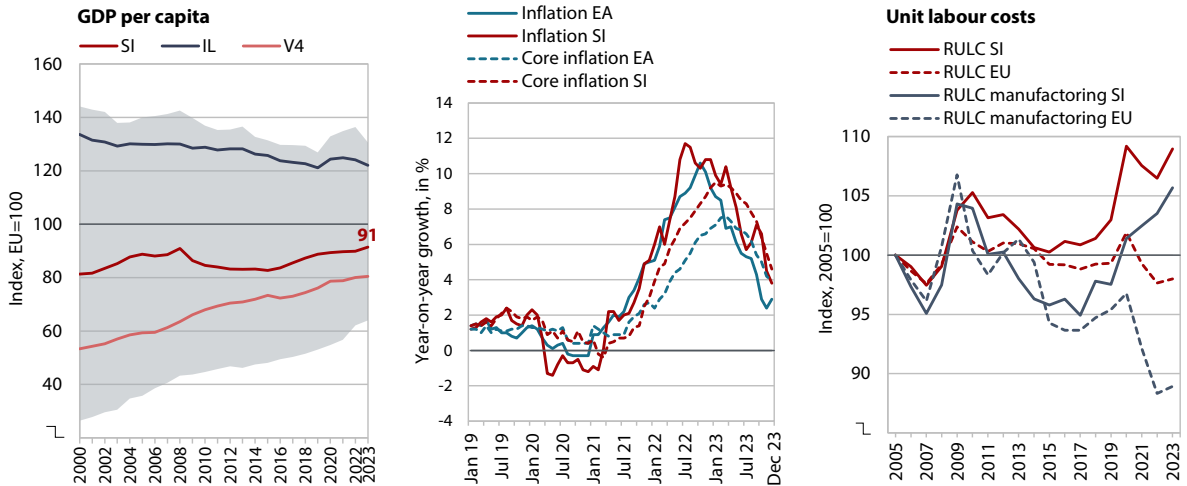


Summary with key recommendations

A highly productive economy that generates value added for all

Slovenia’s real convergence process slowed during the epidemic and the energy crisis, and the impact of external cost shocks, extensive fiscal support and rising labour costs was reflected in high inflation. In 2023, GDP per capita (in purchasing power standards) was 91% of the EU average, which is only two percentage points above the 2019 level. The strong post-COVID-19 economic recovery, which was amply supported by fiscal policy measures amid an upturn in Slovenia’s trading partners, was followed in 2022 and 2023 by a slowdown in economic growth and a rise in inflation in the context of the energy crisis. With the slowdown of activity in the international environment, increasing cost pressure on competitiveness and a decline in household purchasing power, export activity and private consumption in particular weakened significantly. The impact of these factors was cushioned by support measures for businesses and the population. After relatively weaker results in 2022, economic growth in 2023 was thus above the EU average again. Inflation in 2022 was mainly driven by rising commodity prices (especially energy), supply chain disruptions and several years of extensive fiscal support. It slowed significantly towards the end of 2023, while price pressures (especially in services) persist owing to rising labour costs and incomes. Nominal wage growth accelerated markedly in 2022 and 2023, driven by post-COVID-19 economic growth, inflation, extraordinary wage increases in the public sector and severe labour shortages (due to demographic change). Amid a cyclical slowdown in productivity growth, this has also led to a deterioration in the economy’s cost and price competitiveness indicators. Due to the epidemic, the general government balance turned from a surplus to a large deficit in 2020. The deficit gradually decreased with the phasing-out of the temporary COVID-19 support measures for businesses and the population. In 2023, however, it was still significantly affected (-2.5% of GDP) by measures aimed at mitigating the energy crisis and addressing the consequences of floods. Ageing-related expenditure continues to exert pressure on the sustainability of public finances over the long term.

Figure 1: Slowdown in economic catching up in 2020–2023 (left); stabilisation of inflation at the end of 2023 (middle); increased labour cost pressures (right)

