

Slovenia

Key facts and issues

Slovenia is a unitary country with a population of 2.1 million. Subnational governments are responsible for 19.7% of public expenditures, making it the 11th most centralised country in the OECD for public spending. No regions are classified as predominantly urban, and 57% of the country's population are living in intermediate regions.

At around USD 31 100, Slovenia stands 34% below the OECD average, ranking 25th among OECD countries. Between 2000 and 2013, the inter-regional disparities in GDP per capita among small regions (TL3) grew, as measured by the Gini index, but remain lower than the OECD average. With respect to disposable income, Slovenia has a relatively low inter-regional gap. Its regions fare worse than the OECD average in terms of unemployment. Western Slovenia, the region hosting the capital Ljubljana, was responsible for almost 70% of the country's GDP growth between 2000 and 2013. It is also outperforming Eastern Slovenia in many indicators. Nevertheless, with the exception of the gender gap in labour force participation, many inter-regional disparities have narrowed in recent years. Eastern Slovenia, by outpacing the productivity growth of Western Slovenia, was catching up between 2000 and 2013.

Slovenia: regional, urban and rural development policies

Policy Area	Enabling Document, Strategy, or Framework	Strategic Objectives and Means	Lead Ministry, Agency or Committee
Regional	Law on the Promotion of Balanced Regional Development (issued in 2011 amended 2012)	Focus on curbing inter-regional disparities, reviving areas distressed by industrial shocks, achieving balanced growth and implementing a new industrial policy building on innovation and clusters (smart specialisation)	Ministry of Economic Development and Technology (Regional Development Directorate)
Urban	Spatial Development Strategy of Slovenia (2004)	Promoting attractive cities through quality management and planning, considering in particular cultural heritage, revitalisation, provision of infrastructure, access to public service and safety; focus on targeted urban investments and urban forms	Ministry for the Environment and Spatial Development (Spatial Planning, Construction and Housing Directorate)
Rural	Slovenian National Strategy Plan for Rural Development (2014)	There is no explicit national strategy; EU programmes cover rural areas however	Ministry of Agriculture, Forestry and Food

General policy approach

The Law on the Promotion of Balanced Regional Development provides a framework to make regional development policy more predictable and transparent, as well as fairer and more efficient. One of its main innovations is the creation of a mechanism to avoid the need for ad hoc measures and region-specific legislation in response to shocks. Greater reliance on contractual arrangements for the national co-financing of regional projects, and emphasis on improving monitoring and evaluation, is also used to strengthen accountability and co-ordination. The development decisions are adopted by different subnational layers: the 12 regional development councils, the 12 regional councils, and the 2 development councils of the cohesion regions. Urban policy is integrated in the Spatial Development Strategy of Slovenia, which is based on a polycentric urban system consisting of (urban) centres of national and regional importance. Given the country's settlement pattern, the regional development strategy covers rural areas. In addition, Slovenia accesses EU rural development funds. Those funds mainly go to priorities associated with i) restoring, preserving and enhancing ecosystems related to agriculture and forestry; and ii) social inclusion and local development in rural areas.

