kotleba’s party for serious violations of the constitution and laws. The court’s decision is still pending.

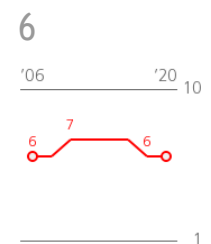
5 | Political and Social Integration

Slovakia has a relatively low degree of party system institutionalization, but patterns of party competition maintain stability. The pattern of competition has been characterized by a dominant party in one camp (often using nationalist or left-wing appeals) and a group of fragmented center-right parties in the other. These two voting blocs have been stable in size and ideological preferences. Yet, after 30 years of free party competition, high fluidity persists, expressed in the emergence of new parties and the collapse of established parties. The high degree of party instability, fragmentation and the crosscutting cleavage structure is further complicated by high polarization from the far-right to the left, which has moved more and more into the center in the last years. The dominant Smer-SD party, the self-declared “social democratic” political force, faces no real competition on the left, even though its support has substantially declined (from 44% in 2012 to 28% in 2016). Given the political crisis following the murder of a journalist and Robert Fico’s resignation as prime minister, Smer-SD lost some support, yet remains the most popular party. This situation will complicate the formation of a new government after the 2020 elections.

The center-right part of the party system has become even more fragmented and does not have any solid representation in parliament. The Christian Democratic Movement (KDH) failed to pass the 5% threshold in 2016 and its support in recent polls remains around this level. Most-Híd, an ethnically mixed (Hungarian-Slovak) party project founded by a previously popular politician of Hungarian origin Béla Bugár, was losing support even before the 2016 election and its support has not stabilized.

Since the March 2016 election, Freedom and Solidarity (SaS) has gradually shifted toward the center-right and its support has remained above 10%. The party lacks an organized membership and territorial organizations. This situation on the right of center has allowed the establishment of a new entity, the non-party movement, OĽaNO (Ordinary People and Independent Personalities), which has not been institutionalized in terms of membership and territorial organization. It is a rather loose group of independent personalities selected by Igor Matovič, the founder and “owner” of the party. This will soon change due to the change of the Law on Parliamentary Parties, which requires minimum obligatory membership (see Q2.1 Free and Fair Elections). New parliamentary entrants in the 2016 election are also built around personalities rather than based on programs or representation of social strata. A new populist and opportunist party, which lacks a clear ideology, Sme

Party system



Rodina – Boris Kollár (We are Family – Boris Kollár), entered the parliament with 6.6% of the vote and its support has been increasing. The party played on many populist appeals, including anti-establishment rhetoric, one-time social support and xenophobic messages.

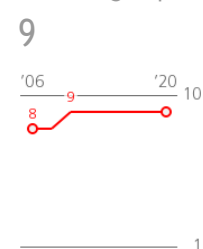
Moreover, support for the far-right party of Marián Kotleba (Kotleba – ĽSNS) is rather stable at around 10%, which will also complicate the process of forming a new government after the 2020 elections.

The recent formation of two new centrist and programmatic parties, Spolu – Občianska Demokracia (Together – Civic Democracy) and Progresívne Slovensko (Progressive Slovakia), which appear increasingly likely to surpass the 5% threshold in the next elections, could bring about substantial changes in the party system. At present, Slovakia is clearly split between right-wing conservatives, social liberals and far-right extremists.

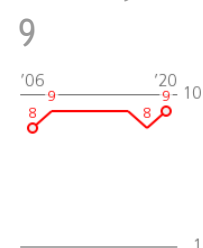
While parties remain elitist and rather weakly rooted in society, civil society is well anchored in diverse interest groups, which are well-differentiated and organized. Though business clearly occupies the most advantageous positions in terms of access to the decision-making actors. The pattern of cooperation between labor and business follows the European continental model. There are umbrella organizations in all special-interest and professional sectors that represent and mediate the demands of interest groups vis-à-vis the government and its institutions. The main interest groups have access to the policy-making process through the tripartite mechanism of “social dialog” and various advisory bodies (e.g., councils at the government and ministerial levels), this social dialog includes not only business and professional organizations, but also civil society organizations (e.g., trade unions, consumer groups, NGOs and churches). Robert Fico and his third cabinet were initially less hostile to civil society groups than the two previous governments. However, Smer-SD attitude to civil society, especially to the organizers of protests following the murder of Ján Kuciak, dramatically changed, and Fico started to describe them as agents of foreign influence and even calling them “children of Soros.” While the Hungarian Prime Minister Viktor Orbán used “Soros” as a key word for everything he dislikes, Fico merely exploits a ready-made discourse.

Democracy is generally associated with freedom, human rights, civil liberties, civic and political participation, rule of law, high socioeconomic status, and education. There are no relevant political movements in Slovakia that question these democratic associations. On the contrary, the spring 2018 political crisis fostered broad popular protests and movements in support of such broad values as impartial governance, equality, rule of law, tolerance, civility and decency. In terms of political values, Slovakia on the level of public attitudes has split into two camps. According to public opinion polls, one substantially bigger camp supports democracy as a system, while a second, smaller camp is inclined rather to a system based on a “strong hand” supporting populist and extremist forces, mourning for “old golden times.”

Interest groups



Approval of democracy



According to Eurobarometer data from 2018, satisfaction with the working of democracy has improved in recent years, although Slovak citizens were still one of the least satisfied in the European Union with the functioning of democracy in their country – 58% in Slovakia were not satisfied with the functioning of democracy, compared to an EU average of 41%. Trust in parliament and government are low (29% and 32%, respectively), and below the EU average, although one of the highest among post-communist countries.

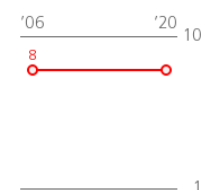
The results of the 2018 local elections confirmed the trend that Smer-SD, SNS and Kotleba's extremist party are losing support in bigger urban areas and that a new generation of political leaders is emerging, at least on the regional and local level. Several mayors elected in regional centers included new democratic and tolerant political leaders, who were active at the local level. Some of them were supported by new centrist parties (Together-Civic Democracy and Progressive Slovakia). How these local and regional changes can be translated into national politics, however, will become clear in two years once Slovak citizens have expressed their political preferences in presidential, and national and European parliamentary elections.

Slovakia's civil society is relatively well differentiated and organized. Interest groups have direct influence on policy-making. According to the Government Council for Non-Governmental Non-Profit Organizations, there are over 60,000 organizations functioning in Slovakia (see Q2.3).