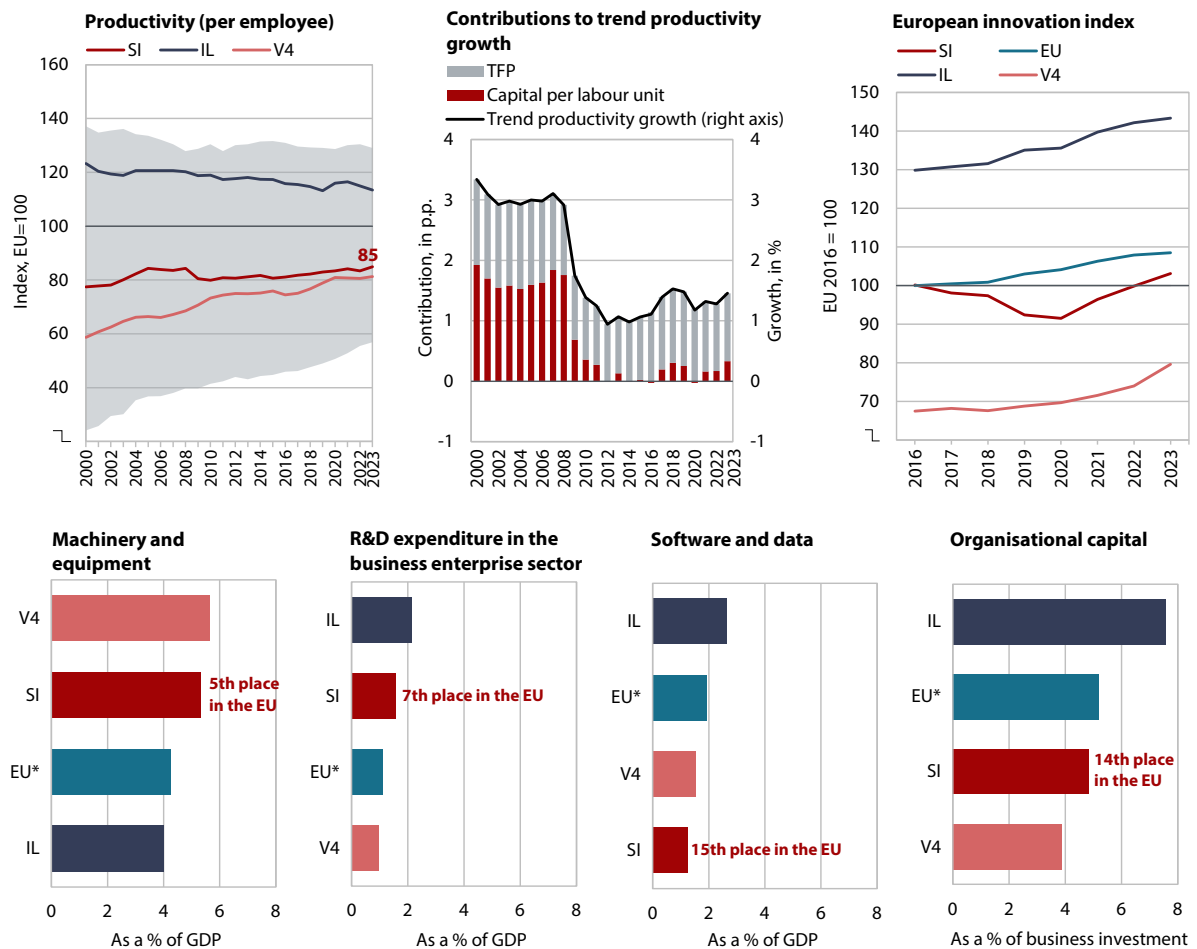


Source: Eurostat (2024). Note: RULC – Real unit labour costs (ratio of nominal productivity to nominal compensation per employee); SI – Slovenia; EA – Euro area; IL – innovation leaders (Belgium, Denmark, Finland, the Netherlands, Sweden); V4 – Visegrad countries (Czech Republic, Hungary, Poland, Slovakia).

Trend productivity growth remains weak, though some of its factors have been gradually improving for some years; however, to achieve a more significant productivity boost, we need to accelerate investment in the smart and green transition and broaden and deepen the business transformation processes. Slovenia still lags far behind the EU average in terms of productivity and is gradually losing the lead it had over the Visegrad Group. In fact, trend productivity growth has slowed considerably with the weakening of investment activity following the global financial crisis and has been at around half the pre-2008 level for several years, while it has also not been sufficiently structurally adjusted. Recently, a number of productivity factors have

improved, albeit from a low or average level that lags far behind that of the innovation leaders. Overall investment activity has picked up significantly since the middle of the last decade. Positive trends, especially in the post-COVID period, are also observed in some investment segments that are important for economic transformation (business investment in machinery and equipment, R&D, marketing and environmental projects, etc.). In addition, innovation activity of enterprises improved in the period 2018–2020 (latest available data) and was above the EU average. However, Slovenia is clearly lagging behind in the softer productivity factors, particularly in investments in software and data, organisational capital, and education and training. This contributes to a lack of depth in business transformation or insufficiently ambitious introduction of higher value-added products (which is reflected, for example, in companies’ relatively low revenues from new product launches and the lag in the utilisation of some advanced technologies, e.g. CRM systems or big data analytics). The pace of business transformation is faster in large companies, while by international comparison, small and medium-sized enterprises are less successful, for example, in terms of innovation activity and digital intensity. With a high proportion of university graduates, human resources remain Slovenia’s comparative development advantage, but the development and attraction of top professionals (researchers, PhDs), who are crucial for innovation, is too slow. In addition, economic transformation must be supported by the strategic development of human resources. Companies struggle most with finding professionals, technicians and other skilled workers, and Slovenia faces one of the greatest shortages of ICT specialists in the EU.

Figure 2: Modest productivity growth since the global financial crisis in relation to slower investment growth (left and top middle); positive developments in innovation (top right) and certain investments in the smart transformation in recent years, but significant delays in some softer factors (bottom)



Sources: Eurostat (2024), EC (2023b), EIB (2023); calculations by IMAD. Notes: * Unweighted EU average; TFP – total factor productivity, which measures the efficiency of inputs going into a production process. Data on investment in machinery and equipment and in software come from Eurostat’s national accounts (2021), R&D expenditure in the business enterprise sector comes from Eurostat’s Science, Technology and Digital Society database (2021) and refers to the R&D sector, and data on the share of business investment in organisational capital comes from the EIB Investment survey and refers to 2023. SI – Slovenia; IL – innovation leaders (Belgium, Denmark, Finland, the Netherlands, Sweden); V4 – Visegrad countries (Czech Republic, Hungary, Poland, Slovakia).

