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Building More Competitive Regions in Slovenia

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Foreword

Slovenia faces several regional development challenges, including widening economic disparities, demographic pressures, uneven skills distribution, concentrations of social inequities and notable gaps in international competitiveness. These challenges, in part reflecting and in part exacerbated by the concentration of economic activity around Ljubljana, have reinforced the need to continue supporting growth and improved well-being across the entire territory. In this context, the Government of Slovenia, through the Ministry of Cohesion and Regional Development (MCRD), is preparing the country's new national regional development strategy. At the request of the Government of Slovenia and the MCRD, this report supports these efforts by reviewing Slovenia's major regional development challenges, assessing the efficacy of its multi-level governance arrangements, identifying policy recommendations to help support regional development and proposing an action plan to guide their implementation.

The report starts by analysing Slovenia's regional development challenges, highlighting where social and economic disparities are most severe and in what regions the costs of structural challenges, such as population ageing, are anticipated to be the highest. The report then explores how adaptations to Slovenia's multi-level governance framework can help address these challenges specifically, and support regional development more generally. Finally, it provides a series of policy recommendations which Slovenia should address, alongside a detailed action plan to guide the implementation of high-priority actions.

The report draws on evidence gathered through an extensive programme of analysis and consultation. First, two study visits were conducted to enable interviews with regional development agencies (RDAs), municipal representatives, national ministries and other stakeholders. These interviews were used to clarify the strengths and weaknesses of Slovenia's current governance system, including issues related to co-ordination, data availability, funding and the suitability of existing strategic documents. Second, the OECD completed a diagnostic report that provided a detailed assessment of Slovenia's regional development trends and multi-level governance challenges. Third, capacity-building workshops were led by the OECD to help regional actors better assess their specific development challenges, identify strategic priorities, and select projects that would have the greatest regional impact Finally, MCRD and RDA officials took part in online webinars to inform the prioritisation of policy recommendations and review the practicability of the action plan.

This report was developed as part of the Programme of Work of the OECD's Regional Development Policy Committee (RDPC), a leading international forum in the fields of regional, urban and rural development policy and multi-level governance, which is served by the Centre for Entrepreneurship, SMEs, Regions and Cities (CFE). The project was funded by the European Union via the Technical Support Instrument, and implemented by the OECD in co-operation with the European Commission. The report was submitted for comment to the OECD Regional Development Policy Committee (CFE/RDPC(2025)40) on 24 November 2025.

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The report was co-ordinated by Josh Wood under the supervision of Maria Varinia Michalun, Head of the Governance and Strategic Planning Unit, and Dorothée Allain-Dupré, Head of the Regional Development and Multi-level Governance Division. The report was drafted by Josh Wood and Geoff Upton. The report benefitted from valuable input and comments from Maria Varinia Michalun, Antti Moisio and colleagues within CFE, as well as peer reviewers. The publication process was led by Jack Waters, the report was edited by Romy de Courtay and communications support was provided by Roxana Glavanov.

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Table of contents

FIGURES

TABLES

BOXES

Abbreviations and acronyms

CEPR	Contrats de plan État-Région
CPIER	Contrats de plan interrégionaux État-Région
EU	European Union
FDI	Foreign direct investment
FUA	Functional urban area
GDP	Gross domestic product
GVA	Gross value added
LIFT	Local Improvement Finance Trust
MCRD	Slovenian Ministry of Cohesion and Regional Development
NGO	Non-governmental organisation
OECD	Organisation for Economic Co-operation and Development
PMO	Prime Minister's Office
PPP	Public-private partnership
RDA	Regional development agency
RDP	Regional development programme
SiStat	Statistical Office of Slovenia
SME	Small and medium-sized enterprise
UK	United Kingdom of Great Britain and Northern Ireland

Executive summary

The Slovenian economy has grown steadily over the past decade, with real gross domestic product (GDP) growth outpacing the OECD (2.9% vs. 2.3% per annum on average), unemployment falling to historic lows (3.7% in 2024) and goods exports, as a share of GDP, consistently ranking among the highest in the European Union. However, the international competitiveness of the Slovenian economy is geographically uneven, and the recent economic success has not benefitted all regions equally. On most development indicators, the Osrednjeslovenska region, home to the capital city of Ljubljana, continues to outperform the others. For example, GDP per capita in Osrednjeslovenska (EUR 44.6 thousand) was nearly 50% higher than the national average (EUR 30.2 thousand) and 171% higher than Zasavska (EUR 16.5 thousand), with the gap between Osrednjeslovenska and other regions widening over the past decade.

The strong gravitational pull of Ljubljana, and the slower speed of economic development in other regions, are the driving force behind Slovenia's forthcoming national regional development strategy. This strategy, if carefully formulated, can help guide and co-ordinate national and subnational government investment towards Slovenia's most pressing regional development challenges. However, in addition to an improved strategic framework, changes to Slovenia's multi-level governance system could be required to more effectively support regional development. The country currently has 212 municipalities, with population sizes that vary markedly, ranging from around 300 in the smallest municipalities to more than 300 000 inhabitants in Ljubljana.

Greater territorial consolidation at the municipal level could improve resource capacity to implement strategies and programmes and deliver public services, as well as helping all levels of government better achieve regional development objectives. In parallel, stronger mechanisms to support inter-ministerial and multi-level co-ordination, as well as more rigorous monitoring and evaluation of regional and local development initiatives, would help Slovenian policymakers deliver on their regional development ambitions.

Key findings

- **The strong gravitational pull of Ljubljana contributes to the increased regional inequality seen in the last decade.** Not only is GDP per capita in Osrednjeslovenska the highest in the country (EUR 44 567, compared to the national average of EUR 30 158), but Ljubljana and its surrounding suburbs receive the vast majority of foreign direct investment and research and development expenditure. In 2023, for example, Osrednjeslovenska received 58.9% of FDI and was responsible for 58.4% of R&D expenditure.
- **Quality of life is generally high in Slovenia, but social inequalities are undermining regions' efforts to catch up economically**. Overall, Slovenian residents rate their life satisfaction as 7.7 out of 10, above the EU average of 7.2. However, there are significant regional disparities across a range of social indicators such as life expectancy, educational attainment, poverty and housing conditions. These disparities have an immediate effect on labour productivity and workforce participation, and also undermine regional attractiveness. New workers are potentially less likely to relocate, and some

investors may be deterred from establishing new operations in less attractive Slovenian regions, further hampering competitiveness and long-term economic development.

- **Slovenia faces several significant and long-term structural challenges which, without adequate preparation, may frustrate regional development**. These include demographic change, which is anticipated to reduce Slovenia's working-age population overall and increase the share of elderly residents to 30% by 2060, affecting rural and remote communities more significantly than others. Spatial-planning challenges, including the scarcity of suitable land for industrial activity and the time required to obtain construction permits, are further barriers to less developed regions aiming to attract investment and boost economic activity. Slovenia's environmental challenges, including transition to net zero emissions, are also unevenly distributed.
- **Stronger vertical and horizontal co-ordination arrangements could play a decisive role in the implementation of Slovenia's forthcoming national regional development strategy.** Current mechanisms supporting co-ordination across and among levels of government are limited, fragmenting regional development efforts and weakening alignment between sectoral and territorial priorities. Slovenia lacks a body or actor with a clear mandate to co-ordinate regional development priorities across line ministries. Clarifying responsibility for the national-level co-ordination of regional development could strengthen cross-sector interventions supporting regional development and reinforce policy coherence. Moreover, existing vertical co-ordination mechanisms lack the participation of key stakeholders (e.g., relevant line ministries, RDAs) that will play a role in the national regional development strategy's implementation. Expanding opportunities for multi-level dialogue would help ensure that a broader range of relevant national and subnational actors can align their regional development efforts.
- **Addressing the fragmentation of Slovenia's municipal tier will depend on building territorial scale.** Between 1994 and 2025, the number of Slovenian municipalities increased from 63 to 212, more than half of which have fewer than 5 000 inhabitants. This fragmentation was driven primarily by fiscal equalisation arrangements that led to the formation of smaller, less affluent new municipalities, as well as cultural and local identity factors. Slovenia's fragmented municipal landscape risks constraining efficient service delivery, limiting local investment capacity, and hampering regional development. To encourage local authorities to pool resources and achieve scale, the government has offered incentives to promote inter-municipal co-operation and municipal mergers, including co-funding for joint municipal service delivery and additional funding for newly amalgamated municipalities. Further territorial consolidation could be encouraged by improving local-level data on the cost, quality and accessibility of municipal services, strengthening the case for these and other collaborative arrangements.
- **The forthcoming national regional development strategy's implementation depends on sufficient financial and human resources being in place.**
    - Subnational public investment in Slovenia – 37.3% of total public investment – is considerably lower than the OECD (55.1%) and EU (54.9%) averages, although higher than in Lithuania (26.9%), which has a comparable population size. Policymakers could expand subnational-level funding sources for regional development, currently heavily concentrated in EU Cohesion Policy funds, to better ensure financial support for places whose needs or capacities may not align with Cohesion Policy objectives or eligibility criteria. For example, the government could allocate additional resources through a national fund for territorial development, providing municipal governments with competitively allocated funds for project proposals demonstrating clear regional impact.
    - RDAs, and their staff, are key regional development actors in Slovenia, yet their dependence on EU project-based funding constrains their ability to engage in broader regional development tasks. Exploring practical options to bolster the financial sustainability of RDAs will be essential

to strengthening regional development implementation capacity at the subnational level in Slovenia.

- **Slovenia's ability to evaluate its achievement of regional development goals could be reinforced with a stronger performance measurement system.** Monitoring, evaluation and reporting processes in the country remain uneven across and among levels of government. Challenges to systematic performance measurement are underpinned by persistent data gaps, barriers to accessing territorial statistics, and human resource capacity constraints. Strengthening data availability and accessibility and upskilling monitoring and evaluation practitioners will be essential to improving government accountability.

1 Assessment and recommendations

Regional development in Slovenia: Trends, challenges and opportunities

Since 2014, the Slovenian economy has been growing faster than the economies of most OECD Member countries. This strong economic performance has been coupled with notable improvements in the well-being of residents, including higher subjective well-being, increased life expectancy and lower poverty risk. However, the gains from growth have not been evenly shared across the country. Slovenia faces worsening regional economic disparities, driven by an increasing concentration of productive economic activities around Ljubljana. Recognising the need to boost competitiveness and continue improving well-being outcomes beyond the capital region, the government is developing a new national regional development strategy. This strategy offers an opportunity to take stock of the diverse challenges and opportunities across Slovenian territories, and can serve as a first step towards strengthening the government's effectiveness in addressing them.

Regional output data highlight a large and widening gap in economic vitality between Ljubljana and the rest of the country. Osrednjeslovenska development region, which encompasses the capital, had a gross domestic product (GDP) per capita of EUR 44 567 (euros) in 2023, far above the national average of EUR 30 158. By contrast, several other development regions, including Zasavska, Primorsko-notranjska and Pomurska, have a GDP per capita that is less than half of Osrednjeslovenska's. Between 2003 and 2023, Osrednjeslovenska's GDP per capita increased relative to the national average while the GDP per capita of most other regions declined, pointing to a gradual widening of regional economic inequalities.

Differences in the size and complexity of Slovenia's regional economies contribute to such inequalities, since a more limited diversity of businesses, industries and employment opportunities in smaller regions can inhibit their economic potential. For example, Primorsko-notranjska, Slovenia's second-smallest regional economy, employs only 25 000 workers, primarily in non-service industries that offer few opportunities for those with tertiary qualifications. In Osrednjeslovenska, by comparison, over 261 000 workers are employed across a wide range of industries.

Despite large differences in the GDP per capita and industrial mix of different Slovenian regions, disparities in per-capita disposable income are lower. This reflects high levels of commuting between regions and, to a lesser extent, internationally. However, action is needed to promote economic activity in less-developed regional economies, which could help reduce existing territorial inequalities. Moving forward, the government should set a long-term, national-level objective to reduce regional disparities in economic activity. This objective, however, should also be partnered with complementary short, medium and long-term targets at the regional level aimed at increasing competitiveness, productivity and economic growth. These targets could be guided by priorities established in past regional development programmes, along with gaps in regional attractiveness or new place-based assessments of the infrastructure, innovation ecosystem, entrepreneurs and firms already established in the region. Further, the targets should be based on indicators that are measurable and publicly available, such as regional GDP per capita and household income. The targets should also include a mix of realistic short- and long-term milestones, such as the maintenance of a specific average growth rate or achievement of a particular absolute level by a specified year.

Regional disparities in competitiveness hinder balanced territorial development

Data point to a concentration of competitiveness in and around Ljubljana. In 2023, the Osrednjeslovenska region alone accounted for 58.9% of foreign direct investment (FDI) and 51.2% of national goods exports, underscoring its dominant role in driving internationally oriented economic activity. No other region in Slovenia accounted for more than 10% of FDI or exports. Although the growth and development of the capital region is positive for Slovenia overall, the large and growing pull of Ljubljana is a potential barrier to the development of Slovenia's other regions.

