

The analysis of chosen development indicators of the sustainable development of the Slovak Republic

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Abstract

Sustainable development has been defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. The European Union's Sustainable Development Strategy sets out the objective of promoting a prosperous, innovative, knowledge-rich, competitive and eco-efficient economy, which provides high living standards and full and high-quality employment throughout the European Union. The economic prosperity of Slovakia and its sustainable economic growth can be achieved through a full convergence of our economy with the economies of advanced EU Member States. The Paper aims at the analysis of chosen development indicator of the Sustainable Development of the Slovak Republic.

Key words Sustainable development. Indicators. Slovak Republic

1. INTRODUCTION

The Slovak Republic is one of the most dynamic economies in the euro area. The country has continued to converge rapidly towards the living standards of advanced OECD economies. However, the road ahead is full of challenges (OECD 2013). The Sustainable Development Indicators (SDIs) are used to monitor the EU Sustainable Development Strategy (EU SDS) in a report published by Eurostat every two years. They are presented in ten themes.

Of more than 100 indicators, eleven have been identified as headline indicators. They are intended to give an overall picture of whether the European Union has achieved progress towards sustainable development in terms of the objectives and targets defined in the strategy. For a more complete picture it is necessary to look at the progress of all indicators within a theme.

Table 1: Headline indicators of Sustainable Development

Theme	Headline indicator
Socio-economic development	Growth rate of real GDP per capita
Sustainable consumption and production	Resource productivity
Social inclusion	People at-risk-of-poverty or social exclusion
Demographic changes	Employment rate of older workers
Public health	Healthy life years and life expectancy at birth, by sex
Climate change and energy	Greenhouse gas emissions Share of renewable energy in gross final energy consumption Primary energy consumption
Sustainable transport	Energy consumption of transport relative to GDP
Natural resources	Common bird index Fish catches taken from stocks outside safe biological limits: Status of fish stocks managed by the EU in the North-East Atlantic
Global partnership	Official development assistance as share of gross national income
Good governance	No headline indicator

Source: European Commission, 2013

Evaluation of progress towards the agreed goals is an integral part of the European Sustainable Development Strategy. (Statistical Office of the SR, 2015). The evaluation of progress since 2000, based on the headline indicators, shows a rather mixed picture:

- Clearly favourable changes for indicators: 'Resource productivity' (since 2011), 'Employment rate of older workers', 'Greenhouse gas emissions' and 'Share of renewable energy in gross final energy consumption' (since 2005);
- Moderately favourable changes for the indicators: 'Real GDP per capita', 'Common bird index' and 'Life expectancy at birth' (since 2002);
- Moderately unfavourable changes for the indicators: 'Primary energy consumption', 'Energy consumption of transport relative to GDP', 'Fish catches from stocks outside safe biological limits' and 'Official development assistance';
- Clearly unfavourable changes for the indicator 'People at risk of poverty or social exclusion' (since 2008) (European Commission 2013).

2. MATERIAL AND METHODS

The Paper aims at the analysis of chosen development indicator of the Sustainable Development of the Slovak republic. Scientific Paper contributes to the solution of the partial aims of the project KEGA No. 032PU-4/2013.

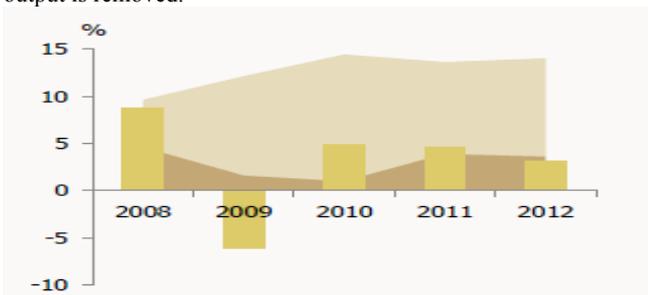
Base data were gained from the official data of the European Commission, scientific papers, publications and from the web pages of the relevant institutions as Worldbank, Eurofound, etc.. By the aim realization, different standard scientific research methods were used, e.g. comparative method, analysis and a synthesis.

3. RESULTS AND DISCUSSION

3.1 Sustainable economic growth

Sustainable economic growth means a rate of growth which can be maintained without creating other significant economic problems, especially for future generations.. Rapid growth today may exhaust resources and create environmental problems for future generations, including the depletion of oil and fish stocks, and global warming (Economics online 2014).

Economic growth occurs when real output increases over time. Real output is measured by Gross Domestic Product (GDP) at constant prices, so that the effect of price rises on the *value* of national output is removed.