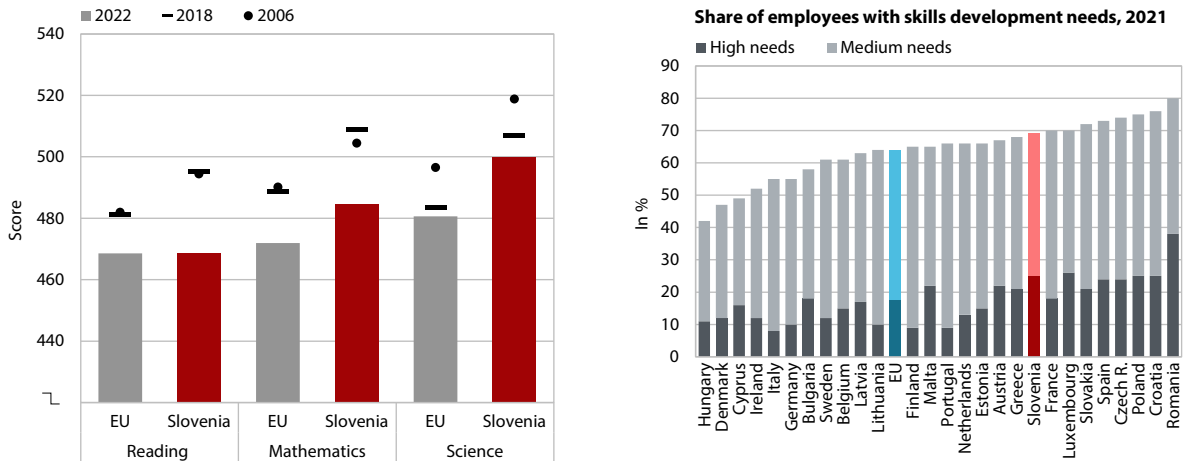
RECOMMENDATIONS

- Strengthen productive investment, especially in intangible capital and in the smart (especially digital and organisational) and green transformation of the economy. This objective should also be pursued in the prioritisation of state resources and the use of EU funds.
- Strengthen the development of human resources at all levels, including top experts (researchers, PhDs, etc.), and attract top talent from abroad.
- Deepen the innovation activity of companies (including by the fast-movers) by promoting more complex, high-risk and collaborative projects and by encouraging a comprehensive integration of technologies and new organisational approaches.
- Expand business transformation processes by promoting innovation, digital and green transformation, especially in small and medium-sized enterprises.
- Improve the business support environment (especially for start-ups) by increasing the availability of venture capital, strengthening the institutional support environment, and further strengthening of cooperation between companies and knowledge institutions.
- Accelerate the shift of production resources from less productive to more productive enterprises by focusing economic policy measures on the healthy cores of the economy, especially its development-oriented niche parts.
- Promote the restructuring of regions by transforming existing activities and developing new ones, taking into account the development potential of each region, which not only has a positive impact on the economy but also contributes to the realisation of the SDS targets in terms of the environment and the well-being of the population.
- In the medium term, further reduce the general government deficit through more sustainable economic policy measures based on the prioritisation of government spending and ensure more sustainable ageing-related government expenditure, especially pension expenditure, through the implementation of the pension reform.

Learning for and through life

Some indicators of the quality of basic and upper secondary education have deteriorated in recent years; the proportions of adults with upper secondary and tertiary education have been increasing for several years, but the pace of development of human resources to ensure the provision of quality public services and the green and smart transformation of the economy has been too slow. The share of adults who have completed at least upper secondary education has increased over the past decade, as has the share of adults with tertiary education, which has been above the SDS 2030 target (35%) for three years in a row, although it is still lower than in most economically developed countries. Some indicators of the quality of basic and upper secondary education show that the literacy rate of young people has deteriorated, that the percentage of primary school pupils who like school has fallen and that there is a shortage of teachers. In the period 2018–2022, the learning outcomes of children from vulnerable groups, which include certain minorities and disadvantaged groups, and of children of parents with low levels of education have deteriorated. After a long-standing negative trend, adult participation in lifelong learning increased in 2021 and reached the SDS 2030 target (19%) for the first time in 2022. However, almost half of adults do not want to participate in education. An analysis of the labour market situation shows that the supply of certain skills exceeds demand, resulting in people being overqualified for their jobs (vertical mismatch) or employed in jobs that do not match their field of study (horizontal mismatch), with Slovenia having one of the highest proportions of the latter in the EU. At the same time, there is a shortage of skilled labour in the fields of science, technology, healthcare, social security and education, increasingly limiting our ability to meet the current and future needs of a long-lived society and the smart transformation of the economy. In the field of culture, international activities are being stepped up and the range of cultural events and visitor numbers are increasing, while according to the Institute for Economic Research estimate, the visibility and exploitation of the potential of the cultural and creative sector remain insufficient.

Figure 3: The scores achieved by 15-year-olds in reading, mathematics and science literacy have deteriorated in Slovenia and the EU¹ (left); many employees believe they need additional training (right)



Sources: OECD (2023c) and CEDEFOP (2022). Note: 1 A higher score means higher literacy.