A variety of factors could be contributing to Slovenia's competitiveness divide. For example, the heavy concentration of research and development (R&D) expenditure in Osrednjeslovenska (58.4% in 2023) strengthens the capital region's international attractiveness relative to other development regions. Skill gaps or mismatches may also contribute to differences in regional competitiveness and the pull of the capital region. High-performing regional labour markets are more likely to attract new investment, firms or entrepreneurs. Despite the good quality of Slovenia's vocational education system overall and high rates of vocational qualifications, the limited available data point to skills disparities and mismatches within regions. For example, in 2023, the share of Osrednjeslovenska's adult population reporting digital skills beyond a basic level was more than three times higher than in Primorsko-notranjska and Posavska. Moreover, regional variations in unemployment suggest a mismatch between the skills of regional workers and the needs of regional businesses in certain territories.

With the assistance of SPIRIT Slovenia Agency and other relevant business-support organisations (such as the Chamber of Commerce and Industry of Slovenia, the Chamber of Crafts, and their branches), regions should be encouraged to assess major barriers to their international competitiveness in future regional development programmes to support productivity growth. This can include undertaking research to help identify and rank the main regional barriers to foreign investment, export and R&D performance in different territories (e.g. insufficient infrastructure, skills gaps) in order to help guide the prioritisation of future projects. Regional barriers should be decoupled from national-level competences, where possible.

In addition to identifying barriers to (international) competitiveness, regions should also assess their skills assets and shortages comprehensively, focusing on reinforcing labour-market capacity to meet future employer needs. Assessments should look beyond formal qualifications (e.g. diplomas) to actual skills possessed by the regional labour force and should include both quantitative and qualitative evidence from local businesses, unions and industry associations. These assessments could then be used to develop appropriate courses with educational institutions, help attract investment in industries with specific skills needs, and support collaboration with the national government to develop targeted programmes aimed at boosting education and skills.

Well-being outcomes are uneven among Slovenia's regions

Quality of life is generally high overall in Slovenia, although regional disparities in well-being outcomes can be observed, including with regard to health, social exclusion, life satisfaction and loneliness. While Slovenia ranks high on average life expectancy compared to OECD and EU countries, life expectancy for both men and women in the four regions of the Cohesion region West Slovenia is significantly higher than in the eight regions of the Cohesion region East Slovenia. Moreover, while only 8% of Slovenian residents report being in bad or very bad health, rates of reported ill health are higher in certain eastern regions, such as Koroška and Pomurska.

Clarifying and addressing the drivers of territorial health disparities has important implications for regional economic development, since poorer health outcomes can reduce labour-force participation and productivity while increasing subnational expenditure on healthcare and social services. Slovenia's existing subnational health data are insufficient to explain in-country variations. However, expanding the annual survey on living conditions to include more detailed questions on healthy and harmful behaviours could help better identify the underlying risk factors driving regional disparities in health outcomes.

A further territorial cleavage in Slovenia relates to levels of social exclusion. For example, while rates of poverty and exposure to crime are relatively low by international standards, they are unevenly distributed among regions. Addressing such challenges requires a place-based approach that targets the specific conditions contributing to them. Regional strategic planning can play a key role by identifying underperforming areas and vulnerable groups, and supporting them through tailored initiatives. Furthermore, the national regional development strategy can guide this process by establishing clear, long-term targets aimed at boosting the inclusiveness of Slovenian regions. For example, the strategy could provide a definition of inclusiveness in relation to regional development and establish common benchmarks of success – such as reducing the risk of poverty – that could help improve the consistency and focus of social objectives in subnational strategic documents.

A final area where national-level well-being indicators in Slovenia mask a more complex regional picture concerns life satisfaction. While Slovenia performs well in international comparisons of life satisfaction, including the OECD Better Life Index, subnational data reveal a modest but meaningful regional divide in life satisfaction. Developing more comprehensive and regular citizen surveys could help pinpoint specific factors undermining regional well-being and clarify the underlying regional variations in life satisfaction. Factors that might be considered could include negative economic well-being (i.e. limited disposable income) or negative social well-being (i.e. cyberbullying). The resulting insights could then be used to refine and better target place-based policies to improve well-being outcomes across all regions.

Structural constraints on Slovenian economic development have a regional dimension

Structural development challenges – for example with respect to demographic change, housing and infrastructure, and the environment – are unevenly distributed across Slovenian regions. Some face greater infrastructure deficits, faster demographic change and higher adjustment costs from the net-zero transition than others. These structural challenges undermine regional development while perpetuating the concentration of economic activity around Ljubljana and the cross-border movement of Slovenian workers.

Demographic trends in Slovenia point to a growing concentration of development around Osrednjeslovenska. In 2024, for example, regions such as Pomurska and Primorsko-notranjska attracted fewer new residents than other regions on average, and lost a higher share of their current population. Demographic change can create different challenges in different areas, requiring a place-based approach to manage it effectively. While population growth risks adding pressure on public services and infrastructure in Osrednjeslovenska, a decline of resident populations in other areas risks limiting workforce availability and shaping long-term growth potential. Developing a national regional attractiveness methodology would enable regions with declining populations to identify and address the causes of outmigration, attract working-age residents and reduce the long-term pressures associated with demographic change more effectively.

Another structural challenge is ensuring high-quality housing and supporting infrastructure. These are critical to maintaining the competitiveness and attractiveness of regions, and can help attract skilled labour and foreign investment. Territorial disparities in the quality of infrastructure provision exist, particularly in housing. Addressing these infrastructure gaps will require close alignment between national and regional strategic planning and spatial-planning processes, which will greatly influence what types of future regional activities will be achievable.

Slovenia's environmental commitments and the transition to net-zero will also have asymmetric regional impacts, with adjustment costs on regions reliant on carbon-intensive sectors such as energy, manufacturing and agriculture likely to be particularly significant. For example, the region of Savinjska, where the country's only operating coal mine and coal-fired power station employs 1 800 full-time workers, will be directly affected. Analysing the economic and social impacts of new environmental policies and legislation at a regional level is therefore needed to identify territorial impacts and prepare mitigating actions through strategic planning.

Reinforcing Slovenia's multi-level governance system for regional development

Slovenia has several important multi-level governance arrangements in place that support the government's commitment to place-based regional development. These mechanisms include a legislative framework for subnational governance and regional development that establishes roles, responsibilities and resources, and regional-level bodies – such as regional development agencies (RDAs) – which work with national and subnational governments to implement development programming. New mechanisms are also being developed to encourage national and subnational actors to "wear their regional glasses" more regularly. For example, the government's forthcoming national regional development strategy can play an important role as an umbrella framework to help guide and achieve development aims that are inherently cross-sector.

However, Slovenia's multi-level governance arrangements could be reinforced to serve regional development objectives even better. Doing so will entail overcoming a number of systemic constraints. These include territorial fragmentation, which risks undermining the cost-efficiency of investment and service delivery; limited resources to realise regional development initiatives; few incentives and means for cross-sector co-ordination and multi-level co-operation; and gaps in performance-measurement practices that make it difficult to measure progress. Ultimately, the successful implementation of the forthcoming national regional development strategy will hinge on the government's ability to remove or mitigate these systemic constraints.

Creating a stronger territorial basis for action at the municipal and regional levels

Slovenia's fragmented territorial landscape challenges the ability of national and subnational actors to meet costly or complex development needs. For example, public investment in health, transport infrastructure or certain public utilities is often undertaken more efficiently at a larger territorial scale. Likewise, support for the innovation ecosystem is often more effective when organised across wider territorial networks.

At the municipal level, more than half of the country's 212 municipalities have fewer than 5 000 inhabitants. Combined with the tight fiscal reality of many municipalities, this fragmentation presents a challenge to the national regional development strategy's implementation, requiring resource pooling that extends beyond individual municipal boundaries. Fortunately, Slovenia has solid arrangements in place to promote inter-municipal co-operation. Financial incentives from the national government have encouraged municipalities to provide jointly certain types of services, contributing to a gradual uptick in co-operative arrangements across the country. Reinforcing this practice by extending it to other service areas could be valuable. Developing more standardised local-level data on the cost, quality and accessibility of municipal services could help local governments assess more effectively where further inter-municipal co-operation may be needed. Territorial fragmentation at the local level could also be addressed through municipal mergers. While legislation facilitates this, the existing financial incentives to promote mergers have failed to encourage any territorial amalgamation to date. Revisiting the mix of financial incentives on offer, for instance by offering one-off merger bonuses, could help sway local communities to support additional territorial consolidation.

Addressing matters of territorial scale at a regional level, for example to promote economic development and undertake public investment, is as important as promoting local-level co-operation. To do so, Slovenia could strengthen the planning and implementation capacities of its development regions, for example by experimenting with the use of national-regional contracts to guide investment at both regional and local levels.

Strengthening local and regional capacity to invest in and implement regional development programming

Implementing the national regional development strategy successfully will depend on sufficient financial resources being made available for regional investment in relevant programming. Currently, regional development programming is predominantly funded through line ministry budgets for sectoral initiatives, municipal spending and EU funds. However, OECD data show that subnational public investment as a percentage of total public investment in Slovenia (37.3%) is significantly lower than the OECD (55.1%) or EU (54.9%) averages as of 2023. Subnational public investment in regional development is also significantly dependent on EU funds, especially Cohesion Policy funding. While this is not unusual among EU Member States – particularly the newer ones – it poses a series of risks. For example, territories whose investment needs or capacities do not align with Cohesion Policy objectives or eligibility criteria may be left underfunded. When subnational regional development priorities cannot be funded through EU funding, they will need to be funded by other means. Filling any such funding gaps will require mobilising national or subnational funding mechanisms.

At the national level, options to expand the mix of investment-funding sources include requiring line ministries to channel a portion of their existing budgets to fund projects that clearly support regional development objectives. They also include allocating additional national-level resources through a government fund for territorial development, which could provide municipal governments with (competitive) funding for project proposals with a clear regional impact. In terms of mobilising subnational funding mechanisms, the national government could opt to bolster municipal financial autonomy as a means of increasing the investment capacity of local authorities.

Beyond the financial capacity to invest in regional development programming, there is also a need to boost institutional capacity to implement, especially in support of the objectives contained in the forthcoming national regional development strategy. Local authorities are important investors, but they are often limited in their administrative capacity and project-management capabilities. Slovenia's RDAs carry out strategic planning-related tasks. They also design and manage territorial projects in development regions, and assist other actors within the regional ecosystem (such as municipalities and the private sector) with their own territorial initiatives. However, limited and unstable resources constrain their ability to perform these roles effectively.

The regional-level development projects implemented by RDAs are primarily funded through EU Cohesion Policy funds. This EU project funding accounted for more than half their revenues, on average, in 2024. RDAs' experience with EU resources has strengthened their expertise in managing EU projects and navigating competitive EU funding mechanisms. However, it also has also limited their capacity to carry out other essential regional development tasks, such as supporting smaller or less experienced municipalities (or other potential beneficiaries) in applying for EU-funded programmes.

Enhancing the financial sustainability of Slovenia's RDAs is essential if they are to serve as genuine territorial development partners for national, regional and local actors. Options to achieve this could include expanding RDAs' market-based service revenues, increasing municipal contributions, or providing additional national funding. While each approach has distinct advantages and trade-offs, a more predictable and diversified funding model is needed to help ensure that all RDAs can fulfil their mandate across Slovenian regions.

Establishing a stronger mandate for regional development co-ordination

Co-ordination is at the heart of multi-level governance. Successful implementation of Slovenia's forthcoming national regional development strategy will depend on strengthening and possibly expanding the horizontal and vertical co-ordination mechanisms used to support regional development activities. This will be essential to ensure coherent and co-ordinated action, a more efficient use of resources and a partnership approach to regional development.

At the national level, cross-sectoral co-ordination for regional development is challenged by an absence of mechanisms that encourage ministries to integrate regional considerations into sectoral policy design. This can reinforce a "place-blind" approach, wherein sectoral policymaking risks overlooking the diverse development needs of Slovenia's regions. Underpinning this challenge is the lack of a steward to guide and co-ordinate regional development efforts across government. In other OECD countries, such as France and the United Kingdom, this role is anchored at the highest political level, either within the Prime Minister's Office, through a cross-ministerial committee, or via high-level delegation to a line ministry responsible for regional development. Equally important will be strengthening mechanisms to support regional policy coherence, for instance by developing standards or guidelines on how line ministries should incorporate regional needs in national planning exercises, effectively helping line ministries apply a "regional lens" to their sector programming.

Slovenia's vertical and multi-stakeholder co-ordination mechanisms for regional development could also be reinforced. In practice, co-ordination on regional development issues among different levels of government remains limited. In particular, the Working Group on Local Self-government, the main forum for multi-level dialogue, currently lacks participation from line ministries whose sectors strongly influence regional development. It also lacks representation of important regional actors, such as RDAs and non-governmental actors (i.e. academic experts, the Chamber of Commerce and Industry of Slovenia, the private sector). The body's effectiveness in aligning national and subnational regional development priorities could be strengthened by expanding its membership to include these actors. Additionally, developing technical working groups to address specific regional development policy and implementation challenges could help ensure multi-level dialogue is translated into more concrete actions and solutions.

Reinforcing performance measurement practices to support regional development

Monitoring, evaluation and reporting processes help governments and citizens identify how regional development policy aims are advancing, what may need adjusting and how to adapt programming in the future. At present, however, these processes are unevenly developed across and among levels of government.