Specific historic legacies (e.g., mistrust in strangers, a parochial political culture, social pessimism and passivity) have for decades influenced social capital in Slovakia. This resulted in the creation of strong social networks among relatives and close friends. According to the European Quality of Life Survey 2016 and "Citizenship Empowerment" report in 2017, Slovakia has somewhat lower levels of interpersonal trust than neighboring Central European countries. Society is still not particularly open to social relationships that promote cohesion and the inclusion of strangers, but there is a strong tendency to social bonding that promotes mutual support. The dominant political discourse practiced by Smer-SD and radical parties divides society into "we" and "others," which leads to increasing polarization toward "others" (i.e., migrants, refugees, members of the Roma community and holders of other views). This trend may further undermine social trust in Slovakia, which has a low degree of association activity as civil society remains weak.

Social capital

8



II. Economic Transformation

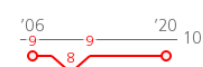
6 | Level of Socioeconomic Development

Slovakia enjoys very high levels of human development, ranked 38 out of 189 countries in the 2017 Human Development Index. Income inequality is relatively low (the Gini coefficient was 26.5 in 2015) and poverty rates are decreasing. In general, the recent high economic growth rate has significantly improved labor markets, which has contributed to a decline in poverty risks. However, the intensity of poverty remains relatively high. When compared to EU and OECD countries, a proportion of the population (e.g., the Roma population) still has limited access to work, social housing and education. While employment increased, large ethnic and gender disparities in the labor market persist. Key structural difficulties are linked with large regional disparities, which amplified levels of unemployment among low-skilled workers and long-term unemployed people (i.e., the Roma). A recent shortage of high-skilled workers, especially in the automotive and high-tech industries, has created a new structural problem. Slovakia has not developed a comprehensive policy to address the lack of high-skilled labor. Moreover, young people and women continue to be disadvantaged in accessing the labor market. Active labor market policies, which aim to improve the integration of long-term unemployed people by focusing on personalized services, are badly needed. Women's employment opportunities conflict with care responsibilities, as high-quality and affordable care services, in particular for children under the age of three, are still lacking. These issues remain insufficiently addressed by social inclusion policies. Overall, the Gender Inequality Index has not significantly improved in recent years, although Slovakia's score of 0.180 in 2017 remains considerably higher than many neighboring countries.

Question
Score

Socioeconomic
barriers

9



1

Economic indicators		2015	2016	2017	2018
GDP	\$ M	87769.6	89848.4	95617.7	106472.2
GDP growth	%	4.2	3.1	3.2	4.1
Inflation (CPI)	%	-0.3	-0.5	1.3	2.5
Unemployment	%	11.5	9.7	8.1	6.8

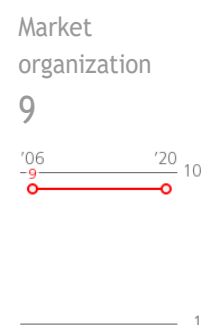
Economic indicators		2015	2016	2017	2018
Foreign direct investment	% of GDP	1.7	5.3	6.2	2.4
Export growth	%	6.0	5.5	5.9	4.8
Import growth	%	8.0	3.4	5.3	5.3
Current account balance	\$ M	-1508.9	-1923.2	-1939.4	-2613.8
Public debt	% of GDP	52.2	51.8	51.0	48.9
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-
Net lending/borrowing	% of GDP	-2.7	-2.8	-0.8	-
Tax revenue	% of GDP	17.5	17.4	17.7	-
Government consumption	% of GDP	19.3	19.4	19.5	19.5
Public education spending	% of GDP	4.6	3.9	-	-
Public health spending	% of GDP	5.4	5.7	-	-
R&D expenditure	% of GDP	1.2	0.8	0.9	-
Military expenditure	% of GDP	1.1	1.1	1.1	1.2

Sources (as of December 2019): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Market competition is consistently defined and implemented both macroeconomically and microeconomically in Slovakia. Prices are fully liberalized, while the “shadow” economy accounted for around 13% of GDP in 2017. Entry and exit barriers within product, factor and capital markets are low or do not exist. Slovakia fully complies with international rules for the equal treatment of companies. The country has a rather complex legal framework regulating business competition. Slovakia used to be a market reform champion among transforming countries under the former center-right ruling coalition (2002 – 2006). However, since then, market institutions have been weakened. The state of the judiciary, weak law enforcement, corruption and the excessive administrative burdens remain the main obstacles to improving the business environment.

Business positively assessed some measures, such as the amendment to the Commercial Code to prevent unfair mergers, the amendment to the VAT Act to accelerate the payout of VAT refunds and improve transparency, and the further



digitalization of tax administration. In the period under review, however, several problems with the market-based structure emerged. It takes a significant amount of time and resources to establish a business in Slovakia, a consequence of the country's complex legal framework for businesses. In the World Bank's Doing Business 2019 report, the country ranked 42 out of 190 countries in terms of the overall ease of doing business, although the situation varies by field of business. Establishing a business is particularly burdensome, according to Doing Business, not so much in terms of costs (1.0% of GNI per capita) but in terms of duration, as eight procedures and 26.5 days are required, with the country ranked 127 out of 190 in the sub-index "Starting a Business." According to the daily *Hospodárske Noviny*, the country's position would be worse without its membership of the European Union and strong foreign trade, where Slovakia occupies first place.

Slovakia's competitiveness has also worsened slightly, as the country ranked 41 out of 140 in the Global Competitiveness Report 2018, a fall of two places compared to 2017. While Slovakia gained good scores in macroeconomic stability and health care infrastructure, its weak points are limited innovation capacity and product markets, and low-quality public institutions. The regular business survey carried out by foreign chambers of commerce in 2018 also lists the shortage of qualified labor as one of the biggest obstacles. Companies were satisfied with state investment changes, because the changes mean that companies will no longer have to create new jobs in production, as provided by the law on regional investment aid adopted by parliament in 2018.

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

Some decisions by the Office for the Regulation of Network Industries (Úrad pre reguláciu sieťových odvetví, ÚRSO), concerning prices for public services (e.g., electricity, gas and water), appear to be politically motivated. The head of the ÚRSO is Ľubomír Jahnátek, a former minister of the economy, and a Robert Fico and Smer-SD loyalist.