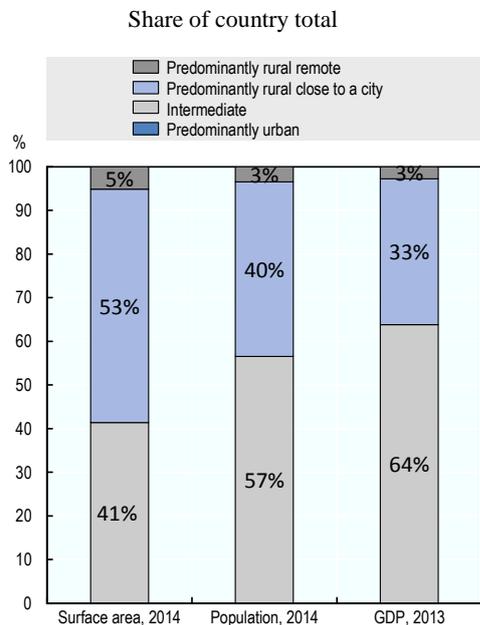
Recent policy changes

- Regional development programmes have been accepted in all 12 development regions; along with programmes to promote competitiveness in problem areas with high unemployment.
- Two development councils of cohesion were formed in 2014 for the cohesion regions (NUTS 2 level) of both Eastern and Western Slovenia.
- Urban sustainability targets are being implemented for the first time through Integrated Territorial Investments and the European Regional Development Fund (ERDF). Priority is given to funding projects using an integrated approach in their sustainable urban strategies (SUS), for planning and investments. They have to incorporate the economic, environmental, climate, demographic and societal challenges and objectives of sustainable development of a particular urban area that will relate to the national sustainable urban development objectives.
- There has been an amendment of the regulation concerning the regional development index.

Slovenia: Main regional, urban and rural development policy tools

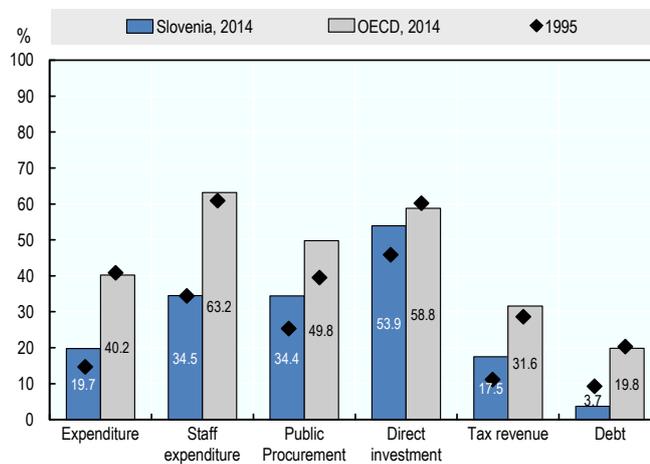
Policy Instrument	✓	Examples
Transport Infrastructure investments and systems of cities	✓	Transport Development Strategy in the Republic Of Slovenia <i>Urban:</i> SDSS guidelines , Sustainable Urban Mobility Plans ; the national budget is also contributing; all these instruments also promote systems of cities <i>Rural:</i> RDP 2014–2020
Other Infrastructure investments	✓	Development strategy for the information society in the Republic of Slovenia , for broadband <i>Rural:</i> RDP 2014–2020
Service delivery (subsidies for public services)		Financing general development tasks at the regional level <i>Rural:</i> RDP 2014–2020
Business development/ innovation support	✓	Financial incentives programme 2015-2020 of the Ministry of Economic Development and Technology <i>Rural:</i> RDP 2014–2020
Urban renewal	✓	<i>Urban,</i> SDSS guidelines , priority action of the Operational Programme for ERDF
Urban form and land use		<i>Urban:</i> SDSS guidelines , main instruments are local spatial development plans
Sustainability policies	✓	<i>Urban:</i> SDSS guidelines , main instruments are local spatial development plans, the national budget is also contributing <i>Rural:</i> RDP 2014–2020
Rural-urban linkages		RDP 2014–2020
Clusters/technology platforms/ centres of expertise	✓	Smart Specialisation Strategy , Slovenian Industrial Policy 2014-2020 , financial incentives programme 2015-2020 of the Ministry of Economic Development and Technology
Special economic zones		
Rural landscape preservation	✓	RDP 2014–2020
Skills/training programmes	✓	Financing general development tasks at the regional level
Capacity building for subnational governments	✓	<i>Urban:</i> SDSS guidelines in the form of metropolitan reforms and institutional coordination