At the national level, line ministries do not systematically report on the implementation of their sectoral strategies and programmes, limiting the government's ability to monitor progress on cross-sectoral issues such as territorial development. At the subnational level, although RDAs prepare annual monitoring reports, their performance indicator frameworks are too narrow to capture progress toward strategic priorities. With regard to evaluation processes at both national and subnational levels, moreover, there is room for Slovenia to evaluate more effectively which regional initiatives are contributing to achieving territorial development objectives and to understand the reasons behind their success or failure. Furthermore, with respect to reporting, the use of monitoring and evaluation results to support policy learning at all levels of government remains limited.

Territorial data gaps persist across multiple policy domains, including innovation, the green transition and mining, hampering the ability of Slovenia's national and subnational actors to monitor and evaluate performance on regional development. Data accessibility is also an obstacle. For example, RDAs face barriers in obtaining relevant datasets, as fees are sometimes required to access statistics below the level of the development region. Strengthening the measurement of regional development performance will require steps to improve the availability and accessibility of data. Of particular importance will be ensuring regular consultation among the Ministry for Cohesion and Regional Development, the Statistical Office of the Republic of Slovenia, RDAs and municipal governments to identify and address regional data gaps. Another important step would be to guarantee that RDAs have free access to all national-level databases containing territorial indicators.

Human resource constraints further affect performance measurement. Both line ministries and RDAs report gaps in their technical skills and expertise for monitoring and evaluation. Developing practical, action-oriented guidelines could be a helpful way to guide and standardise monitoring and evaluation activities for all levels of government. Organising trainings to upskill national and subnational officials in areas where they may lack knowledge or skills could also be valuable.

2 Unlocking stronger regional growth in Slovenia

This chapter provides an overview of the major regional development issues in Slovenia. It highlights economic disparities, trends in social inequalities and structural challenges associated with global transitions, including energy and demographic change. It finds that economic activity remains concentrated in and around Ljubljana, while many other regions face persistent obstacles to economic growth and competitiveness. The chapter offers policy recommendations to help guide and enhance strategic planning at the national and regional levels, reduce regional inequality and continue generating growth.

In brief

Factors affecting territorial growth, competitiveness and productivity in Slovenia

- **Since 2014, Slovenia's economic growth has outpaced most other OECD Member countries, averaging 2.9% real gross domestic product (GDP) growth per year, but this activity is concentrated in the capital region, Osrednjeslovenska.** Between 2003 and 2023 only 2 of Slovenia's 12 regions increased their GDP per capita relative to the national average. In 2023, Osrednjeslovenska's GDP was more than EUR 25 billion (euros), 25 times larger than Zasavska, Slovenia's smallest regional economy. It also accounted for 58.9% of all foreign direct investment and over half of national goods exports, far exceeding any other development region. Furthermore, tertiary-level educational attainment ranges from 28% in Osrednjeslovenska to 17% in Pomurska, and workers in the least productive regions generate only 84% of the national average output per worker. Maintaining growth and reducing territorial disparities will depend on boosting international competitiveness, closing labour-productivity gaps and boosting skills throughout all regions of Slovenia, so that economic activity can spread more evenly across the territory.
- **Building regional attractiveness could help limit the number of people working outside their statistical region of residence.** Currently, 22.5% of all workers commute to a workplace located in another region. In addition, a further group of Slovenian residents – equal to about 1.6% of the entire workforce – are employed in a neighbouring country. Addressing regional attractiveness issues, whether through labour-market interventions, improving connectivity or housing, or better supporting innovation and entrepreneurship, could help reduce the number of people who cross either development-region or national borders to work each day.
- **While quality of life in Slovenia is generally high, addressing regional variations in specific well-being indicators, such as social exclusion and health, could contribute to ensuring more performant regions.** Residents living outside the capital region are considerably more at risk of poverty, have lower levels of trust in others and report lower overall life satisfaction, but these inter-regional differences are mostly small compared with other OECD countries. While only 8% of Slovenian residents are experiencing bad or very bad health, regional health disparities are more concentrated in some regions – such as Koroška and Pomurska – than others.
- **Slovenia's regions are grappling with multiple transition challenges.** Some regions face faster rates of demographic change and larger infrastructure gaps, and will likely bear a larger share of net-zero transition costs. Rural and eastern regions are ageing the fastest and face higher transition costs, while population growth and the arrival of skilled workers remains concentrated around Ljubljana. Transport infrastructure, housing supply and broadband access are also uneven across regions. Environmental costs, for example those related to the transition away from fossil fuels, pose particular challenges to specific communities and industries (e.g. coal mining, electricity generation). These challenges can undermine regional development by limiting regional attractiveness, and perpetuating the concentration of economic activity around Ljubljana.

Introduction

Since 2014, the Slovenian economy has been growing faster than that of most OECD Member countries, averaging 2.9% real GDP growth per year (OECD, 2024[1]). Over the same period, regional inequality has worsened slightly, as GDP per capita in most development regions has declined relative to the national average. Overall well-being for the average Slovenian resident – as reflected in such measures as subjective well-being, life expectancy, educational attainment and the risk of poverty – has improved considerably, though regional variations exist in each of these areas. These regional disparities, however, are not uniform, with some areas underperforming on some indicators but doing well on others. This heterogeneity among Slovenian regions, each with distinct challenges and natural endowments, underlines the importance of each region pursuing an economic strategy that is place-based and aligns with territorial specificities.

Slovenia's unique economic and social geography is partially contributing to the uneven levels of regional development. Osrednjeslovenska (Central Slovenia), the area directly surrounding the capital Ljubljana, is not only more productive than all other regions, but is also the location of most major cultural, political, educational and economic institutions, and attracts thousands of daily commuters from other regions. Slovenia's proximity to and economic integration with neighbouring countries is equally notable, with 10 out of 12 regions possessing a large international border which many Slovenians cross every day for work. The result is a significant disparity in GDP per capita compared to the national average between Slovenia's border (84%) and non-border regions (139%) in 2023 (SiStat, 2023[2]). Socially and economically, Slovenia could be conceptualised as a "reverse doughnut",[1] defined by a thriving centre and a less dynamic, low-productivity periphery, made possible by the country's small geographic size and modern road network.

Slovenia is among a group of OECD Member countries which experienced rapid income growth overall (i.e. converging to OECD averages in GDP per capita), but are simultaneously experiencing a rise in regional inequalities (OECD, 2023[3]). In addition, where one lives can make a difference – among OECD regional economies, metropolitan areas often outperform midsized metropolitan and rural areas as their economies grow in size and sophistication (OECD, 2024[4]) (OECD, 2023[3]). Ljubljana, as Slovenia's only major metropolitan area, is well-placed to leverage its economies of agglomeration to enhance its high levels of attractiveness for workers, businesses and investors. Although the growth and development of the capital region is positive for Slovenia overall, the large and growing pull of Ljubljana has the potential to absorb the skilled workers, investment and entrepreneurs that are needed to support the development of Slovenia's other regions.

In the context of the strong gravitational pull towards the country's centre and the considerable employment opportunities available outside the nation's borders, a specific set of development challenges emerge in three broad areas: (i) economic disparities; (ii) social inequalities; and (iii) structural and transition challenges. This chapter examines the challenges in these three areas. Economic disparities, for example in rates of foreign investment, research and development (R&D) and labour productivity – key drivers of economic growth – are undermining the material well-being of some regions. Social inequalities, measured by lower rates of life expectancy, trust in others and life satisfaction, not only undermine regional attractiveness for prospective residents and investors, but also threaten to reduce the social cohesion and collaboration required to implement effective regional policies. Structural and transition challenges, including demographic change, spatial-planning constraints and the transition to net zero, are affecting all of Slovenia, but are imposing greater costs on some specific regions and limiting their economic potential.

Strategic planning, at both the national and regional levels, can help pinpoint opportunities for development and public investment and highlight the unique assets of each place, thereby guiding a stronger place-based approach. It is therefore an important tool that can help governments prepare for and overcome these economic, social and structural challenges to regional development. The analysis in this chapter has been organised with this objective in mind – to inform and assist future strategic planning in Slovenia at both the national and subnational levels. Due to Slovenia's small territorial size, significant cross-border economic linkages and location on major transport corridors, strategic planning should also take into account the economic, social and structural conditions of neighbouring regions and countries.

Overview of regional trends in OECD countries

There is significant diversity in relation to regional development trends and outcomes among OECD Member countries. Several countries, including France, Sweden, the United Kingdom and the United States, have seen a widening gap in economic performance between their top- and bottom-performing regions over the past two decades. Others, including Finland, Germany, New Zealand, Portugal and Spain, have seen their regional inequalities decrease over the same period. In many OECD Member countries, including Slovenia, regional inequality has grown, largely driven by the agglomeration effects of large metropolitan regions (OECD, 2023[3]).

Demographic patterns display a similar diversity, with several OECD Members such as Italy, Japan and Spain experiencing rapid population declines between 2003 and 2023 in some regions, but significant growth in others. By contrast, in the Netherlands, New Zealand and Switzerland, population shares across regions remained relatively steady over the same period (OECD, 2024[4]). In Slovenia, the national population has remained broadly stable, with only small and gradual changes in regional population shares over the last decade (SiStat, 2025[5]). One demographic trend that has been consistent across most OECD Member countries, including Slovenia, is an increase in the relative share of the population living in metropolitan areas (OECD, 2025[6]). Further, in 16 OECD Member countries, the rural population has shrunk in absolute terms since 2000. These shifts are not independent of the above-average economic performance of large metropolitan areas, with economic opportunities comprising one of the most influential factors for inter-regional migration. However, the cultural, educational and social opportunities available in large cities have also played an important role in attracting new residents (OECD, 2023[3]) (IOM, 2015[7]).

Large differences in regional productivity are also present in most OECD Member economies, including Slovenia. For example, throughout the 2010s, labour productivity was approximately twice as high on average in the most productive region of OECD countries compared to the least productive region (OECD, 2024[4]). These productivity differences were partially caused by different sectoral compositions, specifically by regions producing tradeable goods and services exhibiting higher average labour productivity. Yet large productivity differences were also evident within sectors, suggesting that significant barriers to education, technology, infrastructure and other essential inputs were limiting the efficiency of production in some regions. To help contextualise Slovenia's development challenges, a collection of benchmark countries has been used throughout this chapter to provide international comparisons (Box 2.1).

Box 2.1. Benchmark countries for international comparisons

The analysis of economic, social and structural development challenges in Slovenia includes comparisons – where available – with a consistent selection of 14 benchmark countries. These include countries that share a land border with Slovenia (Austria, Croatia, Hungary, Italy), countries of comparable geographic and economic size (Estonia, Latvia, Lithuania), those with similar levels of GDP per capita (Czechia, Portugal, Slovak Republic) and several larger economies (France, Germany, Poland, Spain).

Overview of Slovenia’s governance and territorial administrative structure

Since achieving independence in 1991, Slovenia’s government structure has remained largely unaltered. It is led by the prime minister, as head of government, and an elected president, as head of state. Its parliamentary system is bicameral, composed of 90 deputies elected by proportional representation for four-year terms and a 40-member national council representing – and elected by – municipal bodies, employer organisations, labour unions and other professional associations (Republic of Slovenia, 2025[8]).

Slovenia’s unitary system of government has also remained generally unchanged, with political authority mostly concentrated at the national level. However, a single tier of subnational government, consisting of 212 municipalities, is firmly established. A clear demonstration of the permanence and importance of the municipalities is the inclusion of the principle of local self-government in the constitution, and the clear stipulation of the roles and responsibilities of Slovenian municipalities in the Local Self-Government Act (Republic of Slovenia, 1993[9]). These include the provision of local healthcare, education, transport, public order, social welfare, and environmental protection services.

Overlaying the municipalities are Slovenia’s 12 development regions (Box 2.2). Unlike the municipalities, the development regions are not self-governing and have no legal personality or direct administrative powers. Despite their limited formal powers, development regions play an important role in Slovenia’s regional development. For example, regional-level strategic planning and most funding frameworks in place to support regional development generally utilise development-region boundaries. Slovenia’s 12 regional development agencies (RDAs), which are responsible for designing and implementing subnational plans and interventions, are also organised to specifically support development regions. At a more practical level, most subnational statistics are currently not published below the level of the development regions, further underscoring their importance as measures of regional development trends and disparities.

Box 2.2. The origins and role of Slovenia's 12 development regions

The origins of Slovenia's development regions date back to the 1970s, when 12 areas of intermunicipal co-operation were first proposed, mostly for analytical purposes, and based on functional linkages such as labour-market flows and access to public services. Official use of this division began in 1995, when the Statistical Office of the Republic of Slovenia formally adopted this regional breakdown to develop aggregated data at the regional level following the expansion of municipalities from 62 to 147. These newly adopted statistical regions mirrored the boundaries of the 12 areas of intermunicipal co-operation.

Figure 2.1. Development regions in Slovenia

Note: Regions in dark blue form part of Cohesion Region Zahodna Slovenija (Western Slovenia). Regions in light blue form part of Cohesion Region Vzhodna Slovenija (Eastern Slovenia).
Source: Based on data from (Eurostat, 2025[10]).