Graph 1: Development of GDP at current prices (year on year in %), unemployment rate and inflation rate

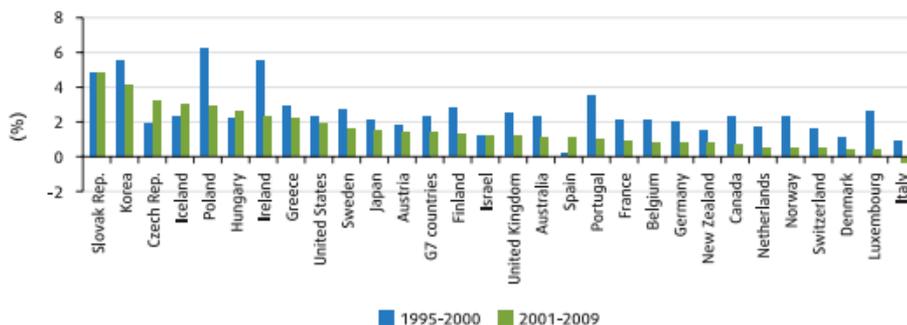
Source: Statistical Office of the Slovak Republic, 2014

The long-term year-on-year growth of the Slovak economy's productivity stopped in 2009. In the next year the GDP increased, but its relative year-on-year increases dropped until 2012. By an international comparison of the GDP per capita Slovak Republic has achieved 75 % level of the average European Union (27) GDP per capita.

3.2 Sustainable consumption and production

The Slovak Republic is the European value-added leader, increasing value added by 2.8 percent annually between 1995 and 2009 (see Graph 2). At independence in 1993, Slovak manufacturing was oriented towards heavy industry, but it was able to quickly diversify.

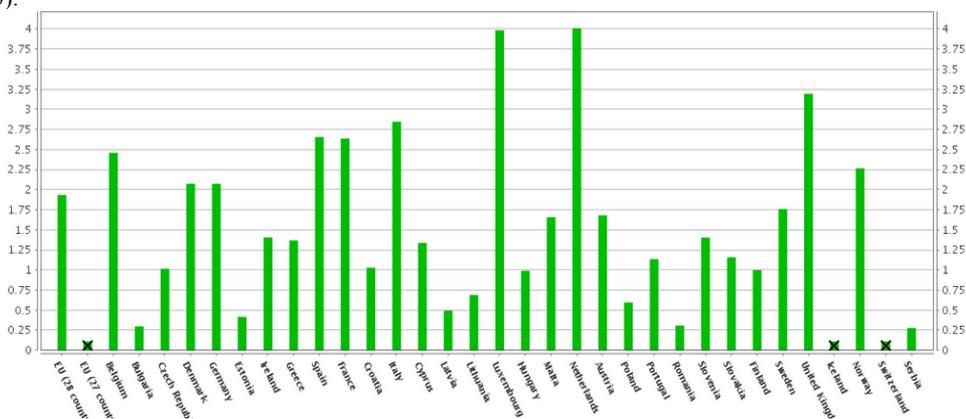
The influence of foreign FDI in the country's manufacturing is reflected in the sectoral composition of gross value added). In 2010 manufacturing accounted for a third of gross value added, nearly a 10 percent increase from 1995. Agriculture's share remained practically intact at around 5 percent, while the role of financial intermediation and real estate diminished from 20 percent of gross value-added in 1995 to 15 percent in 2010. The share of services remained stable (Worldbank 2015).



Graph 2: Labour productivity in OECD countries: average annual compounded growth rate 1995-2000 and 2001-09

Source: Worldbank according to OECD, 2015

Concerning total resource productivity, Slovakia belongs to the countries with the lower one (see Graph 3).



Graph 3: Resource productivity (€/kg)

Source: Eurostat, 2015

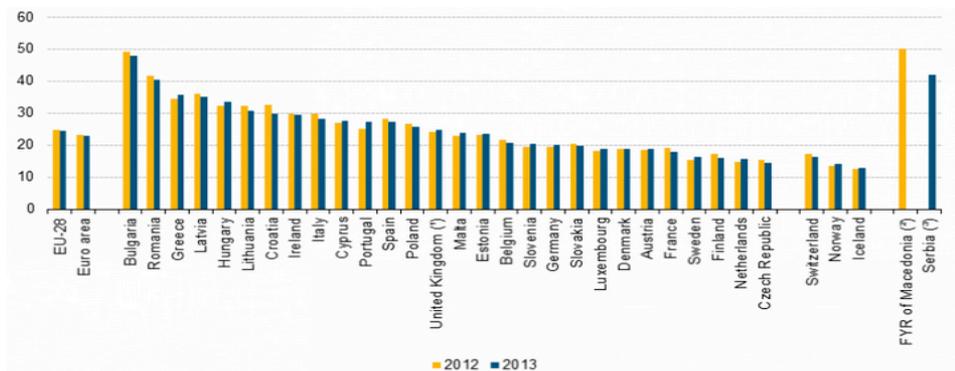
3.3 Social inclusion

In 2013, 122.6 million people, or 24.5 % of the population in the EU-28 were at risk of poverty or social exclusion (AROPE), compared with 24.8 % in 2012. This means that these people were at least in one of the following conditions:

- at-risk-of-poverty after social transfers (income poverty);
- severely materially deprived or
- living in households with very low work intensity.