Land, population and economy in rural and urban regions



Subnational government role in public finance

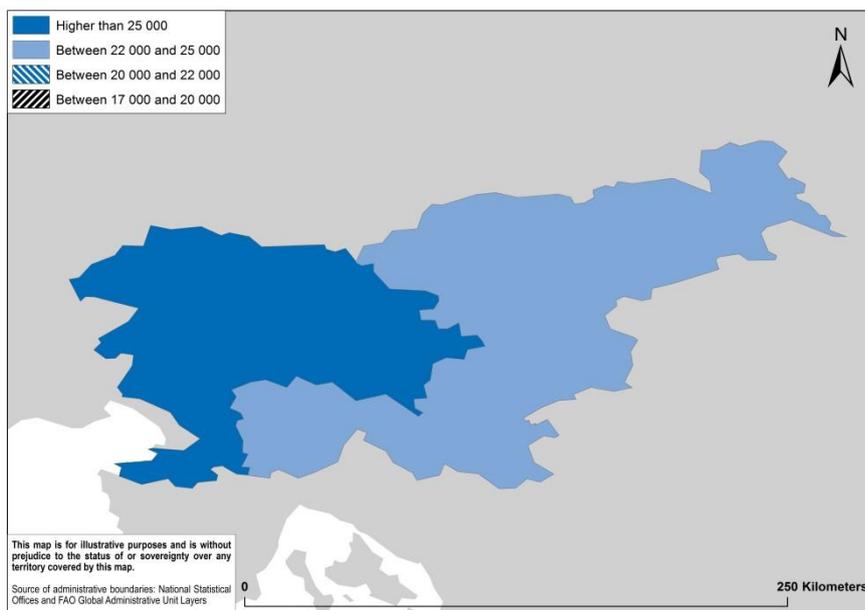
Share of general government



Number of subnational governments

Municipal level	Intermediary level	Regional or state level	Total
212			212

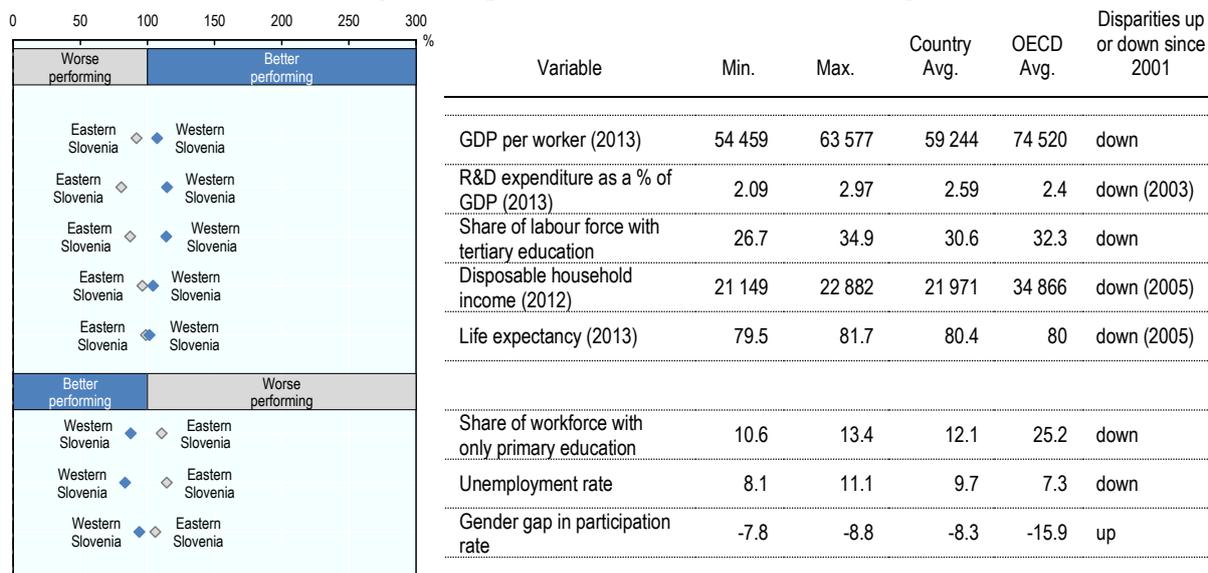
Regional differences in GDP per capita levels, 2013



Note: GDP per capita in constant prices and constant USD PPP (base year 2010).