In 2000, Slovenia adopted a regulation on the standard classification of territorial units, aligning the statistical regions with municipal boundaries. This was followed by the adoption of the Promotion of Balanced Regional Development Act in 2011, marking a shift in the focus of territorial policy from the municipal to the regional level. This legislation formalised the 12 statistical regions as development regions (Figure 2.1), establishing them for the first time as the primary territorial units for regional policy planning and the implementation of regional development tasks. The law also established RDAs to support each of the 12 regions, signalling a move towards more proactive planning and development support. Since 2000, the boundaries of the 12 development regions have remained largely stable, with 4 municipalities being reallocated in 2015 (Škocjan, Litija, Radeče, Bistrica ob Sotli) and 2 of the regions being renamed. Article 143 of the Constitution of the Republic of Slovenia allows for the establishment of self-governing provinces (*pokrajine*) if supported by a two-thirds majority in the National Assembly, but there are currently no official plans to explore this option.

Source: Based on (Republic of Slovenia, 1991[11]), (Statistical Office of the Republic of Slovenia, 2000[12]) and (Dolenjski List, 2023[13]).

The size, shape and distribution of Slovenia's regions are broadly consistent, with no extreme outliers in their general characteristics other than Osrednjeslovenska's high population share and density due to the presence of the capital Ljubljana (Table 2.1). The territorial size of each region, with the exception of Zasavska (485 square kilometres [km²]), is broadly in line with the country's regional average of 1 689 km². The regional boundaries are also configured in a similar pattern, with each containing a mix of residential settlements, agricultural land, mountainous terrain and preserved areas. Due to their broad comparability and more practical sample size, this chapter will focus primarily on development regions as opposed to municipalities when analysing subnational indicators. A comprehensive overview of the regions and indicators used throughout this chapter has been included in the regional profiles (Annex 2.A).

Table 2.1. Characteristics of Slovenia's development regions, 2024

Development region	Population	Km²	Population/km²	Municipalities
Gorenjska	209 451	2 137	98.0	18
Goriška	118 254	2 325	50.9	13
Jugovzhodna Slovenija	147 789	2 675	55.2	21
Koroška	70 492	1 041	67.7	12
Obalno-kraška	119 205	1 043	114.2	8
Osrednjeslovenska	565 353	2 334	242.2	25
Podravska	330 572	2 170	152.3	41
Pomurska	113 668	1 337	85.0	27
Posavska	76 027	968	78.5	6
Primorsko-notranjska	54 109	1 456	37.2	6
Savinjska	261 786	2 301	113.8	31
Zasavska	57 243	485	118.0	4
Average	176 996	1 689	101.1	17.7

Note: km² from 2022.
Source: Based on data from (SURS, 2025[14]) and (Eurostat, 2025[15]).

In addition to the 12 development regions, Slovenia is also divided into 2 cohesion regions – Cohesion Region Vzhodna Slovenija (Eastern Slovenia) and Cohesion Region Zahodna Slovenija (Western Slovenia) – for which some additional statistical indictors are available that are not collected for the development regions. These regions were used for the first time in the 2014-2020 EU programming period to co-ordinate the distribution of EU Cohesion Policy funds (Republic of Slovenia, 2025[16]). Vzhodna Slovenija has a population of approximately 1.1 million and consists of eight development regions. Zahodna Slovenija has a population of approximately 1 million and contains four development regions, as well as the capital Ljubljana. These territorial boundaries are useful for the analysis of differences between east and west Slovenia but have limited analytical applications owing to their large size, which can obscure regional trends and variation.

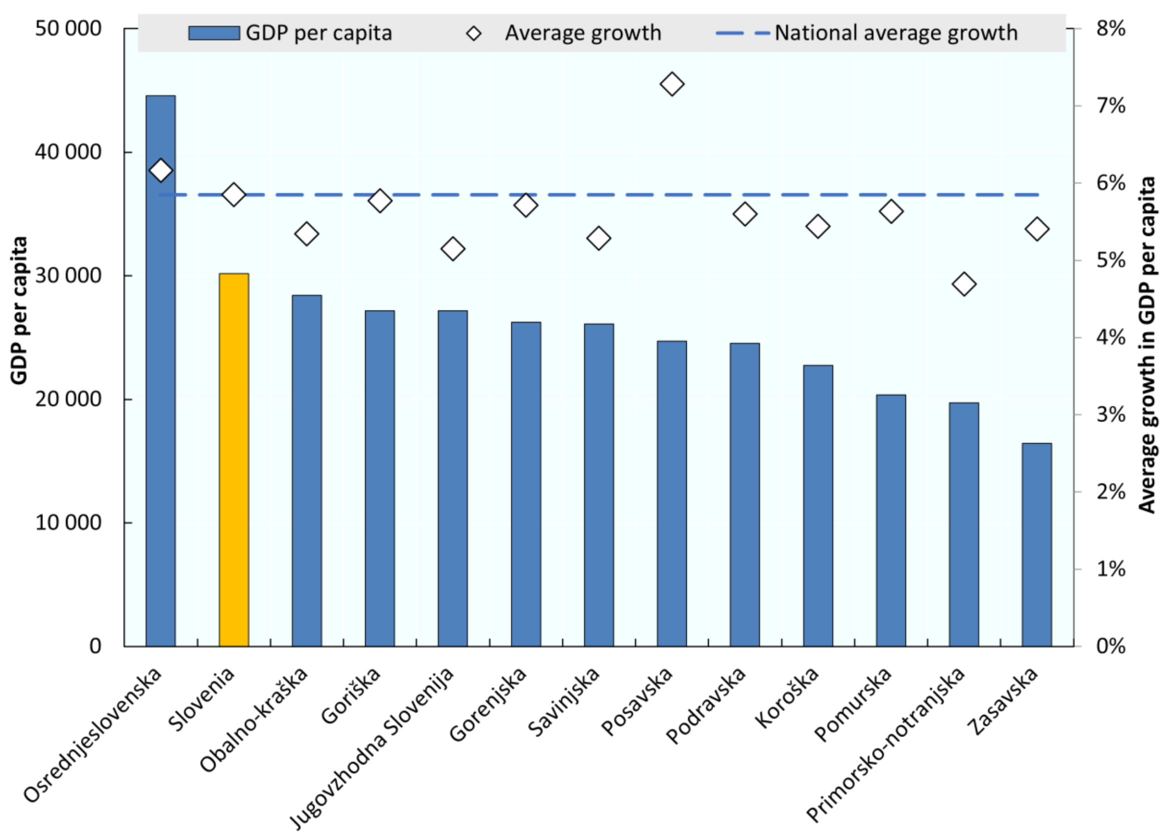
Economic disparities

Slovenian regions face several large economic challenges, including stagnating international competitiveness, skills gaps that are undermining productivity and a growing concentration of economic activity around Ljubljana. These challenges have already contributed to economic disparities among Slovenian regions. If unchecked, their impact will potentially grow. Central to overcoming these challenges is recognition that the underlying conditions needed to support economic activity are not identical for all development regions, necessitating a place-based approach. For example, the economy of Osrednjeslovenska – which is shaped significantly by Ljubljana – is larger, has a deeper labour market and attracts a far higher share of foreign investment than its peers. The forthcoming national regional development strategy should be considered a tool to help the Slovenian government and regional development actors address these challenges in a coherent, objective-driven manner.

Economic growth and concentration in central Slovenia

In terms of their economic development, measured by total GDP, GDP per capita and the number of large firms, Slovenia's 12 development regions show significant differences. Most strikingly, the quantity and complexity of Osrednjeslovenska's economic activity greatly exceeds that of all other regions. Osrednjeslovenska's GDP per capita in 2023 was the country's highest at EUR 44 567, compared to the Slovenian average of EUR 30 158 (SiStat, 2023[2]). Not only is Osrednjeslovenska by far the best-performing regional economy, it is also the only development region to exceed the national average in GDP per capita (Figure 2.2). Conversely, the GDP per capita of three regions, Pomurska (EUR 20 360), Primorsko-notranjska (EUR 19 720) and Zasavska (EUR 16 456), is considerably below the national average.

Figure 2.2. GDP per capita levels and average growth rates, development regions, 2014-2023



Note: GDP per capita levels on left axis in 2023, average GDP per capita growth on right axis for 2014-2023. National average growth rate represents growth in average Slovenian GDP per capita for 2014-2023.
Source: Based on data from (Statistical Office of the Republic of Slovenia, 2025[17]).

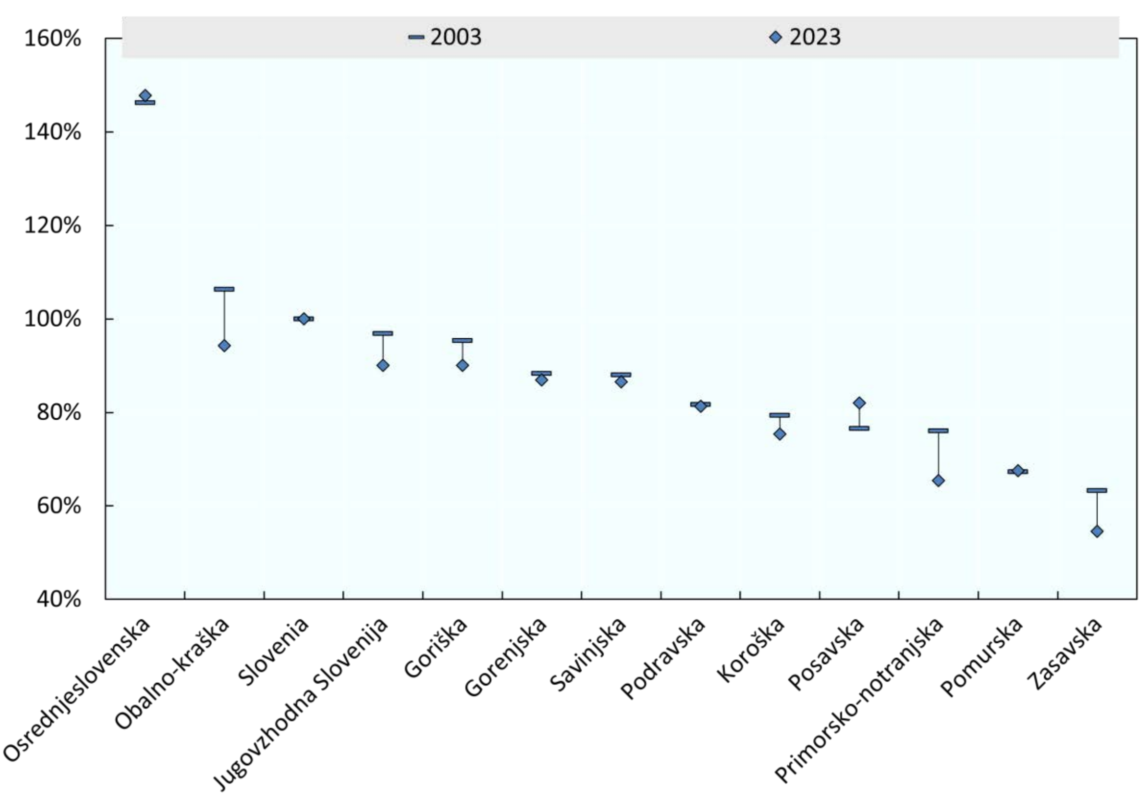
Over the past decade, there has been little evidence of convergence (i.e. faster growth for less-developed regions) in Slovenia. Between 2014 and 2023, GDP per capita growth in all regions was near the Slovenian average of 5.9%, with Posavska (7.3%) the only notable outlier (Statistical Office of the Republic of

Slovenia, 2025[17]). Also over 2014-2023, Osrednjeslovenska's GDP per capita grew by 6.2%, further reinforcing its position as the dominant regional economy.

Greater economic concentration in central Slovenia can also be inferred from recent OECD research that suggests that between 2000 and 2020, Slovenia experienced a modest increase in regional inequalities measured as GDP per capita (OECD, 2023[3]). During this period, Slovenia was one of 15 OECD Member countries (out of 27 with available data) where regional inequality, measured at the territorial level 3 (TL3 level), increased. These include Estonia, France, Hungary, Italy, Lithuania, Poland and the Slovak Republic, all of which have also witnessed growing economic concentration in their capital regions (OECD, 2023[3]).

Further evidence of increasing regional inequality in Slovenia can be seen by comparing the GDP per capita of each region with the national average over time. Between 2003 and 2023, the GDP per capita of only two regions, Posavska and Osrednjeslovenska, increased as a percentage of the Slovenian average (Figure 2.3). The GDP per capita of the other ten regions fell – slightly to significantly – relative to the national average. For example, Primorsko-notranjska's regional GDP in 2003 was equal to 76% of the Slovenian average, but fell to 71% in 2013 and fell further to 65% in 2023, suggesting that the gap in living standards between this region and the country as whole was widening. It can therefore be concluded that regional inequalities are, on balance, worsening over time, and that the relative concentration of the country's productive activities around Ljubljana is growing.

