

Mandates for spending review of labour market policies and social policies

The spending review of labour market policies and social policies of the Ministry of Labour, Social Affairs and Family (MPSVR SR) and the Social Insurance Agency, in an annual amount of 11.5 per cent of GDP, will be focused on the potential improvement of efficiency and of targeting of policies, in particular, with regard to expenditures on social transfers and insurance, pensions, social services, employment policies and operation and investments of the Ministry, its agencies and the Social Insurance Agency, while maintaining the budgeted level of expenditures. The objective is to increase the employment rate and to reduce the share of population affected by poverty. The review will be linked to the pilot assessment of local branches of the Office of Labour, Social affairs and Family.

Performance objectives

The key objectives of the Government of the SR in employment and social policies is to increase the employment rates and to reduce the proportion of population affected by poverty. Slovakia has achieved a significant improvement in both indicators since 2010, however, it still has not met the objectives set in the National Reform Programme of the SR and in Europe 2020 Strategy, and stays below the EU level. The performance indicators are largely linked to target-oriented assistance to the beneficiaries (mothers, families, the disabled, the unemployed, persons in material need and socially disadvantaged communities). The purpose of the review will be also to improve consistency of the social insurance and pension system and to increase motivation to work and pay social security contributions. Consideration will be also given to sustainability of the system and the balanced intergeneration solidarity. The improved efficiency of public expenses of the Ministry of Labour, Social Affairs and Family and the Social Insurance Agency will contribute to meet government's goals in social and employment policies.

TABLE 1: Performance indicators for labour market and social policies

		2009	2010	2011	2012	2013	2014	2015	Target 2020
Long-term unemployment rate	SK	6.5	9.3	9.3	9.4	10.0	9.3	7.6	3.0
(per cent active population above 15 years)	EU	3.0	3.8	4.1	4.7	5.1	5.1	4.5	-
Employment rate	SK	66.4	64.6	65.0	65.1	65.0	65.9	67.7	72.0
(per cent in 20 - 64 age group)	EU	69	68.6	68.6	68.4	68.4	69.2	70.1	75.0
Reduction of poverty by soc. transfers	SK	24.9	26.2	25.3	24.7	25.2	25.4	25.8	-
(p.p.)	EU	26	27	27.1	27.1	27.7	27.5		-

Source: MF SR, MPSVR SR

Fiscal objectives

The purpose of the review will be to assess expenditures of the Ministry of Labour, Social Affairs and Family SR (MPSVR) and the Social Insurance Agency focusing on higher efficiency of current expenditures and analysis of economic benefits and the planned investment costs, while maintaining the budgeted level of expenditures. Reallocation of expenditures will be proposed towards programmes with the highest efficiency. The expenditures on projects implemented from EU funds under the programming period 2014 – 2020 should be used evenly until 2020.

Areas subject to review

Major areas subject to review include: social benefits and contributions, social insurance and pensions, social services, employment policies and operation and investments of the Ministry, its agencies and the Social Insurance Agency. Additionally, review will be focused on thematic areas analysed by types of beneficiaries, such as mothers, families, the disabled, the unemployed, persons in material need and socially disadvantaged communities. The review is to assess the operation of the pension saving system by employing “value for money” principle, including possible implementation of annual statement of social insurance payments.

Responsibilities and deadlines

It is the responsibility of the MF SR to carry out the interim and final report; the report is to be prepared in cooperation with the Ministry of Labour Social Affairs and Family SR. For the purpose of preparation of analysis of the above mentioned issues, MPSVR SR and MF SR agree to cooperate in providing complete and detailed data and information. The interim report will be prepared by the end of April 2017, the final report will be prepared and published by the end of June 2017.