RECOMMENDATIONS

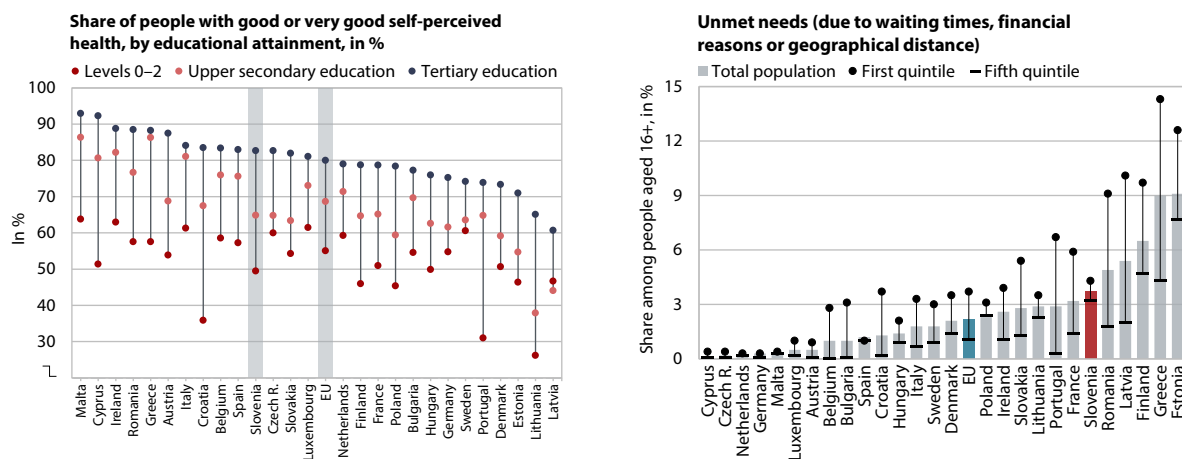
- Create a comprehensive system for identifying and forecasting human resource and skills needs to reduce labour market mismatches.
- Adapt (re)training programmes and promote up-skilling of employees.
- Better adapt upper secondary and tertiary education to the future needs of the labour market by adjusting the structure of enrolments.
- Adopt a comprehensive and inter-ministerial approach to improving the literacy and other skills of children and young, with a variety of approaches based on a culture of learning and understanding, including through greater inclusion of cultural and artistic content.
- Take care of the mental health of children and young people and foster their creativity by strengthening the values of cohesiveness, solidarity, reciprocity, tolerance, imagination and curiosity to help them cope with new and unpredictable climatic, social and other challenges and better prepare them for their life course.
- Strengthen the strategic development of teaching and counselling staff.
- Ensure inclusion and zero tolerance of discrimination for vulnerable groups of children with long-standing intergenerational transmission of disadvantages.
- Raise awareness of the benefits and necessity of lifelong learning in the face of demographic, social and technological change and the increasing frequency of crises and uncertainties, especially among people with a low level of education and the elderly. Pay more attention to adult literacy (functional, digital, financial, environmental, etc.), raising awareness of discrimination and the benefits of empowering vulnerable and marginalised groups.

An inclusive, healthy, safe and responsible society

While the quality of life has gradually improved and the health status of the population has almost reached the pre-epidemic level in the last two years, the accessibility of public health and long-term care systems is facing growing challenges. Trust in people, mutual assistance and social contacts have gradually improved in recent years and life satisfaction is higher than ever before. Key health indicators have improved after the epidemic, but the healthcare system faces growing challenges despite a series of measures taken and a significant increase in public funding. An ageing population, a higher prevalence of chronic diseases, a shortage of family doctors and longer waiting times have had an impact on the accessibility of healthcare in 2023. Unmet needs for healthcare have declined since 2021 but are still higher than before the epidemic. Total health expenditure as a share of GDP was in line with the EU average in 2022; the share of out-of-pocket expenditure, which was still very low in current expenditure, increased in household consumption, reflecting a deterioration in affordability. In 2024, the supplementary health insurance was abolished and a new

mandatory healthcare contribution was introduced. The shortfall in healthcare funds will be partly covered by the state budget. Remote consultations and the digitalisation of healthcare have accelerated with the epidemic, but they remain a challenge for older, less educated and socially disadvantaged people who do not have access to digital tools or skills to use them. Several measures were taken to improve the mental health of the population, which had deteriorated during the epidemic. A high-risk lifestyle is still a major problem, and the proportion of people who are less physically active is particularly high among people with a low level of education. Climate change is also a growing public health challenge. The new Long-Term Care Act creates a framework for the financing and development of long-term care services, the need for which is growing rapidly due to demographic change. However, staff shortages will pose a major challenge.

Figure 4: Self-perceived health is above the EU average only among people with tertiary education (left);¹ unmet needs for healthcare are due to long waiting times, which are well above the EU average (right), 2022



Sources: Eurostat (2024a), EU-SILC 2022. Note: ¹ The share of persons aged 16 or over with very good or good self-perceived health.

RECOMMENDATIONS

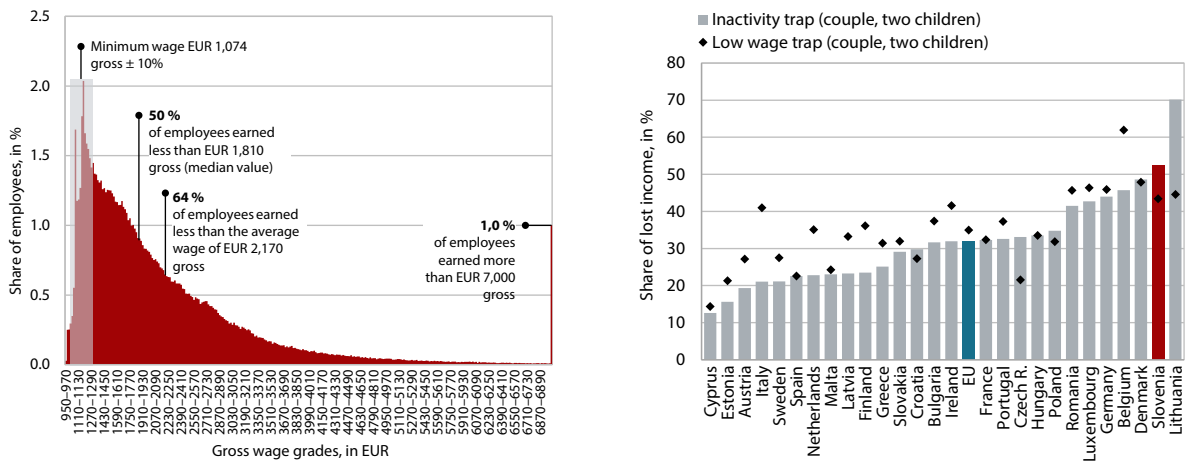
- Improve the accessibility of healthcare by taking measures to reduce the administrative burden on healthcare teams at the primary level and redistribute tasks within the teams; take measures for more efficient management of healthcare facilities and further digitalisation of healthcare.
- Redefine the relationships between healthcare funding sources and optimise the scope of publicly funded services; reform the models for funding individual health activities.
- Pursue a systematic and interdepartmental approach to the prevention of health inequalities, which are more pronounced in the most economically vulnerable social groups.
- Raise awareness among all generations of the need to take care of their physical and mental health and strengthen prevention programmes and programmes to prevent functional limitations among older people.