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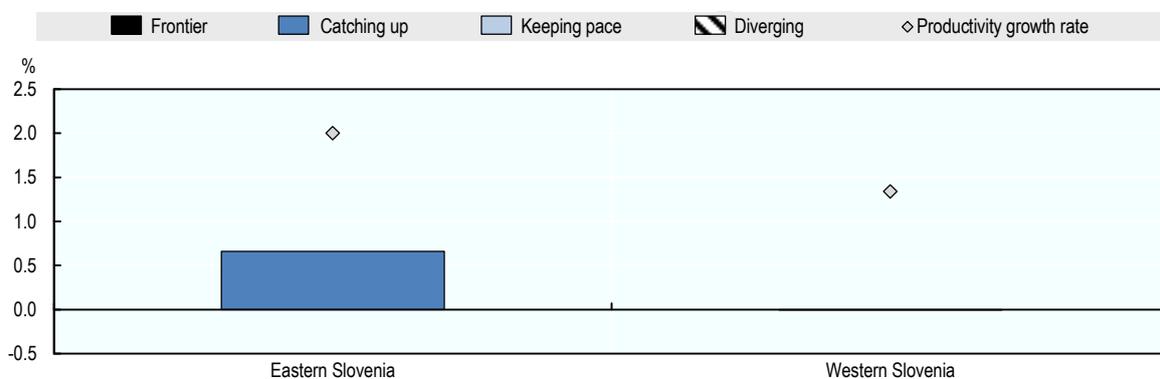
Inter-regional disparities (as a % of the country average)



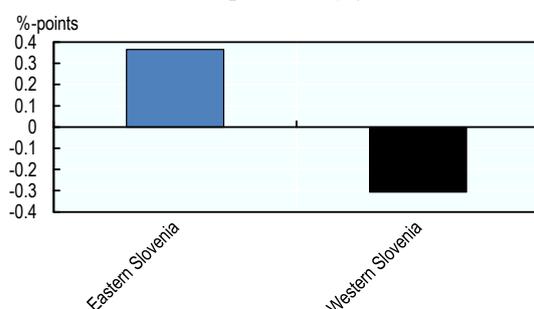
Note: Each diamond represents a TL2 region. Unless specified, all data are for 2014. Disparity is measured as the difference between the top and bottom region in the country.

Productivity and catching-up trends among regions

Average annual productivity (GDP per worker) growth rate [diamonds] and deviation from the growth rate of the country's productivity frontier [bars], 2000-2013
See country page notes for classification of regions

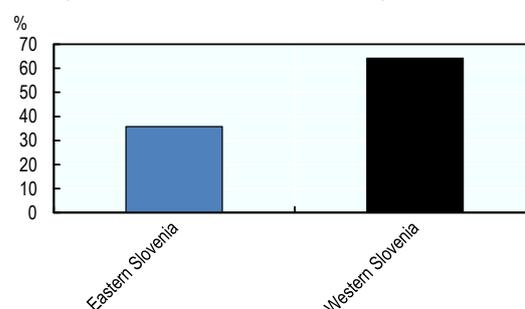


Contribution to labour productivity growth, 2000-13



Note: Difference between national labour productivity growth as calculated with and without the indicated region.

Percentage contribution to national GDP growth, 2000-13



Note: The contribution is the product of a region's GDP growth rate by its initial share of GDP.