The reduction of the number of persons at risk of poverty or social exclusion in the EU is one of the key targets of the Europe 2020 strategy. In 2013, more than a third of the population was at risk of poverty or social exclusion in five EU Member States: Bulgaria (48.0 %), Romania (40.4 %), Greece (35.7 %), Latvia (35.1 %) and Hungary (33.5 %). At the other end of the scale, the lowest shares of persons being

at risk of poverty or social exclusion were recorded in Sweden (16.4%), Finland (16.0%), the Netherlands (15.9%) and the Czech Republic (14.6%). Overall, the at risk of poverty rate has slightly decreased at EU-28 level between 2012 and 2013 by 0.3 pp. The risk of poverty or social exclusion rose by 2.1 pp in Portugal and 1.1 pp in Greece and Hungary, decreasing by 2.7 pp in Croatia and 1.7 pp in Lithuania.

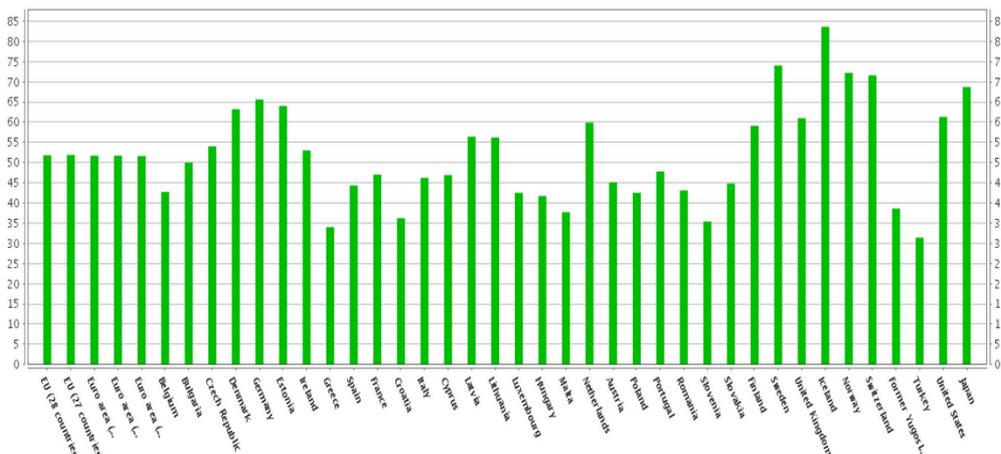


Graph 4: At-risk-of poverty or social exclusion rate, 2012 and 2013 (%)
Source: European Commission, 2015

In Slovakia, there is declining trend of the number of persons at risk of poverty from 32,0% in 2005 to 18,4% in 2014.

3.4 Demographic changes

Our societies are ageing. The number of working age individuals (aged 15–64 years) peaked around 2010–2011 and has begun to decline in the 27 EU Member States (EU27). The number of those aged 65 and over is predicted to increase by 20% by 2020.



Graph 5: Employment rate of older workers (%)
Source: Eurostat, 2015

Employment rates for older workers (aged 55–64) have increased by nearly 10 percentage points in the decade to 2010. However, employment rates for older workers remain very low in many Member States. Only 3 out of 10 of those in the ‘pre-retirement’ age cohort (60–64) in the EU27 are in employment. Older workers are more likely to be on open-ended contracts, but are also more likely to be working part time or to be self-employed than other workers.

Slovak Republic belongs to the countries with the lower employment rate of older workers, about 44,8 % in 2014 (growth about 22% from 2004). There are about 53,1 % employed older men a 37,2 % employed older women.

4. CONCLUSION

The Sustainable Development Indicators (SDIs) are used to monitor the EU Sustainable Development Strategy (EU SDS) in a report published by Eurostat every two years. They are presented in ten themes. Of more than 100 indicators, eleven have been identified as headline indicators. The headline indicator of Socio-economic development is Growth rate of real GDP per capita. The long-term year-on-year growth of the Slovak economy’s productivity stopped in 2009. In the next year the GDP increased, but its relative year-on-year increases dropped until 2012. By an international comparison of the GDP per capita Slovak Republic has achieved 75 % level of the average European Union (27) GDP per capita. The Slovak Republic is the European value-added leader. Concerning total resource productivity, Slovakia belongs to the countries with the lower one. In 2013, 122.6 million people, or 24.5 % of the population in the EU-28 were at risk of poverty or social exclusion. In Slovakia, there is declining trend of the number of persons at risk of poverty from 32,0 % in 2005 to 18,4 % in 2014. Slovak Republic belongs to the countries with the lower employment rate of older workers, about 44,8 % in 2014 (growth about 22% from 2004). There are about 53,1 % employed older men a 37,2 % employed older women. We can see moderately favourable changes for indicator sustainable consumption and production and demographic changes and moderately unfavourable changes for indicators sustainable economic growth and social inclusion.

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