Figure 2.3. GDP per capita relative to the national average, development regions, 2003 and 2023 (%)

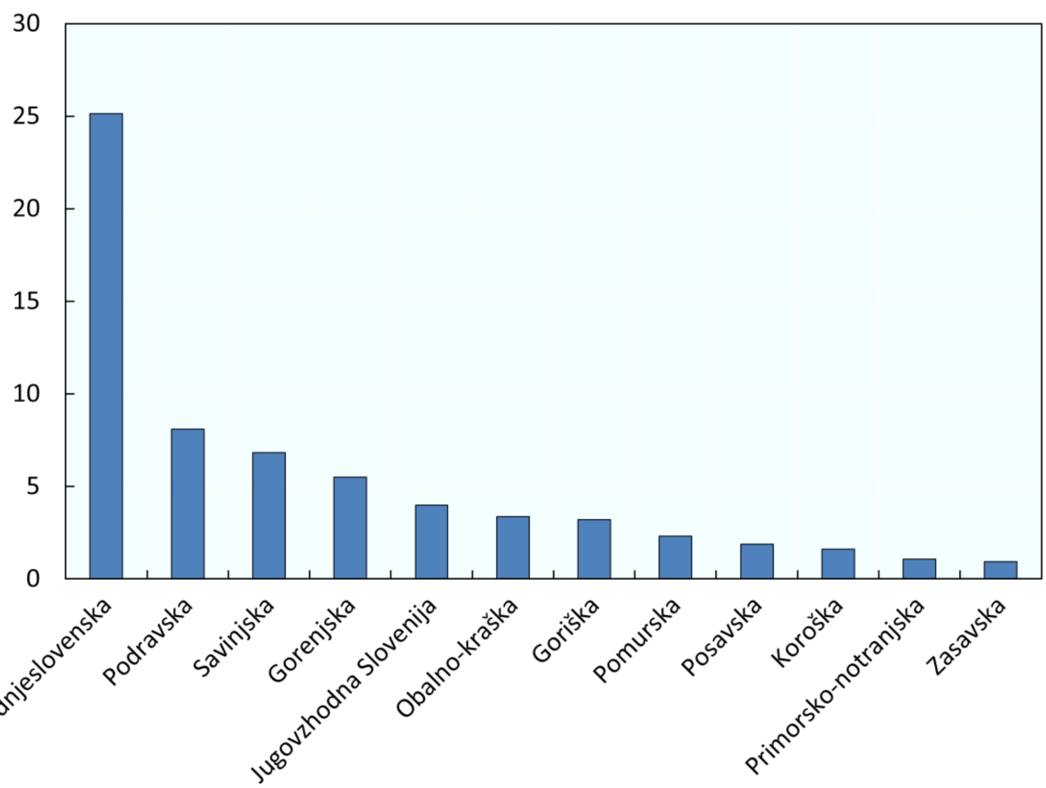


Source: Based on data from (SiStat, 2023[2]).

Similar long-term growth trends have been observed among OECD Member countries, many of which have experienced an increase in regional inequalities over the past two decades (OECD, 2023[3]). This is especially true for countries that have been catching up to the average GDP per capita among OECD countries, such as Hungary, Poland and the Slovak Republic. As in Slovenia, where the gap between the capital region of Osrednjeslovenska and most other regions has widened over the last two decades, the main driver for growing regional inequalities in most OECD countries is above-average growth in metropolitan regions (OECD, 2023[3]).

In addition to GDP per capita, there is also a striking difference in the overall size and sophistication of Slovenia's regional economies. In 2023, Osrednjeslovenska's GDP was more than EUR 25 billion, 25 times larger than Zasavska, Slovenia's smallest regional economy (Figure 2.4). Compared with other regional economies, Osrednjeslovenska's GDP is comparable to that of Zagreb City (Croatia), Marne (France), and Pest (Hungary), and approximately equal to the total GDP of Iceland. As a share of the Slovenian economy, Osrednjeslovenska's is equal to 39.3% of total GDP, with only two other regions, Podravska and Savinjska, exceeding a 10% share (Statistical Office of the Republic of Slovenia, 2025[17]). By contrast, the three smallest regions by economic size, Zasavska, Primorsko-notranjska, and Koroška, each represented between 1.5% and 2.5% of national GDP.

Figure 2.4. Total GDP of development regions, EUR (billions), 2023



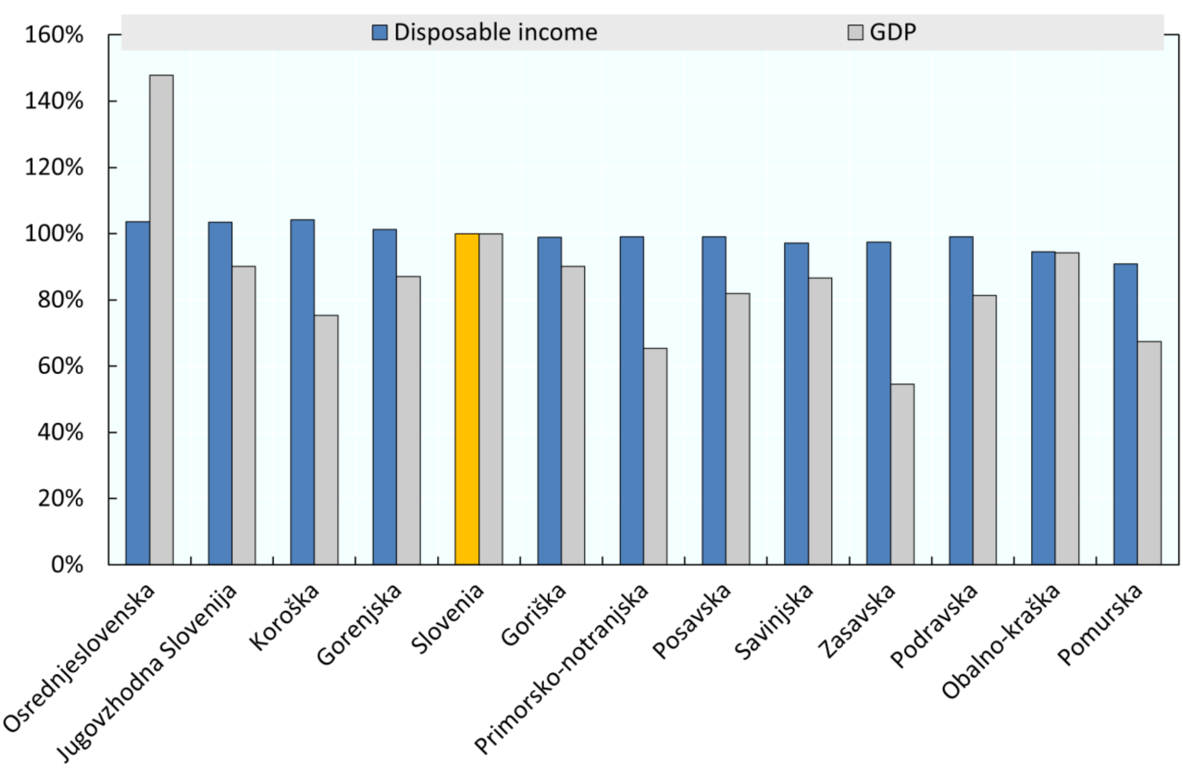
Source: Based on data from (SiStat, 2023[2]).

The complexity and sophistication of Slovenia's regional economies, measured by the number and diversity of businesses, industries and employment opportunities, also differ substantially between Osrednjeslovenska and the other regions. A lack of complexity is a particularly difficult challenge for regional economies, with only a small number of firms having more than one employee. For example, these firms have a narrow set of skills to draw upon, limiting their potential to expand, and individuals living in the territory have a lower chance of finding employment that aligns with their skills and experience, limiting their productivity. Further, in regions with a limited number of competitors, suppliers, skilled workers and entrepreneurs, business creation and innovation are more difficult to achieve. Primorsko-notranjska, Slovenia's second-smallest regional economy, clearly demonstrates the limitations for prospective investors, (potential) residents and business owners. For example, only 175 (4.3%) of the 4 076 businesses operating in the region employ more than 9 employees (SiSat, 2023[18]). The labour pool is also shallow, with a total of only 25 000 people employed,[2] and its gross value added is concentrated in non-service industries such as manufacturing and transport, offering few opportunities for those with tertiary qualifications. By contrast, Osrednjeslovenska has over 68 000 firms and over 261 000 employed persons working in a wide range of industries. Further evidence of its diversity and dynamism can be seen from the 7 746 new firms, equal to 36.7% of the national total, that were created in Osrednjeslovenska in 2023 (SiSat, 2023[18]).

Commuting and international borders may be affecting measures of economic concentration

Despite the disparities in total GDP and GDP per capita, and significant differences in the industrial mix of regional economies, the degree of variation in per capita disposable income between Slovenian regions is less pronounced (Figure 2.5). For example, the region with the lowest net disposable income in 2023 was Pomurska, equal to 89% of the national average. In Osrednjeslovenska, where it was the highest, net disposable household income per capita was 104.6% of the national average (Statistical Office of the Republic of Slovenia, 2024[19]). The gap in GDP per capita between the most productive and least productive region, however, was significantly wider, at 148% in Osrednjeslovenska compared to 55% in Zasavska.

Figure 2.5. Variations in disposable income and GDP per capita, development regions, 2023 (%)



Note: Net household disposable income.
Source: Based on data from (SiStat, 2023[20]) and (SiStat, 2023[2]).

For most large countries and regions, the aggregate amount of disposable income earned and GDP produced is in direct proportion, as most individuals and businesses within the territory undertake most of their economic activities within its borders. Further, the number of businesses that partially operate across borders, and the number of workers who commute to workplaces beyond administrative boundaries, is in many cases offset by a similar number travelling in the opposite direction. In Slovenia, however, there is a large discrepancy between workplaces and employee residences.[3] More specifically, the attraction of workers to Ljubljana and across international borders is suppressing regional GDP, which is calculated based upon the location of production but does not consider employees' home addresses. To some extent, this phenomenon occurs in all countries with statistical regions. In Slovenia, however, where road infrastructure is of relatively high quality and the land area of regions is generally small, commuting across regional boundaries is possible for a large proportion of the population. This is especially true for those wishing to commute to Ljubljana, which is situated near the centre of the country and the motorway network (Ministry of Cohesion and Regional Development, 2023[21]).

One insight into the frequency of commuting behaviour is the ratio of employment to working-age residents. In Osrednjeslovenska, where GDP per capita is highest, there were more people in employment than the resident population that could potentially be working (Ministry of Cohesion and Regional Development, 2023[21]). Taking into consideration unemployment, those enrolled at educational facilities and those unable or choosing not to work for other reasons, there is evidently a large number of individuals working in the region and contributing to annual GDP but residing elsewhere.

Daily commuting patterns to and from Ljubljana, the largest functional urban area in Slovenia (Box 2.3), further demonstrate the contribution of non-resident employees. In 2024, net labour migration into the Osrednjeslovenska region was approximately 82 000, with the largest share of commuting workers arriving from neighbouring Gorenjska, Savinjska and Jugovzhodna Slovenija (Institute of Economic Research, 2025[22]). Further evidence of the high rate of commuting is that for Slovenia as a whole, approximately 22.5% of all employed persons live and work in a different development region (SiSat, 2024[23]). However, the rate is higher in smaller regional economies close to Ljubljana, such as Zasavska (53.5%) and Primorsko-notranjska (44.6%).

Box 2.3. Functional urban areas in Slovenia

In 2012, the European Union and the OECD jointly developed a methodology to define functional urban areas (FUAs). FUAs are estimates of the economic and territorial extent of cities, encompassing both an urban core and its surrounding commuting zone. This method relies on a population-density grid system to first establish urban centres, defined as contiguous high-density cells of at least 1 500 inhabitants per km^2 with a minimum total population of 50 000. From this urban centre, a city – comprised of one or more administrative units that have 50% or more of their population residing in the urban centre – can be identified. Commuting zones are then defined as adjoining municipalities where at least 15% of the employed residents commute to the city. Together, the city and its commuting zone of contiguous municipalities form an FUA which often exceeds the city's administrative boundaries.

Applying the EU-OECD methodology to Slovenia, only two FUAs are identified: Ljubljana and Maribor. Between 2000 and 2015, Ljubljana significantly expanded its area of influence to include an additional 16% of the country's territory and 15% of the total population – partly by extending into other development regions – while the size of the Maribor FUA has remained largely unchanged (-0.8% of the total population). The increasing gravitational pull exerted by the Slovenian capital on its surrounding areas, and other regions, has important implications for strategic planning and demonstrates the need to ensure that development initiatives are targeted at the appropriate scale. The growth of the Ljubljana FUA also demonstrates that existing demographic, land-use, transport and other socio-economic patterns can change and evolve quickly, and that the use of municipal and regional boundaries as the preferred unit of analysis may need to be complemented by analysis using alternative territorial scales.

Source: Based on (Dijkstra, Poelman and Veneri, 2019[24]; Univerza v Ljubljani, Fakulteta za gradbeništvo in geodezijo, 2021[25]).

In addition to large numbers of daily commuters to Ljubljana, about 2% of Slovenian workers commute daily to neighbouring countries, such as Austria and Italy (Pečar, 2020[26]), generating economic activity that does not contribute to regional GDP but boosts household income. In 2024, it was estimated that around 14 000 Slovenian residents derived their main source of income working in Austria, and around 1 800 in Italy (FURS, 2024[27]). Since 2015, the number of Slovenian residents working in Austria each day has increased by around 77%, but the number of workers commuting into Italy has grown less rapidly (7%). By contrast, only 67 Austrian residents and 911 Italian residents are estimated to travel into Slovenia each day for employment.