Despite a severe labour shortage due to demographic change and employment rates at an all-time high, access to quality jobs is still a challenge for some people.

In 2023, the employment rate was higher than ever (77.9%) and only 1.6 p.p. below the European Pillar of Social Rights (EPSR) target. Slovenia has considerable scope to increase the employment rate of the older population (55–64 years), since this group has a relatively high proportion of the inactive population due to early retirement options, working conditions that do not meet the needs of older people, lack of appropriate skills, and the high inactivity and low wage traps (low work incentives). There is slightly less scope to increase the employment rate of young people (aged 15–24), as they are not in employment mainly due to high participation in education, while the apprenticeship system, which combines school-based and on-the-job training, remains underdeveloped. The integration of workers from abroad must be regulated by a migration and integration policy that eliminates unequal treatment, because for many years they have been paid on average less than workers born in Slovenia for the same work and face discrimination

and many other obstacles. The high wage density in Slovenia may prove to be a deterrent to attracting foreign skilled labour or retaining local ones. The gender pay gap is smaller than the EU average but remains constant and has not narrowed despite a number of measures being taken. According to the gender equality index, Slovenia ranks below the EU average. Since the COVID-19 crisis, employees have had less difficulty in reconciling work and family life, but women are more likely to take on care responsibilities than men, which is one of the reasons for the high absenteeism rate, along with the high intensity of work and the lack of adaptation of the workplace to an ageing workforce. Labour market segmentation has decreased over the last decade, while the in-work at-risk-of-poverty rate increased in 2023 (to 5.7%) and moved away from the SDS target (below 5%) after approaching it for four years.

Figure 5: The distribution of gross wages is highly concentrated around the minimum wage (left); the inactivity and low wage traps remain high (right)



Sources: SURS (2024b), IMAD estimates and Eurostat (2024). Notes: The “inactivity trap” indicator measures the proportion of net earnings that is lost due to higher taxes and lower social transfers when a person who is not in employment takes on a job. In the figure on the right, the calculation is made for a couple with two children where one parent already earns 100% of the average wage while the other, who was inactive and received financial social assistance, rent subsidy and child benefits, takes on a job that pays 67% of the average wage. For the same household, the “low wage trap” indicator shows the difference in net earnings of employed persons when moving to a higher-paid job (from 33% to 67% of the average gross wage) due to higher taxes and social contributions and lower social transfers than at the previous lower-paid job with lower taxes and social contributions and higher social transfers.

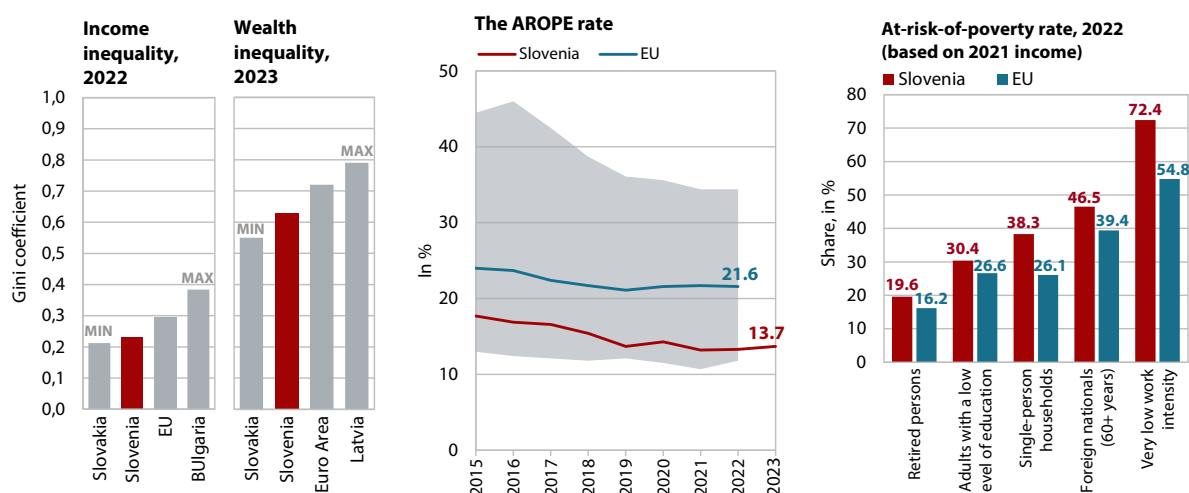
RECOMMENDATIONS

- Ensure more effective labour market integration of young people, older people and the inactive by improving the quality of jobs and providing more incentives to work, investing in education, training and retraining, and increasing the attractiveness of work.
- Improve the alignment of the minimum wage with the tax and social transfer system to reduce the low wage trap and increase the frequency of minimum cost of living calculations that form the basis for setting the minimum wage.
- Introduce a wage incentive system for the entire public sector to ensure the provision of quality public services.
- Strengthen migration and integration policies and enable a high quality of life for immigrants in Slovenia.
- Ensure a more equal distribution of unpaid or care work between men and women.
- Develop proposals to systematically eliminate pay inequalities and narrow the pay gap, as proposed in the EU Pay Transparency Directive, and strengthen women’s efforts to be employed in gender-atypical occupations.