Competition policy

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

Liberalization of
foreign trade

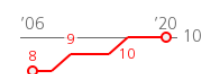
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In Slovakia, a two-tier banking system exists, which includes the National Bank of Slovakia (NBS) and various private commercial banks. The banking system is stable and has consolidated over the time. In the period under review, the banking sector operated in an environment of rapid domestic economic growth and continued improvement in the labor market situation. The banking system has remained stable and healthy due to the central bank's intensive monitoring of risk management practices. Slovakia has a well-capitalized and liquid banking system, as confirmed by the European Central Bank assessment, which reflects improvements in the macroeconomic environment. In general, this healthy environment will limit the downside risks to asset quality and profitability and, combined with the system's healthy capital buffers and stable funding and liquidity profiles, will underpin the stable outlook of the country's banks. Since January 2015, the NBS has received more supervisory powers over other financial institutions in Slovakia due to the amended Bank Act, implementing European Union directives ensuring greater supervision over banks by supervisory bodies. The NBS is able to demand specific reports or scrutinize banks' plans, and the NBS has to create a schedule of bank inspections based on the results of their stress tests. The same amendment granted the NBS new supervisory powers with respect to banks' customer protection. NBS used these new powers, especially drafted measures in the field of housing loans, as the level of household debt in Slovakia has been increasing. To reduce the risks of a housing bubble and strengthen financial stability, the NBS introduced proactive measures. For example, since 2017, banks must limit the share of new mortgages, with a loan-to-value ratio exceeding 90%, to less than 10% of all mortgages they approve.

Banking system

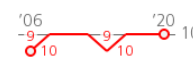
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8 | Monetary and fiscal stability

Since Slovakia's accession to the eurozone, anti-inflation and forex policy has been in the hands of the European Central Bank. Following three years of deflation between 2014 and 2016, the inflation rate has returned to a moderate level, 1.4% in 2017 and 2.5% 2018, according to Eurostat.

Monetary stability
10



Fiscal consolidation appears to be one of the few issues where there is a solid consensus among all political actors. This was confirmed by the establishment of the Council for Budgetary Responsibility in December 2011, an independent fiscal council charged with monitoring and evaluating fiscal policy and its effects on fiscal development. Slovakia managed to reduce its fiscal deficit from 8% in 2009 to 0.83% in 2018. For 2019, the government prepared a balanced budget, and in the next two years, the general government budget should produce a moderate surplus. The draft foresees a general government deficit of 0.1% of GDP next year, a balanced budget in 2020 and a surplus of 0.2% of GDP in 2021. However, these predictions were not linked to any structural reforms. Long-term risks to the public finances will remain due to population aging, and the lack of pension and health care reform. In addition, public debt remains relatively high, although it has slightly decreased over the last five years (50.9% of GDP in 2017).

Fiscal stability
9



9 | Private Property

Private-property rights in Slovakia are respected, and government authorities regulate the acquisition, use and sale of property. Property rights are sometimes abridged by the overriding rights of constitutionally defined public interests, for instance by highway construction projects, the protection of cultural heritage objects, and environmental-protection measures. The 2016 coalition government did not pass any relevant legislation to support more protection for private-property rights. Slovakia's International Property Rights Index score decreased by -0.12 points to 6.273, ranking Slovakia fourth in the Central Eastern Europe and Central Asia region, and 39th in the world.

Property rights
9



Since the 1998 elections, the privatization of state companies in Slovakia has followed market principles. Private enterprise is the central pillar of the Slovak economy; the majority of state-owned utilities and companies were privatized by 2006, and there is a considerable flow of foreign direct investments and multinational corporations into the country.

Private enterprise

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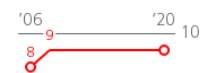
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10 | Welfare Regime

Since Slovakia acceded to the European Union, its social security system has covered all the standard social risks associated with a developed market economic system. The state social-support system is regulated by law and financed mainly by employee/employer contributions. The system guarantees basic benefits to the whole population. There are no sectors or social groups that are in principle excluded from the welfare system. Citizens are granted the right to benefits if they and their household members permanently reside in Slovakia, or if they are EU citizens. For non-EU foreign nationals, special rules apply. The institutional and organizational structure of the social protection system is fairly satisfactory, and it covers standard social risks. The social policy includes financial and non-financial benefits, direct and indirect payments as well as tax base deductions and subsidies.

Social safety nets

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Due to the strong growth of the Slovak economy, the unemployment rate has gradually fallen over the last few years to below 7% in 2018, which represents a record since the formation of an independent Slovakia. Further labor market improvements are expected in the medium term.

In Slovakia, the risk of poverty is low due to the country's relatively uniform income distribution. Long-term unemployment is one of the highest in the European Union and the labor market participation of vulnerable groups (e.g., Roma, young people, women with children, elderly people and low-skilled workers) is relatively low.

Domestic analysts are critical of the lack public expenditure reform in education, health care and social affairs. Moreover, domestic analysts have stated that the Smer-SD led governments' non-systematic measures (i.e., the so-called social packages) are counterproductive and have stressed the need to improve comprehensive legal measures.

The legal system in Slovakia guarantees equality of access to work, education and social services. There is no official discrimination on the basis of gender, race, religion or social origin. Literacy rates in the country are very high. Both men and women have the same degree of opportunity in the education system. Women account for a larger share of students within the tertiary education system. However, women continue to be under-represented in leading positions across various sectors of society, including politics and public administration. Education at state schools is free of charge at all levels.

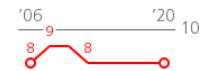
However, a structured support system intended to allow marginalized groups to overcome their initial disadvantages has been insufficient. This problem has been greatest for the Roma community, who still struggle to access education and employment. The issue of special schools is a long-term weakness within Slovakia's education system, which insufficiently addresses the special needs of Roma children. Slovak law prohibits discrimination and segregation in education, but many Roma children are still placed in special schools and classes for children with intellectual disabilities. Moreover, the European Commission has opened proceedings against Slovakia for breaching the Racial Equality Directive.

The Istanbul Convention remains a controversial issue in Slovakia. In April 2018, the leader of SNS strongly criticized the convention and Smer-SD, the ostensibly social democratic leading party of the government, has also refused to ratify it. Members of the Government's Council for Human Rights, Ethnic Minorities and Gender Equality issued a joint statement expressing their concern that an issue of fundamental rights has become a topic of negative political and ideological campaigning.