This cross-border labour-force movement directly affects border communities in Slovenia by depriving their economies of valuable skills and experience. It is also commonly recognised that cross-border regions can face additional challenges in service delivery – especially of education, healthcare and public transport – which can affect regional development (OECD, 2024[28]). In Slovenia, however, the available TL3 level data (e.g. GDP per capita, unemployment rates and productivity) show that border-region performance is not uniformly lower. It is in fact mixed, and there are also good-practice examples of cross-border public service delivery (Box 2.4). Thus, while it is clear that labour opportunities draw many Slovenian residents to work across international borders, regional disparities cannot easily be attributed to the border status of a given development region. To make such an attribution, community-level labour-migration data would be required to support intra-regional comparisons at a micro level.

Box 2.4. Development trends in Slovenia’s cross-border regions

Cross-border territories tend to underperform non-border regions on regional development indicators such as GDP per capita, productivity, unemployment and population density. In Slovenia, however, the performance of border versus non-border regions is mixed, and is likely linked to 10 out of 12 of Slovenia’s development regions being border territories. For example, GDP per capita as a percentage of the national average in Slovenia’s non-border regions was 139% in 2023, versus 84% in its border regions. In terms of population density, Slovenia’s non-border regions are more densely populated (220 people per km²) in 2023 than its border regions (86 people per km²). For both these indicators, the trend in Slovenia follows that of most EU Member States, potentially affecting local public-service delivery and development capacity more broadly. However, for other development indicators where border regions tend to underperform, border regions in Slovenia perform quite well. Importantly, the unemployment rate for 15-74 year olds in 2023 was the same (3.7%) in both non-border and border regions. In addition, on a diverse range of measures including life expectancy, labour-force participation and internet access, the differences in the performance of border and non-border regions are small.

Slovenia is also frequently cited for its efforts to advance cross-border services, specifically in public transport. For example, the European Grouping of Territorial Communities covering Gorizia (Italy), Nova Gorica (Slovenia) and Šempeter-Vrtojba (Slovenia) mobilised local, regional and national level actors to establish a single urban system that enabled transport operators to set up cross-border bus lines, facilitating commuter and commercial passenger flows.

Sources: (OECD, 2024[28]), (SiStat, 2023[2]).

Promoting economic activity in less-developed regional economies will be fundamental if Slovenia is to reduce existing territorial inequalities. Based on available indicators, current levels of material well-being are unequally distributed across regions and risk widening further as productive activities continue to concentrate around Ljubljana. Although GDP provides the clearest measure of regional economic vitality, complementary metrics and benchmarks of material well-being should also considered as evidence when preparing strategies and interventions. These metrics could include gross and net household disposable income, as well as indicators that take into consideration Slovenia's FUAs, regional boundaries and international borders.

Maintaining international competitiveness

Due to the small size of its economy and population, Slovenia is likely to require additional capital, labour and technology to support the next phase of its economic development. At the regional level, this challenge is threefold. First, regions can benefit enormously from attracting new talent, investment and entrepreneurs, but are beholden to national policies and international trends beyond their control. Second, the competitive advantages of Slovenian regions are not equal, with some (such as Osrednjeslovenska) receiving the bulk of investment and research spending. Third, regions are interconnected, and a decline in the relative attractiveness of neighbouring regions can have substantial development impact across a wider territory. A reduction in foreign investment in one location, for example in the automotive manufacturing industry, could negatively affect suppliers in the same industry based in neighbouring regions. It should therefore be a high priority for Slovenia to build up its regional appeal and seek to remove barriers at the subnational level that might impede its international competitiveness.

A further challenge for Slovenian regions is their participation in the European single market. Overall, such participation is extremely beneficial, minimising trade barriers, smoothing the flow of capital and boosting worker mobility. However, European productivity growth has stalled in recent years, and weaknesses in the current EU policy settings have been identified as harming international competitiveness (Box 2.5). In this context, Slovenia's international competitiveness, and that of its regions, is affected by broader developments over which they have limited control. At the same time, a clear articulation of the major barriers affecting international competitiveness in Europe can provide a valuable guide for the types of issues likely to be hampering Slovenian companies and industries.

Box 2.5. The Draghi report and declining international competitiveness in the European Union

Slovenia's international competitiveness is linked with broader European challenges

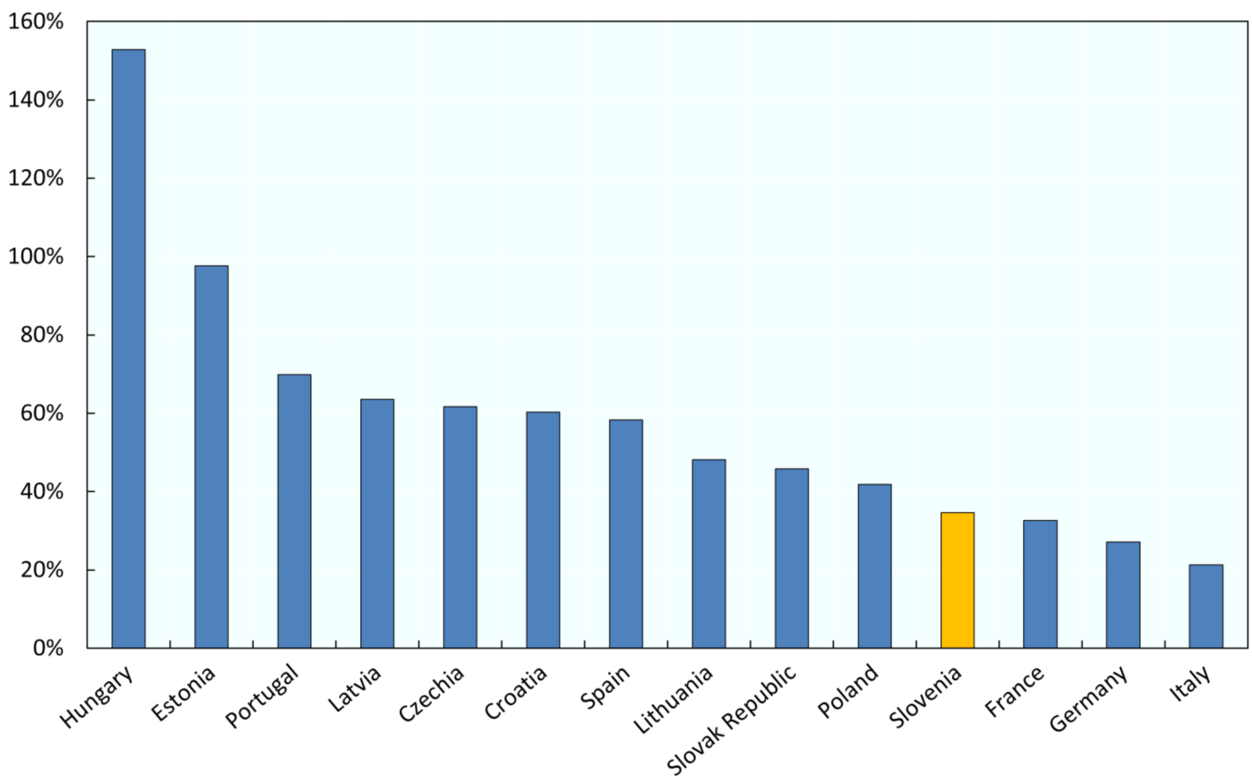
The Future of European Competitiveness (European Commission, 2024[29]) highlights the challenges, opportunities and risks for European economies. The report notes that high energy costs, excessive regulations, fragmented industrial policies and imperfect competition in some sectors is holding back innovation, investment and economic growth throughout Europe. These Europe-wide challenges are not only a forecast but are identified as important factors behind the relative fall in real disposable income per capita since 2000. The report highlights how focusing on three priority areas could help reignite economic growth. First, European countries should actively encourage innovation and the adoption of new technologies, for example through greater spending on R&D. Second, better co-ordination is needed to manage decarbonisation and ensure reliable, affordable and secure energy supplies for Europe-based companies. Third, the report recommends enhanced efforts to boost European security and reduce the risks of geopolitical shocks, as these have the potential to increase the prices of raw materials and other inputs, making European products internationally uncompetitive.

Source: Based on (European Commission, 2024[29]).

Foreign direct investment is critical for small countries and regions

Investment from international sources is an important driver of economic growth in all countries but is particularly important for economies with limited domestic savings and investment capacity. Despite a very high domestic savings rate, the capital market in Slovenia is small and relatively illiquid, with few new listings on the Ljubljana Stock Exchange. Foreign sources of investment are therefore often essential to fund investments in many new businesses, expand the productive output of existing enterprises and support the construction of new infrastructure. The limits of domestic investment in Slovenia are fundamentally a function of scale, as a small population equates to low levels of savings in absolute terms which can be channelled into new investment. Despite these limits, the aggregate stock of foreign direct investment in Slovenia was equal to only 34.6% of GDP in 2023, significantly lower than in several other benchmark countries with a comparable population size (Figure 2.6).

Figure 2.6. Inward foreign direct investment as a share of GDP, benchmark countries, 2023 (%)



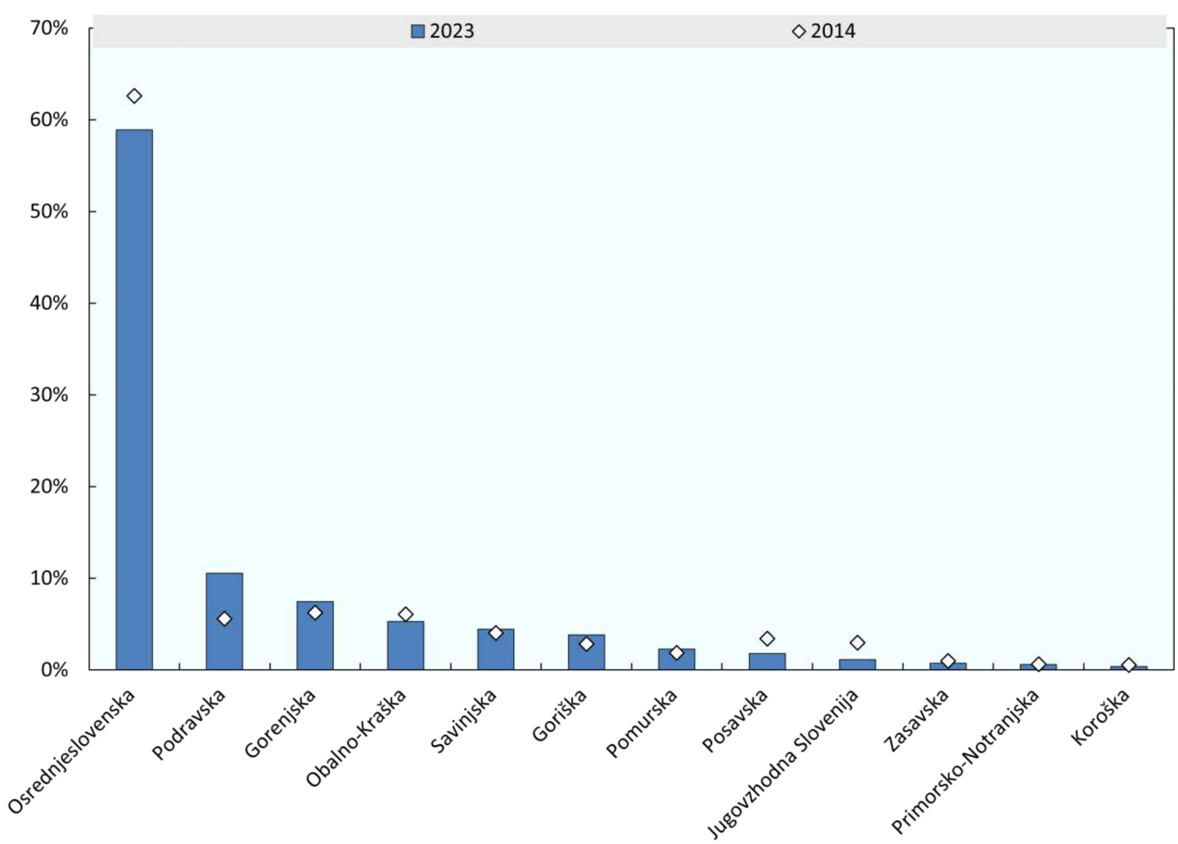
Note: Total stock of foreign direct investment.
Source: Based on data from (Eurostat, 2025[30]).

A comprehensive survey of businesses operating in Slovenia in 2024 found that the main barriers to investment were the availability of skilled labour (cited by 84% of all firms), uncertainty about the future (78%) and high energy costs (75%). These results broadly align with the EU average of firms reporting skilled labour (77%), uncertainty about the future (79%) and energy costs (77%) as major obstacles to investment (European Investment Bank, 2025[31]). Notably, Slovenian firms cite the availability of finance less often as an investment barrier than their EU counterparts. Nevertheless, the ratio of business investment to GDP in Slovenia averaged 1.8 percentage points below the EU average between 2013 and 2023 (European Commission, 2025[32]).

Despite extensive efforts in recent years to reduce administrative burden, obstacles regarding the business environment remain. Excessive regulation, particularly barriers in the professional services sector, and an unfavourable tax regime (e.g. social protection spending equal to 23.1% of GDP), as well as frequent policy changes are other barriers to doing business in Slovenia that may be deterring foreign investment (Institute of Macroeconomic Analysis and Development, 2024[33]). In addition, trust in the functioning of the government and other state institutions is among the lowest in the European Union (Eurostat, 2025[34]). While streamlining administrative demands on businesses and a reform of the tax regime are outside the scope of a national regional development strategy, integrated development strategies can help provide policy coherence and reduce uncertainty, which in turn can increase trust in state institutions. Further, a variety of organisations – such as the Chamber of Commerce and Industry of Slovenia, the Chamber of Crafts and RDAs – could contribute to reducing the administrative burdens on businesses, for example by providing high-level information, contacts with expert advisors and clarity on the division of responsibilities within government to help businesses comply with relevant laws and regulations.