The at-risk-of-poverty or social exclusion (AROPE) rate, which is one of the lowest in the EU, has risen slightly in the last two years, while income inequality is still the second lowest in the EU despite a slight increase. The material well-being of the population, measured by actual individual consumption per capita (in PPS), has improved very slowly in recent years, reaching 87% of the EU average in 2022, putting

Slovenia in 16th place in the EU. Gross disposable household income increased in real terms in the period 2020–2023, largely due to government measures to mitigate the effects of the epidemic and rising prices. In 2022, the highest share in the structure of household expenditure was again spent on transport (the highest among all EU Member States), while the lowest income quintile spent the highest share on housing. Despite a slight deterioration, income inequality remained one of the lowest in the EU in 2023, while wealth inequality was the fourth lowest in the euro area. The AROPE rate rose slightly for the second year in a row (to 13.7% or 287,000 persons), moving away from the EPSR target (less than 270,000 persons) but remaining among the lowest in the EU. The at-risk-of-poverty rate has also increased, and for some vulnerable groups – including children of parents with low levels of education, pensioners, minorities, immigrants and tenants – it has been above the EU average for many years. In the absence of a housing policy, the housing shortage of certain population groups has been worsening for many years, and economically vulnerable households that are energy poor and live in poor-quality housing are facing housing deprivation. At the same time, the effectiveness of social transfers in preventing poverty was at a historic low in 2023 (35.5%). Therefore the approach to tackling poverty and deprivation among the most vulnerable groups must be robust and include systematic and targeted measures. Exposure to various forms of discrimination also increased in 2023 but still remained one of the lowest in the EU.

Figure 6: Income and wealth inequality and the AROPE rate are among the lowest in the EU, while the at-risk-of-poverty rate of certain vulnerable social groups has been above the EU average for several years



Sources: Eurostat (2024a), ECB (2024) and SURS (2024). Notes: The figure on the left shows the countries with the highest and the lowest inequality and the value of the Gini coefficient for Slovenia and the EU/euro area. The Gini coefficient ranges from 0 (perfect equality) to 1 (perfect inequality). Figure in the centre: AROPE - The at-risk-of-poverty or social exclusion; the shaded area shows the range between the EU Member States with the lowest and the highest indicator values. The figure on the right includes the latest comparable international data.

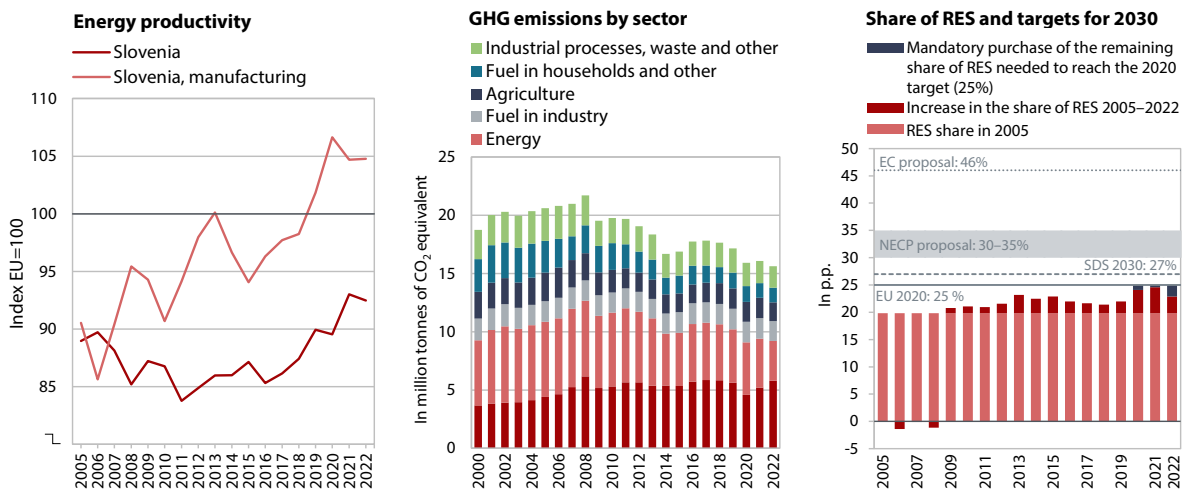
RECOMMENDATIONS

- Modernise and comprehensively reform the extremely complex social legislation (in particular the Social Assistance Payments Act and the Exercise of Rights to Public Funds Act). Ensure an appropriate social transfer floor through more frequent calculations of the minimum basic income (MBI).
- Comprehensively and definitively address the decades-old anomalies in the information system of the Centres for Social Work (ISCSD-2) for determining eligibility for social transfers.
- Increase ambition in eradicating poverty among the most vulnerable groups, especially children exposed to intergenerational transmission of disadvantages, through systematic and targeted action.
- Introduce an integrated housing policy to increase the supply of public rental housing, activate vacant housing and create sufficient housing facilities adapted to vulnerable groups (in particular sheltered housing for the elderly and people with disabilities and housing for young people, families, immigrants, migrants, etc.), including through a reform of the property tax system.