Dominant political elites reject the broad implementation of LGBTI rights and have refused to introduce the institute of registered partnership. The principle of equality of opportunity has also been violated by successive increases in the official registration threshold for new religious communities, evidently motivated by widespread distrust of Muslims. ESNS, a political party that rejects the principle that all people are equal, is represented in the parliament and freely spreads intolerant views.

Equal opportunity

8



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11 | Economic Performance

Slovakia was one of the fastest-growing economies in the eurozone before the global crisis and has managed to maintain a high economic growth rate since 2016. With GDP growing by 3.4% in 2017 and 4% in 2018, the Slovak economy remains among the fastest growing EU and OECD economies. Following three years of deflation between 2014 and 2016, the inflation rate returned to a moderate level in 2017 (1.4%) and 2018 (2.5%), according to Eurostat. Economic growth has brought a further decline in the unemployment rate and helped the government to reduce the general government fiscal deficit to a record low. Economic growth continues to be driven by solid household spending growth and a strong labor market recovery. Moreover, there has been a solid rise in exports. Both private and government investment is likely to accelerate in 2018 and 2019.

This development has strengthened Slovakia's position as the world's largest producer of cars per capita, although this will further increase Slovakia's already-high dependence on a single sector and on export performance. Moreover, long-term economic growth prospects still suffer from weak infrastructure, shortages of skilled labor, low R&D spending and a mixed public governance performance.

12 | Sustainability

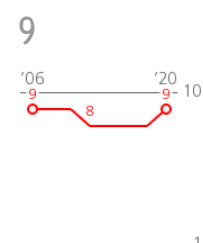
Slovakia has considerable natural resources, mainly in water and wood. Industrialization and general economic development are still higher priorities than environmental protection. As an EU member state, Slovakia adheres to strict environmental standards; however, its historical legacy still influences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

Nevertheless, public awareness of environmental issues has been gradually changing, and people have organized several protests challenging state administration decisions that could negatively affect the health and quality of the environment. The government responded to the increasing awareness of environmental concerns and amended some legislation.

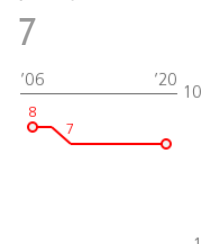
A well-known environmentalist Mikuláš Huba, professor of natural sciences and former dissident, said in an interview in 2018 that most people in top positions are environmentally ignorant and illiterate, and therefore Slovakia's environmental policies are not effective. For example, only after repeated protests, media attention and NGO-awareness campaigns did the parliament change the law and scrap subsidies for burning high-quality wood in biomass facilities.

Many environmental experts agree that Slovakia should cut financial support for the mining and burning of coal. However, automotive and supporting industries are so

Output strength



Environmental policy



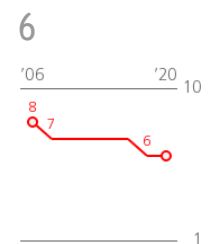
extensive that Slovakia is among the most energy intensive countries in the European Union. Slovakia is the biggest automotive producer per capita, such a strong dependence on only one industry creates a serious problem with sustainability.

Slovakia has a developed and functional system of educational institutions offering all levels of education from preschool to tertiary education, as well as life-long learning programs. However, its quality is declining compared to more developed countries due to the low level of spending on education and insufficient implementation of innovative teaching and learning methods. Spending on education decreased from 4.1% of GDP in 2014 to 3.8% in 2016. According to the European Commission, when spending on education in 2016 was measured against the total public budget, Slovakia was below (9.3%) the EU average (10.2%). Moreover, while R&D spending reached an historic peak of 1.2% of GDP in 2015, it dropped to 0.9% in 2017.

The reform progress is very slow, with reforms often poorly prepared and ineffective, due to a lack of political consensus and administrative chaos. The teaching profession is unattractive and graduates tend to choose better-paid jobs. Vocational education and training have been neglected for decades (since the transformation) and universities focus on non-technical education. Therefore, Slovakia faces a shortage of skilled workers, which are needed in its industry-oriented economy. In 2015, Slovakia re-introduced a dual vocational education and training system, but implementation was slow and interest among potential participants remained limited. However, in 2018, several administrative burdens were removed due to the European Commission's pressure, and participation in this scheme has increased (from 422 in 2015/2016 to 1,615 in the school year 2018/2019). Tertiary educational attainment has improved but remains below the EU average and quality control in higher education does not meet international standards. The implementation of the anti-segregation legislation adopted mid-2015 to improve levels of education among Roma children has been hindered by low teacher participation and a lack of teachers able to teach in multicultural settings. A new action plan, the Strategy of the Slovak Republic for the Integration of the Roma until 2020, aims to invest €170 million to improve educational outcomes for Roma students. The national monitor of fifth-grade pupils found huge disparities, with students from socially disadvantaged groups achieving about half the points compared to their peers from more socioeconomically privileged environments.

Following the coalition formation process after the 2016 elections, the Ministry of Education was given to the Slovak National Party. At the time, the Ministry of Education was known for its poor professional potential, inability to deliver systematic solutions, corrupt practices and frequent scandals. Since 2016, the situation has worsened. For example, the complex National Education and Training Development Program was not implemented due to the alleged corrupt behavior of

Education policy /
R&D



the minister, who was dismissed. Yet, the performance of the new minister is weak and scandals concerning the distribution of public funds for R&D projects continue.

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

Slovakia has a weak and underdeveloped research and innovation policy. R&D intensity, the number of patent applications and levels of employment in knowledge-intensive activities are below the EU average. Private sector investment in R&D has not been sufficient to compensate for state failures in managing R&D. In this sector, Slovakia is highly dependent on EU funds and, according to the Slovak Organization for Research and Development Activities, up to 89.1% of foreign resources spent on R&D come from the European Union, and EU funds account for 39.4% of all Slovakia's government spending. According to Peter Kolesár, chair of Neulogy (an R&D consulting company), while Hungary's private sector accounts for half of the total share of R&D investment in Slovakia, corporate funds account for only one-quarter of total Slovak funding. Moreover, the total share of R&D investment in GDP in the Czech Republic is more than twice as high as it is in Slovakia. The country lags behind in the actual drawing of EU funds supporting innovation and research.

Governance

I. Level of Difficulty

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

1) Substantial regional disparities between the relatively developed western part of the country (the Bratislava region, where there is export-oriented manufacturing FDI) and the central, southern and eastern parts of the country. These regions are still lagging behind, and their infrastructure remains underdeveloped. The second and third Smer-SD led administrations attempted to address these disparities by providing direct support to investors in the most disadvantaged regions. However, improvements have been slow.