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Country page notes

Main indicators

OECD average	represents the weighted average of OECD country/region values for the given year or closest year available.
OECD Regional Well-being framework	considers a combination of individual characteristics and local conditions in eleven dimensions that shape people's material conditions (income, jobs and housing) and their quality of life (health, education, access to services, environment, safety, civic engagement and governance, community, and life satisfaction).
Gross domestic product (GDP); GDP per capita; and labour productivity (GDP per worker)	is the standard measure of the value of the production activity (goods and services) of resident producer units. Regional GDP is measured according to the definition of the System of National Accounts (SNA 2008). To make comparisons over time and across countries, it is expressed at constant prices (year 2010), using the OECD deflator and then it is converted into USD using purchasing power parities (PPPs). For regional labour productivity, GDP (gross value added for Turkey) is divided by the number of workers (at place of work) or, for GDP per capita, the number of residents. For comparisons of current (per capita) GDP across countries, GDP for 2015 is converted to USD using PPPs for 2015.
Subnational government role in public finance	is mainly derived from the OECD National Accounts, harmonised according to the new standards of the System of National Accounts (SNA 2008), with the exception of Chile, Japan and Turkey, which are still under SNA 1993. General government includes four sub-sectors: central/federal government and related public entities; federated government ("states") and related public entities; local government i.e. regional and local governments and related public entities, and social security funds. Subnational governments are local (regional and local) governments and state governments (in countries with a federal or quasi-federal government system).
Gini index (regional income inequality)	The Gini index is a measure of inequality in terms of GDP per capita among all regions of a given country, with equal weight for each region. The index takes on values between 0 and 1, with zero interpreted as no disparity.
R&D expenditure	is the total gross domestic expenditure on research and development by the government, higher education, business, and private non-profit sectors.
Household disposable income and poverty rate	is the income generated directly from market transactions, adding all current transfers from the government, except social transfers in kind, and subtracting current transfers, such as income or regular wealth taxes and social contributions. It is expressed in USD Purchasing Power Parities (PPP) at constant prices (year 2010) and using a standard equivalised size for households across the OECD. Due to a lack of data, the indicator is expressed in per capita terms for the Czech Republic, Estonia, Hungary and New Zealand. The poverty rate is here taken as the percentage of people with disposable household income per capita of less than half the country median.
Participation rate, unemployment rate, youth unemployment and NEETs	The (labour force) participation rate is the ratio of the labour force (employed and unemployed) aged 15+ to the population (15+). The gender gap is the difference between the participation rates for women and men. Unemployed persons are defined as those who are without work, are available for work, and have taken active steps to find work in the last four weeks. The unemployment rate is defined as the ratio of unemployed persons to the labour force. Youth unemployment considers the unemployed and the labour force aged between 15 and 24. "NEETs" refers to 18-24 year-olds who are neither in employment nor in education and training (as a percentage of the population of 18-24 year-olds).
Primary and tertiary education	Primary education includes primary education, pre-primary education and lower secondary education (ISCED 0-2). Tertiary education includes both university qualifications and advanced professional programmes (ISCED 5-8). Shares are defined with respect to the labour force aged 15 and over.
Elderly	are those aged 65+. The elderly dependency rate is the ratio of the elderly to the working age population (15-64).
Air pollution	is the 1km ² grid cell population weighted average of satellite-based estimates of small particulate matter (PM _{2.5}).
Life expectancy	measures the number of years a newborn can expect to live, if death rates in each age group remain constant.

Typology of regions with respect to productivity

Frontier	is the region leading its country in terms of labour productivity, measured by the real gross domestic product per employee. In some countries the leading region accounts for a small percentage of the total workforce. Where this is the case, the frontier is the weighted average of regions with the highest labour productivity levels accounting for 10% of the country's total employment.
Catching-up regions, diverging regions and regions keeping pace	is a classification of regions based on their labour productivity growth relative to the frontier. It is based on the growth in labour productivity between 2000 and 2013 (or closest year available). Regions where labour productivity grew/dropped by at least 5 percentage points more/less than in the frontier over the period are classified as catching-up/diverging regions (about 0.4 percentage points annually), with regions that are keeping pace falling within the +/- 5 percentage points band.

Typologies of regions with respect to population or other functions

Regions (TL2 and TL3)	are classified by the OECD into two territorial levels that reflect the administrative organisation of countries. OECD's large regions (TL2) represent the first administrative tier of subnational government. OECD small (TL3) regions are contained within a TL2 region. Reference to the 20% richest/top or poorest/bottom regions, indicates the top/bottom-performing regions according to the indicator accounting for 20% of the (relevant) population.
TL3 typology (urban, intermediate, rural)	TL3 regions have been classified as: predominantly urban (PU), intermediate (IN) and predominantly rural (PR) based on the percentage of regional population living in rural communities, combined with the existence of urban centres where at least one-quarter of the regional population resides. The terms "urban", "intermediate" and "rural" refer to these categories.
Metropolitan area	is a functional urban area with 500 000 or more inhabitants defined by population density and commuting flows.

Further details and information: OECD (2016) *OECD Regions at a Glance 2016*, http://dx.doi.org/10.1787/reg_glance-2016-en.