A well-preserved and healthy natural environment

Given the lack of progress in the transport sector and in the use of renewable energy sources, the pace of the transition to a low-carbon economy is too slow and the circular material use rate as a measure of the circular economy remains relatively low. On its path to decarbonising the economy, Slovenia has been partially successful in improving energy efficiency, with progress being made in the manufacturing sector in particular, while household energy consumption also declined. However, no progress has been made in the transport sector, which accounts for a relatively large proportion of energy consumption due to Slovenia's transit location and extensive road transport. GHG emissions from transport, which rose again after the epidemic, were among the highest in two decades in 2022. Since the global financial crisis, total GHG emissions have gradually decreased, mainly under the influence of improvements in the energy sector, and in 2022 this was additionally influenced by the energy crisis. In 2021 and 2022, Slovenia's gap with the EU average in energy and emissions productivity has narrowed to slightly less than one-tenth, which means that only small progress has been made in the last 15 years. The share of renewable energy sources (RES), which contribute to decarbonisation by replacing the use of fossil fuels, has remained largely unchanged for many years. Its increase since 2005 was the lowest in the EU and in 2022 was below the target of 25% for the third year in a row. In the area of the circular economy, we can see a downward trend in waste generation (excluding mineral waste), the per capita volume of which is relatively low and places Slovenia in the bottom third of EU countries. Over the last decade, the municipal waste recycling rate has increased significantly, but despite the increasing overall use of materials, the circular material use rate has not increased in recent years and remains below the EU average. The gap with the EU in terms of material productivity has also not narrowed. The large share of protected areas, high forest cover and moderate intensity of farming make a considerable contribution to the preservation of the natural environment. On average, soil and water are still relatively well-preserved natural resources, and Slovenia is one of the most biodiverse countries in the EU. Air quality is more of a concern, due to inadequate combustion of wood biomass in individual heating systems, extensive construction activity and road traffic.

Figure 7: Energy efficiency in manufacturing has been above the EU average since 2019; the improvement in overall energy efficiency and thus also the reduction in GHG emissions are slowing down, mainly due to the transport sector; the share of renewable energy remains below the 2020 target and far from the projected targets for 2030



Sources: Eurostat (2024), ARSO (2024); calculations by IMAD. Notes: RES – renewable energy sources; GHG – greenhouse gases. The figure in the middle shows GHG emissions excluding LULUCF (land use, land use change and forestry) and including international aviation (data for 2022 is preliminary). In the figure on the right, the EC proposal = 46% refers to the EC's technical calculation of by how much each Member State should increase the share of renewable energy by 2030 in order to achieve the EU-level target (at least 42.5% share of renewable energy) (EC, 2023a). The proposed National Energy and Climate Plan (NECP) refers to the target share of renewable energy for 2030 in the updated version of Slovenia's National Climate-Energy Plan of February 2024 (MOPE, 2024).

RECOMMENDATIONS

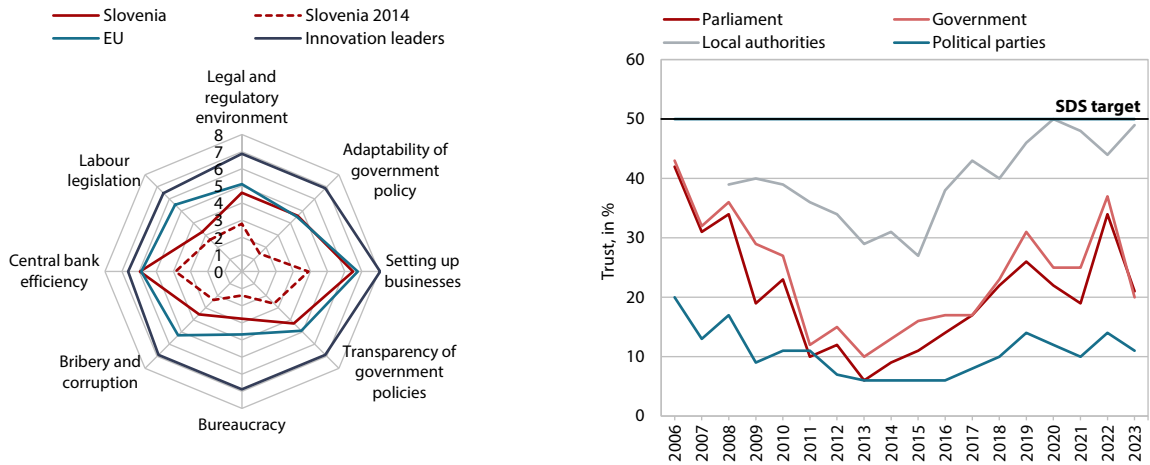
- Systematically promote low-carbon solutions to achieve legally binding climate and energy targets.
- Identify opportunities and innovate, reduce the consumption of primary resources, and introduce new clean technologies.
- Reduce the transport sector's reliance on fossil fuels and move to more sustainable forms of mobility, in particular through the renovation and construction of railway infrastructure, including in combination with the promotion of more coherent regional development.
- Accelerate the introduction of renewable energy sources through a more efficient finding of compromises when siting the necessary facilities.
- Reduce resource consumption, increase resource use efficiency and strengthen sustainable circular practices by systematically investing in the development of new business and consumer models.
- Introduce products designed for circularity, high-quality recycling and the use of secondary material streams, thereby also reducing waste disposal.
- Promote sustainable consumption, i.e. lower consumption, longer lifetime and reuse of products.
- Improve the ambient air quality through measures to improve the efficiency of wood biomass combustion and reduce pollution from transport.
- Rationalise land use by shifting activities to abandoned and degraded areas.