2) Unemployment, especially long-term, poses an additional burden on social expenditure and the consolidation of public finances. At the same time, there is a lack of high-skilled labor in some areas in which projects receiving foreign investment are located. Therefore, the third Smer-SD government passed several measures to ease the entry and employment of foreign workers in Slovakia.

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

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

Slovakia has a long and vibrant civil society tradition, and committed civil society actors, which include numerous citizen associations, civil society initiatives and platforms, and large interest-based organizations participating in the social dialog. Moreover, due to the broad opposition to Mečiar's government, a wide variety of NGOs emerged that continue to act as effective analytical entities, advocacy groups, watchdogs and producers of policy proposals. Numerous think tanks have been established, which analyze and evaluate the government's policies, and shape the general public discourse. During the review period, Slovak NGOs were effective in organizing campaigns and protests against contentious issues, especially in response

Structural constraints

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Civil society traditions

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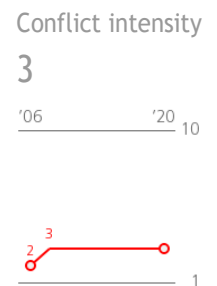
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to the murder of Ján Kuciak and his fiancée. The protests in response to double murder of Ján Kuciak and his fiancée were the biggest since the Velvet Revolution in 1989 and demonstrated the ability of civil society to influence society and even decision-making. The movement “For a Decent Slovakia” emerged from these protests and continued to rally during 2018, demanding progress in the investigation of the murders and more appropriate law enforcement.

According to the European Quality of Life Survey 2016, levels of interpersonal trust lag slightly behind most countries in the region.

In the past, the most salient division in Slovak society was the split along ethnic lines that manifested itself in party politics. Given the fact that in 2016 the two proponents of this cleavage, the Slovak National Party (SNS) and Most-Híd (meaning “bridge” in Slovak and Hungarian, respectively), became members of the ruling coalition, this conflict has become less salient at the national and local levels.

The dividing line between conservatives and liberals in cultural-ethical issues (e.g., reproductive behavior, family models, LGBTI rights, abortion and gender issues) is still present and shapes public discourse. Polarization along this dividing line has recently intensified, but has not escalated into open conflict. For example, Andrej Danko, speaker of parliament, and his party, SNS, frequently attacked the Istanbul Convention based on the Catholic Church’s objection that the agreement promotes “gender ideology.” These moves by conservative and nationalist actors are always welcomed by far-right extremists linked with Kotleba-ĽSNS. This cultural tension intensified after the murder of Ján Kuciak and his fiancée. Yet, far-right and even neo-Nazi extremism recently suffered a defeat, as Marián Kotleba and his party, ĽSNS, lost support in the 2017 regional and 2018 local elections. However, Slovakia’s population remains prone to racist sentiments, especially in areas with a significant Roma population. However, none of the old or new cleavages have escalated into violent incidents.



II. Governance Performance

14 | Steering Capability

The capacity for strategic planning is weak in terms of institutions and personnel, and there is no central policy-planning unit in the Government Office. The creation of the Solidarity and Development Council, a new advisory body, under the second Fico government failed to improve strategic prioritization. The Institute for Financial Policy, a research institute affiliated with the Ministry of Finance, enjoys the most important role. However, the institute has taken a relatively narrow fiscal perspective and has focused on the short to medium term rather than on the long term. Despite the left-right ideological differences that have dominated Slovak politics since the 2002 elections, there is a strong underlying consensus on general priorities, which include fiscal consolidation, economic growth and jobs and fair regional development. Since December 2011, when the parliament unanimously passed a constitutional debt-ceiling law, the main parties have agreed that consolidation of public finances is the top priority. Given strong economic growth, employment has increased. Regional disparities have not yet been fully addressed. Only in 2018 was a law facilitating investment in Slovakia's underdeveloped regions passed.

Past democratic and economic reforms introduced by Slovak governments were generally driven by the European Union and the country's obligations as a member of the European Union. The implementation of these reforms and policy measures has been largely effective. Since Slovakia's accession to the European Union, frequent amendments to basic legal regulations and adoption of new regulatory measures combined with poor coordination has created numerous implementation problems and increased transaction costs for society. Following the parties' 2011 consensus on the Fiscal Responsibility Act, this situation has partially improved, at least in this policy area.

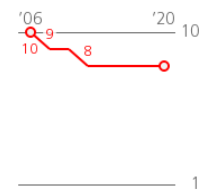
Since 2018, the main challenge to the ruling coalition has been its ability to maintain power; as such, the implementation of structural reforms has been very slow.

In the lead-up to Slovakia's accession to the European Union, policy learning was more efficient due to EU legislation and different schemes of cooperation. The impact of the European Union remains strong, especially in fiscal consolidation requirements, while in other areas domestic reforms tend to be driven by differing political interests. During the period under review, the coalition government seems to have learned how to follow EU requirements as well as its own ideological and pragmatic priorities.

Question
Score

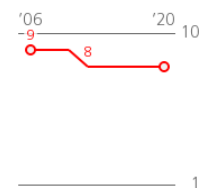
Prioritization

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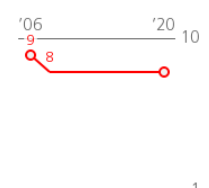
Implementation

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Policy learning

8



The adoption and implementation of legislation during Fico's second term was frequently inspired by foreign models. However, the organization of the government and public administration remains relatively rigid, even following EU accession. Much of the practice of governing has been affected by corruption scandals and reinforced by the inertia of officials, leading to a lack of progress.

15 | Resource Efficiency

Public service performance improved slightly during the EU accession process, when EU conditions stimulated civil service, regionalization and decentralization reforms. Since then, professionalism and efficiency, especially under the three Fico governments, have suffered from an increase in the central state apparatus, a lack of qualified staff (particularly at the local level), corruption scandals, nepotism and frequent ministerial changes. Thus, the performance of the public administration, its professionalism and efficiency have suffered from growth in the size of central state apparatus and lack of qualified staff in the civil service. Immediately following the 2016 elections, the new coalition again politicized the personnel appointments, as new coalition parties pushed their party-nominees for civil service. Clientelist and politicized appointment practices in public administration also increase the risk of corruption.