Of the EUR 22.1 billion stock of foreign direct investment recorded in 2023, the majority was concentrated in and around Ljubljana (Figure 2.7). Osrednjeslovenska received 58.9%, compared to only 0.4% in Koroška, and no other regional economy received more than 10% of the national total. This suggests not only that efforts to remove barriers to foreign investment and increase the appeal of Slovenia overall are required at the national level, but that individual regions and firms outside the capital region must proactively cater to the needs of foreign investors.

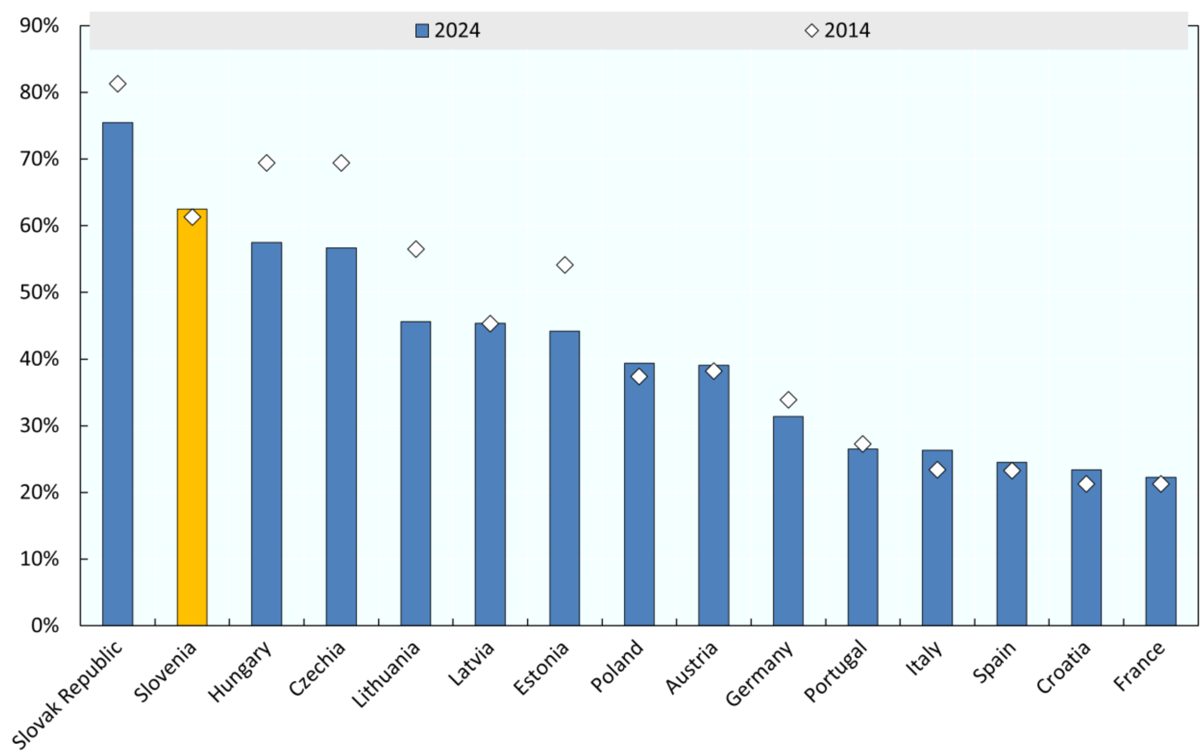
Figure 2.7. Share of total foreign direct investment by development region, 2014 and 2023 (%)



Note: Foreign direct investment stock. Excludes investment that could not be regionally allocated.
Source: Based on data from (Banka Slovenije, 2025[35]).

In contrast to annual measures of foreign direct investment, Slovenia's export performance suggests an internationally competitive and dynamic economy. In 2024, goods exports were equal to 63% of GDP, significantly higher than in most benchmark countries except the Slovak Republic (Figure 2.8). Austria, Croatia, Germany, Italy and Switzerland were the destination for about 65% of Slovenia's exports, with all of its top ten export markets located in Europe. Remarkably, 96% of Slovenian goods exports were produced by the manufacturing industry, suggesting a competitive and relatively technologically advanced industrial base (SiSat, 2025[36]). Further, Slovenia's outstanding success as an exporter of manufactured goods is evidence of good transport infrastructure and broadly suitable trade policies at the national level. Exports of services in Slovenia (equal to 18.4% of GDP) are around the median in comparison with benchmark countries, and well below Estonia (31.6%) and Lithuania (28.5%) (Eurostat, 2024[37]).

Figure 2.8. Goods exports as a share of GDP, benchmark countries, 2014 and 2024 (%)



Source: Based on data from (Eurostat, 2024[37]).

From a subnational perspective, however, the capacity to export local products internationally varies widely. In addition to attracting over half of the country's foreign direct investment, Osrednjeslovenska also produced 51.2% of its exports in 2023 (excluding the 9.5% unable to be allocated) (SiStat, 2025[38]). Jugovzhodna Slovenija (9.1%), Savinjska (8.6%) and Podravska (7.7%) were the next three most successful exporters.

Regional disparities in international competitiveness are more clearly evident when exports are displayed in per capita terms (Table 2.2). Osrednjeslovenska, which produced the highest volume of exports in absolute terms, was also the most successful region by this measure with annual goods exports equal to EUR 45 375 per inhabitant. By contrast, in Zasavska, only EUR 8 206 of exports were produced per person, the lowest of all 12 development regions. Several factors are likely to be contributing to the wide range of export outcomes at the regional level. Zasavska's limited land area available for industrial development and imperfect access to the highway network, for example, are structural barriers to the manufacture of some types of goods (e.g. automobiles) that could be potentially exported.

Table 2.2. Exports and population by development region, 2023

Development region	Population	Exports (EUR)	Share of exports	Exports per capita (EUR)
Gorenjska	209 451	3 404 093 000	6.8%	16 195
Goriška	118 254	2 287 434 000	4.6%	19 314
Jugovzhodna Slovenija	147 789	4 528 501 000	9.1%	30 788
Koroška	70 492	1 298 006 000	2.6%	18 355
Obalno-kraška	119 205	1 362 710 000	2.7%	11 446
Osrednjeslovenska	565 353	25 474 097 000	51.2%	45 375
Podravska	330 572	3 817 708 000	7.7%	11 603
Pomurska	113 668	1 126 775 000	2.3%	9 875
Posavska	76 027	923 653 000	1.9%	12 155
Primorsko-notranjska	54 109	766 184 000	1.5%	14 254
Savinjska	261 786	4 300 296 000	8.6%	16 531
Zasavska	57 243	468 544 000	0.9%	8 207
Average	176 996	4 583 152 250	8.3%	25 979

Note: Exports of unknown origin excluded from share of exports.
Source: Based on data from (SiSat, 2025[36]) and (SiStat, 2025[5]).

A further indicator of Slovenia's integrated trade networks is that 84% of Slovenian firms engaged in international trade in 2024, compared to the EU average of 63% (OECD, 2025[39]). This export orientation has potentially enormous productivity benefits for Slovenian business – directly through the scaling up of operations to meet increased demand from overseas customers, and indirectly, through exposure to international competition.

Over the past decade, Slovenia's export integration in global value chains (measured as share of domestic value added contained in foreign exports) also increased, both in absolute terms and compared to the EU average, rising from approximately 66% to 68.4% (Institute of Macroeconomic Analysis and Development, 2024[33]). A major factor behind this integration has been the success of the Slovenian automotive industry, comprising 279 companies in 2023, and representing approximately 20% of total Slovenian exports, (Slovenia Business, 2025[40]; Institute of Macroeconomic Analysis and Development, 2025[41]).

The overall success of the Slovenian manufacturing industry, but also its downside risks, are regionally concentrated and could therefore potentially exacerbate economic disparities. For example, regions that generate a very large share of their GVA from manufacturing, such as Jugovzhodna Slovenija (43.9%), Koroška (36.7%), or Gorenjska (31.7%), are at a higher risk to external shocks such as geopolitical tension, new tariff policies or shortages of raw materials. Osrednjeslovenska, by contrast, accounts for the overall largest share of manufacturing GVA, but has a proportionally smaller share of its regional GVA stemming from manufacturing (14.2%) (SiSat, 2023[42]).

In addition to attracting the highest quantity of foreign direct investment, Osrednjeslovenska has the highest share of Slovenia's total R&D expenditure (58.4% in 2023), which is another important driver of international attractiveness (Statistical Office of the Republic of Slovenia, 2023[43]). This concentration of R&D, and the absence of major universities and research centres outside Ljubljana, is a major barrier to foreign investment for all regions except Osrednjeslovenska. Other factors that are reducing international competitiveness for Slovenia's regions, such as relatively high tax rates, cumbersome spatial planning laws, high electricity prices, complex labour regulations, and perceived political instability (International Trade Administration, 2024[44]) are the same or very similar throughout Slovenia.

The small land area of Slovenia, the relative consistency of its climate and the extensive motorway network which connects much, but not all, of the country's major population centres, further obscures the explanation behind the uneven performance of its development regions. Rather, the highly divergent outcomes of international trade and investment underlines the need for in-depth qualitative assessments of the major barriers to international competitiveness. For example, RDAs, with assistance from the SPIRIT Slovenia Agency, could identify and rank the most influential regional barriers that are preventing international businesses from investing and operating in their region. This could include barriers such as insufficient infrastructure, skills mismatches or gaps, or limited appropriately zoned land, and would help inform the prioritisation of development needs within each region. Analysis of this kind should therefore be explicitly encouraged and reinforced by the national regional development strategy.

Boosting skills and labour productivity

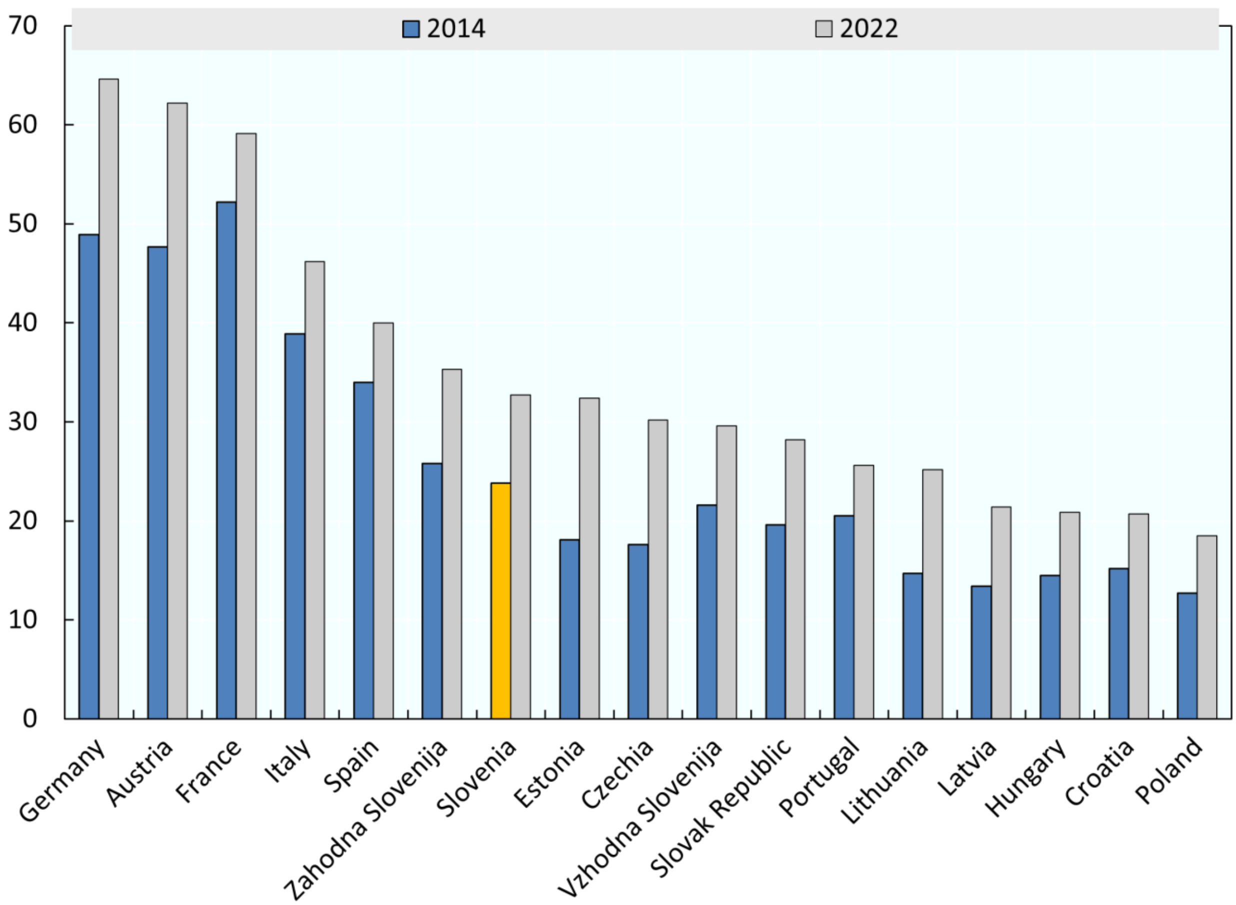
A further challenge to long-term economic growth and consistent development for all Slovenian regions is labour productivity. A decline in output by the average worker, all else being equal, would lead to a loss of GDP at the national level and a fall in material living standards for many residents. Moreover, a long period of low or negligible labour-productivity growth would be likely to lead to similar, but more gradual, erosion of living standards, due to population ageing and the anticipated reduction in the share of working-age inhabitants.