A high level of cooperation, competence and governance efficiency

Certain areas of government efficiency have improved in recent years, although most of the challenges identified in recent years are still relevant today; the positive results in the areas of safety and global responsibility have been maintained.

In the area of public administration, Slovenia has focused in recent years primarily on developing better and faster services based on digitalisation, enforcing quality standards, and improving the quality and efficiency of the justice system. Measures have also been taken to improve the business environment, in particular to reduce administrative barriers, simplify business processes and modernise public procurement. Institutional competitiveness has deteriorated in recent years compared to other countries. It is characterised by a lack of effective public sector management, a considerable regulatory burden, mistrust in the rule of law and the judiciary, and a relatively high perception of corruption. According to business executives, in addition to bureaucracy and lengthy procedures, tax policy, labour legislation, and the lack of predictability of the business environment and legislation remain the main problems in terms of government efficiency in supporting the business sector. As a result, trust in public institutions is very low, which is why the challenges lie in particular in increasing transparency and improving the participation of key stakeholders in the adoption, implementation and monitoring of measures, as well as the investigation and sanctioning of corruption offences. A strategic approach at the national, regional and local levels will only be possible through closer cooperation with stakeholders, especially in the framework of the development-innovation ecosystem, the interested public and social partners, which will enable a long-term stable, but also responsive, predictable and credible, development policy. Slovenia is one of the most peaceful countries in the world, and Slovenians feel safe in their country. Climate change-related natural disasters, which have occurred frequently throughout Slovenia in recent years, are a constant source of threat. Slovenia is also among the most successful countries in achieving the sustainable development goals (SDGs) of the 2030 Agenda, but the progress is too slow in certain areas. Expenditure on official development assistance has also increased but is still below internationally agreed commitments. By becoming a non-permanent member of the UN Security Council last year, Slovenia will be able to actively participate in decision-making to maintain international peace and security and thus increase its global visibility.

Figure 8: Lagging behind innovation leaders and the EU average on most institutional competitiveness indicators in 2023 (right); trust in most of the main state institutions is relatively low and significantly below the SDS targets (right)



Sources: IMD (2023), Eurobarometer (2024). Note: The figures on trust for individual years are the latest available data for that year (autumn measurements, 2020–2022: summer measurement, 2023: autumn measurement and summer measurement for local authorities and political parties).

RECOMMENDATIONS

- Improve the strategic management of public institutions to identify and address development challenges in a timely, coordinated and effective manner, including through the identification of key strategic priorities and priority development areas.
- Improve cooperation among key stakeholders in the adoption, implementation and monitoring of policies and regulations, including by strengthening inter-institutional cooperation.
- Improve the business environment by supporting business activity and enabling predictable and responsive interactions with the public sector. Reduce excessive government regulation and further simplify interactions of companies and citizens with the public sector.
- Increase efforts for the prevention, early detection, effective investigation, prosecution and conviction of corruption cases.
- Pursue a systematic approach to prevent, respond to and manage the consequences of climate-related natural disasters, for example through the establishment of dedicated funds, various preventive measures in the field of land use and spatial planning, etc.

Introductory remarks

The Development Report is a document monitoring the implementation of the Slovenian Development Strategy (SDS). The basic structure of the report (the main chapters) follows the five strategic orientations that the SDS identified as crucial for achieving its primary goal, which is to ensure a high quality of life for all: (a) a highly productive economy that generates value added for all, (b) learning for and through life, (c) an inclusive, healthy, safe and responsible society, (d) a well-preserved natural environment, and (e) a high level of cooperation, competence and governance efficiency. The SDS also set 12 development goals in interconnected and interdependent areas identified as essential for the implementation of the strategic orientations. The report monitors the implementation of each development goal (subsections of the report) within the strategic orientation with which it is most strongly linked, although each individual goal can contribute to the realisation of several strategic orientations (Figure 9). The report also analyses the implementation of the objectives of the European Pillar of Social Rights 2030 Action Plan, which have replaced some SDS objectives when the methodology was changed (employment rate and AROPE rate). When the report was prepared, latest data for most indicators were available for 2022 and for some also for 2023, meaning that they do not yet reflect the measures taken in the last year.

The appendix to the report presents indicators for monitoring the implementation of the SDS in more detail. The 30 performance indicators for which the SDS set target values for 2030 are complemented by indicators that provide a detailed overview of progress in individual areas. The indicators represent the main analytical basis of the report, which is complemented by an overview of other data, studies and research reports, particularly in those areas where no appropriate indicators for comparisons between countries or over time are available. The report uses data sources released by 31 March 2024. When considering the SDS targets and guidelines, Slovenia is most often compared with the EU average and, where applicable, with different groups of EU countries, such as the innovation leaders (IL – this group comprises Sweden, Finland, Denmark, the Netherlands and Belgium), the V4 (the Czech Republic, Slovakia, Hungary and Poland) or the new EU Member States (EU13 – countries that joined the EU after 2013).

Figure 9: Primary objective and strategic orientations of the Slovenian Development Strategy 2030