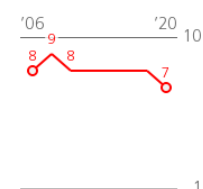
The European Commission repeatedly recommended improving public administration and in 2015 pushed the second Fico government to pass a new civil service act. However, the new legislation was only adopted by the third Fico government at the end of 2016. The Civil Service Act aims to increase the professionalism and quality of the civil service by improving the selection system, specialized training and the individual evaluation system. The opposition criticized the new law, stating that it would strengthen the position of civil servants nominated by Smer-SD and SNS. Due to the civil service reform and recent digitalization, the performance of public service has slightly improved. However, the costs of the reforms are difficult to evaluate.

The current coalition government uses political appointments and limits powers of independent regulatory agencies.

The bodies responsible for controlling the distribution of EU structural funds were integrated into the Government Office in order to improve coordination and centralize control over strategic public investments. However, there has been very little improvement and the impact of the Effective, Reliable and Open State Administration Reform (the so-called ESO reform), a flagship reform of Kaliňák (the former interior minister and close ally of Fico), cannot be measured. The most visible outcome of the ESO reform has been the unification of some parts of regional and local administration, de facto centralization, although whether this has improved efficiency

Efficient use of assets

7



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is uncertain. The coalition has delayed other overdue administrative reforms recommended by the European Commission or OECD.

Moreover, elected representatives and civil servants at the regional and local levels of government are still prone to corruption, while regional and local level governance suffer from a lack of public engagement and control.

Since Mečiar's rule, a balanced state budget has been a priority for all governments, including the new Fico government. Since the economic crisis, Slovakia has managed to reduce its fiscal deficit from 8% in 2009 to 0.78% in 2018, according to Eurostat. While the consolidation of the budget resulted from strong and higher-than-expected economic growth, and increasing employment, the government has also succeeded in limiting expenditure growth. In the period under review, the government continued its "Value for Money" project. The project has introduced elements required for policy evaluation, such as establishing objectives and metrics to support specific decisions. Furthermore, the government initiated a third round of spending reviews regarding four sectors: Groups at Risk of Poverty and Social Exclusion, Agriculture, Public Wage Bill, and Healthcare II. The new prime minister, Pellegrini (in office since March 2018), stated that he would continue to implement policies conducive to achieving a balanced budget. Indeed, improved economic performance enabled the government to pass the first balanced budget on 5 December 2018, one year earlier than suggested by the government manifesto. Risks to the public finances are predominately long-term in nature (e.g., population aging, and a lack of pension and health care reform). However, public debt is relatively high and only slowly decreasing (50.9% of GDP).

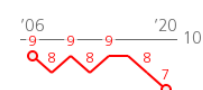
The Supreme Audit Office of the Slovak Republic (NKÚ) is an independent authority accountable exclusively to the National Council. Since 2016, NKÚ's performance has been unbalanced, as the office is active. However, the most sensitive cases (e.g., overpriced cultural events, controversial commissions during Slovakia's Presidency of the European Union or the suspicious allocation of EU funds to farmers in Nitra region) ended in inconclusive findings pointing to administrative deficiencies. This has become a frequent pattern of NKÚ's audits. The office "finds no crime, but flaws," which either delays a police investigation or provides no evidence for prosecution.

The coalition council was established following the March 2016 elections to improve the coordination of the political priorities, legislative activities and communication. Most importantly, the council negotiates solutions to potential disputes between the coalition parties. The first signs of difficulties emerged in the preparation of the government manifesto, which was very long (about 70 pages) and specified numerous goals (e.g., roughly 50 different educational goals were stated).

Since the formation of the current coalition government, Andrej Danko, chairman of SNS and speaker of the parliament, has been a problematic partner and has often

Policy
coordination

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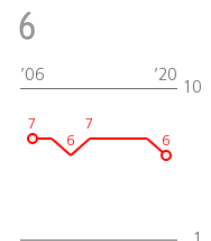


violated the coalition's communication rules, which led to an open crisis between the coalition partners in August 2017. The leaders of the coalition parties agreed on measures to improve communication, including regular Monday meetings, disclosing their proposals to each other no later than 24 hours before the cabinet session, and forming a working group for improving communication between the three parties at the local and regional levels. This situation indicates that policy coordination between the coalition partners is complicated. As a result, the coalition government opted for the traditional pattern of departmentalism, with ministries divided between the coalition partners. Despite this, Danko again criticized the new prime minister, Pellegrini, in April 2018 for a lack of information. Pellegrini and Danko agreed on additional communication meetings every Tuesday to discuss the Wednesday governmental session. Despite this move, disagreements over SNS decisions at all three SNS-led ministries (i.e., defense, education and agriculture) have regularly occurred. These issues were all related to the mismanagement of public (especially EU) funds and corruption.

Another problem for policy coordination concerns the behavior of Robert Fico, chairman of Smer-SD, who lost his position of prime minister in March 2018. However, as Fico remains the leader of the strongest coalition party, he has constantly intervened in executive decision-making. As a result, Fico has undermined and reduced the autonomy of Prime Minister Peter Pellegrini.

Corruption is the most sensitive political problem undermining political stability, good governance and the quality of democracy in Slovakia. The previous two governments headed by Robert Fico did not pay much attention to anti-corruption efforts and were shaken by several corruption scandals. The 2016 coalition promised to implement anti-corruption measures and the minister of justice, Lucia Žitňanská (Most-Híd), initiated several reforms to tackle corruption. However, Žitňanská resigned after a political crisis in March 2018. Given the governing coalition's intransigence on this issue, all attempts by the justice minister to introduce and strengthen transparency (e.g., the new rules to protect whistleblowers, cooperation efforts between the government and OECD to combat corruption, and the establishment of the Department for the Prevention of Corruption within the Government Office) have failed to achieve substantial change. On the contrary, allegations of corruption involving former minister of interior Robert Kaliňák and former prime minister Fico continued to attract public attention. Their links to Ladislav Bašternák, a businessman involved in fraud, led to several parliamentary votes of no confidence. Due to the government's parliamentary majority, the interior minister survived the votes of no confidence and resigned only after the murder of Ján Kuciak. Kuciak was investigating corruption in high politics and Italian mafia activities in Slovakia, disclosing the penetration of state structures by corruption. At the same time, allegations of corruption continued to be inadequately investigated and prosecuted, which created further frustration and distrust among the population. In the wake of anti-corruption protests, a new initiative Chceme Verit' (We Want to

Anti-corruption
policy



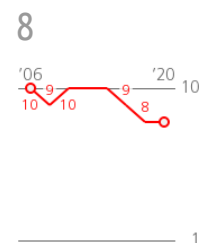
Believe) launched by leading NGOs (Fair-Play Alliance, Via Iuris, Slovak Governance Institute, Human Rights League, Open Society Foundation, Pontis Foundation and Stop Corruption Foundation) demanded that the new prime minister, Peter Pellegrini, implement more effective measures to combat corruption. Suggested anti-corruption measures included appointing scrupulous leaders to the police and the prosecution, strengthening the independence of the police from political influence, and opening the Prosecutor's Office to public control. However, close ties between politicians, oligarchs, criminals and public officials (e.g., police and prosecution officials, and judges) have established a sophisticated web of murky power relations.

