

## Summary

This Working Paper presents the methodology for the calculation of development deficiency indices for statistical regions of Slovenia. The development deficiency index is a composite index that was introduced into Slovenia's regional policy as part of the National Regional Development Strategy adopted in 2001, and has been used as the basis for allocating direct and indirect regional incentives. The calculation of the index is relatively complex, and the regulations on the promotion of regional development were changed in 2005, which necessitated the construction of a new, simpler index. A new methodology for the calculation of the development deficiency index was conceived within the research project entitled 'Development of Tools for Determining and Monitoring Regional Development Policy' and its subproject entitled 'Development Deficiency Index' by experts from the Institute for Economic Research, Institute of Macroeconomic Development and Analysis, and Department of Geography at the Faculty of Arts in Ljubljana, in co-operation with the Government Office for Local Self-Government and Regional Policy. On the basis of this methodology, the Slovenian government adopted a decision on the classification of regions according to the level of their development deficiency for the programming period 2007-2013. The development deficiency index will remain one of the criteria applied in allocating regional incentives in this programming period.

Because of the significance of this index it is essential that everyone who will use it in the future should be familiar with its calculation methodology. This working paper attempts to contribute to this aim by presenting the reasons for the construction of the new index calculation method, comparing it with the old one, explaining the indicators that were included in the calculation and publishing the raw data used in the calculation of indicators. The paper also includes the full text of the government's decision on the classification of regions according to their development deficiency levels. In the final chapter we examine the possibilities of applying the development deficiency index methodology to the territorial level of municipalities and present the relevant data for municipalities. Finally, the calculated data are presented graphically in a map showing the development deficiency indices of Slovenia's statistical regions.

**Key words:** development deficiency index, methodology, classification of regions, level of development, development deficiency rate, indicators, composite indicator, regional development, promotion of regional development, developmental incentives.