16 | Consensus-Building

In the past, the main political parties agreed on the desirability of fostering democracy, rule of law and human rights. However, recently, the situation has begun to change. Following the March 2016 elections, there were indications of gradual erosion of the post-Mečiar consensus on liberal democracy as the best form of political orders and on the country's membership in the Euro-Atlantic community of states. Moreover, support for liberal democratic values among political actors has been decreasing, and social conservatism and reactionary ideas hostile to liberal values prevails in some parties' programs and influences public discourse. Populism has been flourishing and extremist politics has become part of the country's political discourse. Andrej Danko, the leader of SNS and speaker of the parliament, has openly praised Russian and Hungarian policies. Danko has repeatedly stated that he would like to run in the next elections on an agenda similar to Viktor Orbán's agenda – “a program of tough centralization of state that installs discipline and order here.” Smer-SD leader, Robert Fico, has criticized “liberal democracy,” arguing that it contradicts the norms of standard “parliamentary democracy.” However, it is unlikely that the country will turn to an illiberal political regime in the short term.

The main political parties agree on the desirability of fostering a market economy but there are differences of opinion when it comes to the very nature of the market economy. While the center-right parties prefer “pure” market economic principles, the left-leaning governing coalition insists on a socially oriented market model, without providing detailed characteristics, and has slowly interfered in the free market. The current consensus concentrates on a few issues usually related to EU priorities, such as the need for fiscal consolidation and a balanced budget. Yet, there are still a number of independent institutions that could operate as obstacles to attempts to erode basic market principles, such as the debt-brake law, the Council for Budgetary Responsibility, the Slovak National Bank and Slovakia's membership of the eurozone.

Consensus on goals



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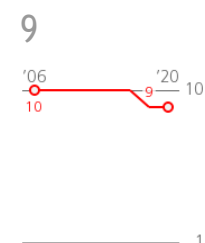
For a long period, there were no anti-democratic veto players in Slovakia. During the period under review, the influence of extremist political forces, and anti-immigrant and anti-Islam discourse persisted. Defying widespread fears, right-wing populist and extremist parties scored poorly in the regional elections in November 2017. However, support for the right-wing extremist party, measured by representative opinion polls, remained at or slightly higher than its 2016 parliamentary election results. Marián Kotleba, the extremist governor of the Banská Bystrica region, was ousted by an independent, democratic and liberal candidate in the 2017 regional elections.

While the state authorities try to limit Kotleba's party, local authorities have banned their meetings and the police investigated the party's financing in 2017. In April 2019, the Supreme Court will decide on the general prosecutor's motion to ban the party, which is according to the General Prosecutor's Office "an extremist party with fascist tendencies which violates the constitution, laws and international treaties with its program and activities." Several parliamentary parties, including Smer-SD and SNS, coordinate their legislative activities, which contradicts the 2016 post-election coalition promise to isolate the party. This inconsistent political approach to Kotleba and his party sends confusing signals to citizens and may increase the support for the party in the upcoming European Parliament elections.

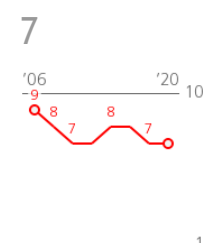
Slovakia is marked by several cultural cleavages (e.g., ethnic, political, regional and religious) and social cleavages (e.g., social status or rural-urban residence). Ethnic nationalism still plays an important role in politics, as radical nationalists (SNS and the even more radical LSNS) are present in the parliament. Overall, however, Slovak-Hungarian tensions have become less politically salient over the last couple of years. The Roma population and Slovakia's few Muslim immigrants have replaced ethnic Hungarians as populist politicians' main target for hostility. While the broad mobilization of democratic forces seems to have contributed to the defeat of Marián Kotleba, at the regional and local level, a number of radical conservative candidates have entered the 2019 presidential election campaign.

The involvement of civil society actors in the political process depends on the government's party composition. The previous cabinets led by Robert Fico preferred trade unions and employers' organizations, churches, academic institutions and universities as partners. Dialog has been perceived as the main tool for maintaining societal peace. Center-right parties tended to cooperate more with think tanks and NGOs. Given its diverse composition, the 2016 coalition government has not elaborated any salient or detailed policy toward civil society organizations. Actually, NGOs are explicitly mentioned only in relation to the government's goal of opening the selection of judges to public scrutiny. However, this may soon end following the resignation of the former justice minister, Žitňanská, and the Constitutional Court's decision that public scrutiny of future judicial appointments is unconstitutional. However, civil society in Slovakia proved to be sufficiently mature to gain widespread public respect even though the coalition parties are not keen to include

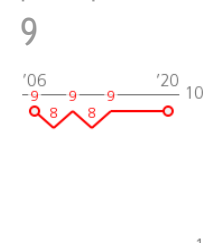
Anti-democratic actors



Cleavage / conflict management



Civil society participation



all civil society actors equally in deliberating and determining government policies. Some political parties, especially SNS, reject the importance of broad social dialog.

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

The Nation's Memory Institute (ÚPN) was only established in 2002, the delay a result of its highly politicized nature, its main responsibility is to provide access to records of the secret police (STB). Allegedly, some top figure of the former ruling party HZDS, including Vladimír Mečiar were collaborators of the STB. Allegedly, there have been instances in which the archives were manipulated and utilized against public and political figures, including Ján Budaj, one of the leaders of November 1989.

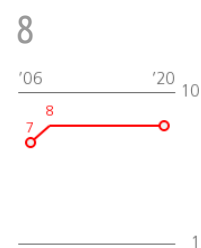
The ÚPN is also responsible for documenting totalitarian regimes in Slovakia and its recent role in fighting right-wing extremism has been positive, although inconsistent, as some leading figures clearly favored a clerofascist Slovak state. Only in March 2019 was the discredited chairman replaced.

During the period under review, UPN became more active in the analysis of the communist regime. However, Smer-SD politics and policies (e.g., “free” trains for students and pensioners) exhibit a nostalgia for the former communist regime, and the party has failed to take an active position in condemning the communist regime's crimes and failures (e.g., the government did not organize an official commemoration of the victims of the 1968 invasion of Czechoslovakia).

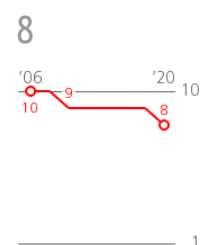
17 | International Cooperation

Slovakia is fully integrated into the international community, including the United Nations, the OECD and the European Union. In recent years, the previous and incumbent governments have placed particular focus on the direct material benefits from its integration into the European Union; over 80% of public investments are fully financed by EU funds. Since accession, the previous governments agreed on fiscal consolidation and developing the country's international image as a reliable and fiscally responsible partner, and on using this image to promote its long-term development agenda. However, the country has become increasingly dependent on EU structural funds to meet its developmental goals and lacks alternative means of development. Despite several attempts at reform, the rate of absorption of EU funds has remained low. The absorption of EU funds has been hindered by dysfunctional planning procedures, poor project design and selection, failure to comply with the requirements of environmental impact assessments, and corrupt practices.

Reconciliation



Effective use of support



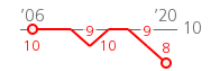
Since 1998, all Slovak governments have been trustworthy and reliable partners in relations with the international community. An underlying state priority is to be recognized as a credible partner by the international community, especially by the United Nations, the OECD, OSCE, Council of Europe, NATO,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

However, this image has been slightly damaged during the Greek debt crisis and more importantly by the previous government's negative position toward the refugee crisis in Europe. The new prime minister, Pellegrini, who has replaced Robert Fico, has shown a more accommodating stance toward EU migration policy and in June 2018 he admitted that Slovakia could accept 1,200 migrants residing in neighboring countries – although this has not happened yet. Pellegrini also promised that Slovakia would accept a certain number of Syrian orphans, which has not happened either. But even such changes in rhetoric were undermined by the approach of Smer-SD leader Robert Fico and SNS chairman Danko, who repeatedly criticized the EU migration policy (as well as EU sanctions imposed on Russia for its aggression toward Ukraine). Such contradictions have raised doubts about Slovakia's reliability as a partner and undermined its credibility. Another example of inconsistency was the parliament's decision over the Global Compact for Safe, Orderly and Regular Migration. While Foreign Minister Miroslav Lajčák defended the global migration compact and was ready to participate in the UN meeting in Marrakesh, Andrej Danko protested and the parliament blocked Slovakia's official participation. As a result, the government did not send any official representatives to the meeting.

The third Smer-SD led government officially positioned Slovakia as a core supporter of EU reform together with France and Germany. Moreover, the former prime minister, Fico, and his successor, Pellegrini, made EU relations a government priority, before the Visegrád-4. However, Andrej Danko's constant praise of and frequent visits to Russia, as well as his criticism of the EU sanctions imposed on Russia have complicated Slovakia's position within the Visegrád Group, especially in relation to Poland. Slovakia's efforts to act as a credible and reliable partner within the European Union and pursue cooperative regional and international relations have been weakened.

Credibility

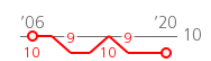
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Regional cooperation

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Strategic Outlook

While Slovakia's short-term economic and fiscal situation looks favorable, the country faces a number of political and policy challenges. Slovakia will hold presidential elections in March 2019 and the race is open, as the incumbent president, Andrej Kiska, will not run. There are several relevant candidates. For example, Maroš Šefvčovič, vice-president of the European Commission's Energy Union project, was nominated by Smer-SD; opposition parties SaS and Spolu support the candidacy of successful scientist-businessman Robert Mistrík; while the non-parliamentary party Progressive Slovakia supports Zuzana Čaputová, a lawyer and prominent civil society activist. There are several extremely conservative candidates, including the reactionary, nationalist and anti-Western Štefan Harabin (former minister of justice and chairman of the Supreme Court), who appeals to anti-system voters, and the right-wing extremist leader Marián Kotleba.

Another important election concerns the Constitutional Court. Nine out of 13 judges must be replaced in February 2019. Against the background of conflict among the ruling coalition and opposition parliamentary parties in these elections, the situation will become increasingly politicized, especially given that Robert Fico has registered as a candidate. The election of the new judges will shape the composition of the court until 2031.

Smer-SD has gained an opportunity to win back lost credibility and its support remains relatively high, around 20% (although still significantly below its 2016 election result). It is not yet clear whether Smer-SD will take a stronger stance against corruption, and end its interventionist approach to the market economy, media and public institutions. It is unlikely that the resignations of Prime Minister Fico and his close ally Robert Kaliňák will mitigate public frustration with the political class. It is very likely that the necessary reforms of the judiciary started by former minister of justice Lucia Žitňanská (who resigned in March 2018) will be postponed or abandoned. Moreover, real de-politicization of specific public bodies (e.g., the police, Public Procurement Office, Prosecutor General's Office and the Supreme Audit Office) and public administration in general is unlikely to happen soon.

Long-term economic prospects are limited by inadequate infrastructure, the lack of skilled labor and limited R&I activities. All of these require improvements to sustain economic development.

In the next parliamentary elections in 2020, party competition is likely to move back toward the political center. The poor performance of the extreme-right ĽSNS in the 2017 and 2018 subnational elections suggests that their success in 2016 might not reflect deeply anchored extremist attitudes.

The municipal elections in November 2018 led to the emergence of new political leaders at the local level, and the issues of corruption, poor policy-making and demand for ethical behavior have shaped the election discourse. However, elite-induced issues (e.g., fear of migration) are still present among segments of the population. The somewhat declining support for Smer-SD

alongside the formation of two new centrist and programmatic parties, Spolu – Občianska Demokracia (Together – Civic Democracy) and Progresívne Slovensko (Progressive Slovakia), might bring about change in the party system, as civil society and the media mobilize a substantial proportion of voters in favor of “decency” (i.e., values of effective governance and liberal democracy). If, in the coming elections, Slovak voters punish illiberal and strengthen liberal-democratic forces, the country will continue to deviate from the course taken in neighboring Hungary and Poland.