Labour productivity is influenced by numerous factors, many of which are difficult to influence directly through government action. For example, workers' access to new technology, managerial capacities within private firms and longstanding norms that dictate employee behaviours cannot be easily shaped through policy interventions. However, the choices made by policymakers related to other determinants, such as education funding and employment law, can greatly enhance labour productivity. In essence, government's role is to ensure a well-functioning labour market, where sufficient employment opportunities are generated and employers can find the skills they need.

For a regional economy, low rates of labour productivity and skills gaps have several additional consequences beyond reduced living standards. First, they can compound regional inequality. Low-performing regional labour markets are less likely to attract new investment, firms or entrepreneurs, potentially creating a cycle of below-average growth that deepens regional disparities. Second, insufficient skills impose considerable costs. For employers seeking new workers, residents accessing professional services and local governments desiring expert advice, a lack of skills and widespread low productivity are barriers to important economic, social and policy functions. Finally, low productivity and skills mismatches can affect well-being. Individuals who cannot find employment matching their skills are not only less productive, but also less likely to derive satisfaction from their work.

At a national level, Slovenia's productivity per hour is competitive with many of its international peers, but well below the productivity rates recorded in Germany, Austria and France (Figure 2.9). In 2022, Slovenian workers produced EUR 32.70 worth of output per hour, almost half the EUR 64.60 produced by German workers. Labour productivity per hour was higher in the west, with the output per hour of workers in Zahodna Slovenija (EUR 35.3) standing at 19.3% higher than in Vzhodna Slovenija (EUR 29.6). In 2014, the productivity gap between Zahodna Slovenija and Vzhodna Slovenija was almost identical, standing at around 19.4%.

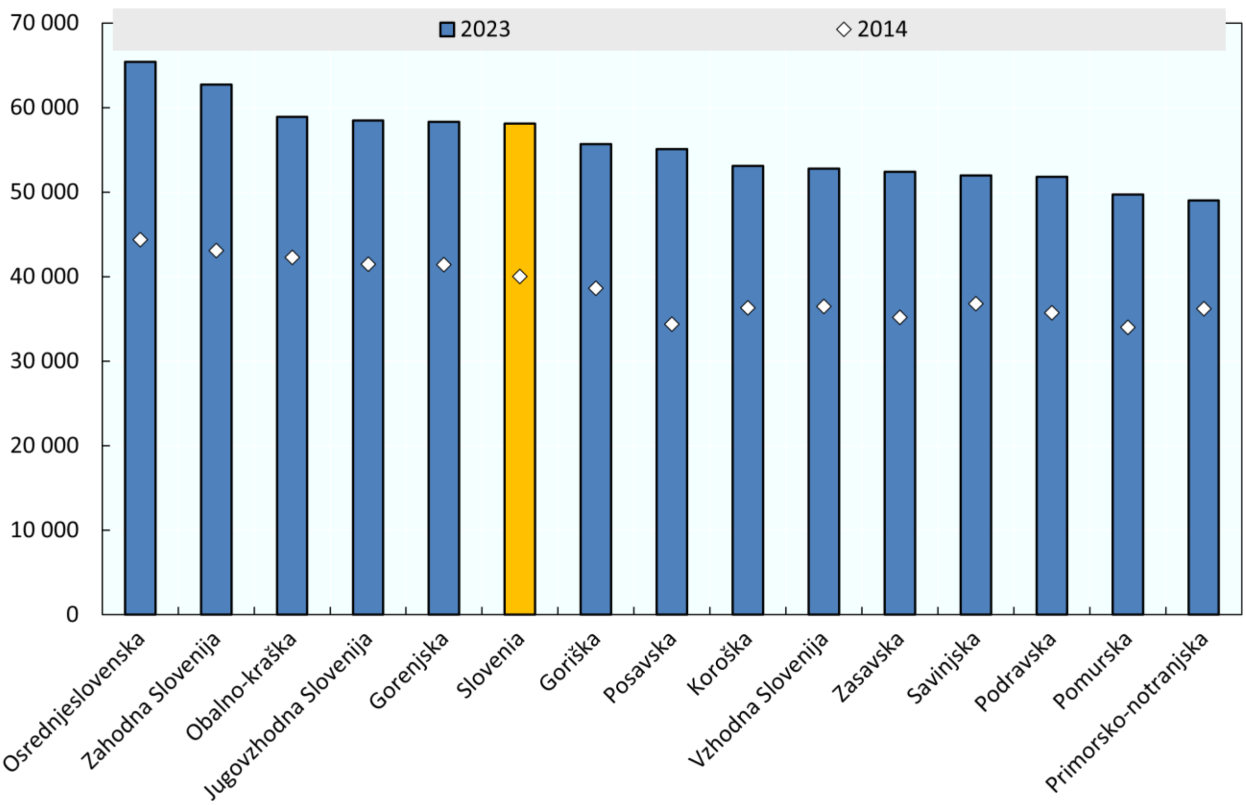
Figure 2.9. National labour productivity, EUR per hour, benchmark countries, 2014 and 2022



Source: Based on data from (Eurostat, 2025[45]).

At the level of development regions, productivity data are only available per worker, providing fewer insights than per-hour measures given the possibility of variation in total hours worked.[4] Nonetheless, labour productivity on this measure increased in all regions between 2014 and 2022 (Figure 2.10). Despite this improvement, there is a significant gap between the annual output per worker in Osrednjeslovenska (EUR 65 400), the highest-ranking region, and Primorsko-notranjska (EUR 49 000), the lowest-ranking region. These estimates imply that the average worker in Primorsko-notranjska is only producing 84.3% that of a typical Slovenian employee, reducing the competitiveness of the region's businesses and acting as a potential deterrent for future investors. Further, it aligns with Slovenia's broader patterns of economic geography, with workers in the capital region and the western parts of Slovenia achieving the highest levels of output.

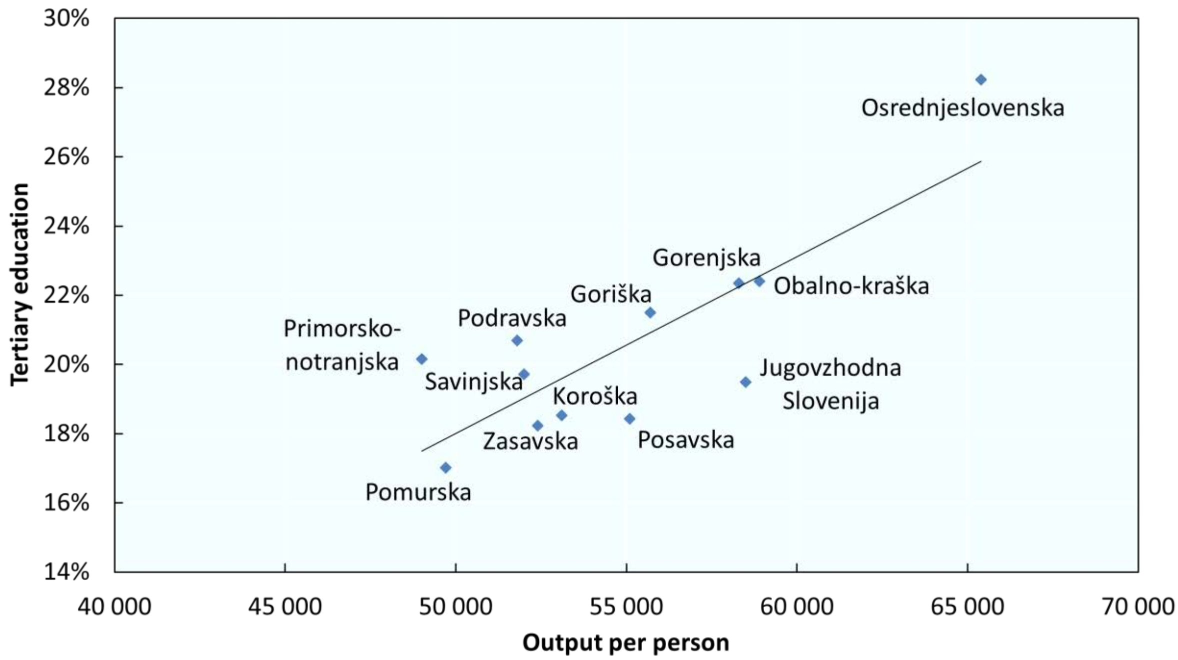
Figure 2.10. Output per worker (EUR), development and cohesion regions, 2023 and 2014



Source: Based on data from (Eurostat, 2025[46]).

The formal education of employees, the training they receive, their access to technology, the capacities of management and organisational culture all contribute to the labour-productivity performance of each region. Nonetheless, access to higher education is one important factor that policymakers can influence, with one study concluding that individuals with a tertiary education had an average marginal productivity that was two to three times higher than those lacking tertiary qualifications (Eklund and Pettersson, 2019[47]). Furthermore, there is a strong association in Slovenia between the rates of tertiary education and productivity at the regional level (Figure 2.11).

Figure 2.11. Tertiary education (%) and output per person (EUR), 2023

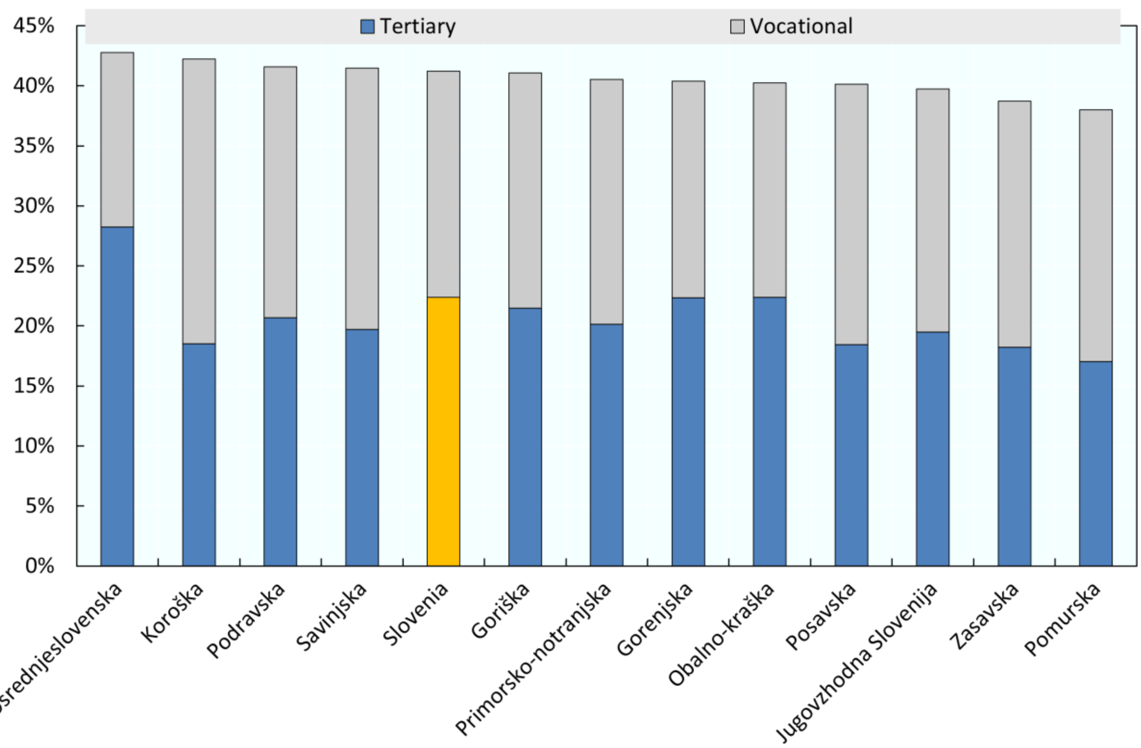


Note: Tertiary education as a share of total population.
Source: Based on data from (Eurostat, 2025[46]) and (SiStat, 2025[48]).

Compared with neighbouring countries, the share of Slovenian residents of working age with a tertiary qualification is around the median, equal to 30.5%. This is comparable to the national average of Germany (29.8%), but well below the averages of Lithuania (41.7%) and France (38.4%), the two highest-performing benchmark countries. Among the development regions, measured as a share of total population, Pomurska (17.0%) and Zasavska (18.2%) had the lowest rates of tertiary qualifications, with Osrednjeslovenska the highest (28.2%). However, these rates are expected to increase over time as around half of young people aged 19-24 are enrolled in tertiary education (European Commision, 2025[49]).

Partially offsetting the variation in tertiary educational attainment are higher rates of vocational qualifications. Generally, in development regions with below-average rates of tertiary education, per capita vocational education attainment is above average (Figure 2.12). This suggests that the overall skills gap among regions may be slightly smaller than it initially appears. However, it is very difficult to quantify vocational education in Slovenia due to the mismatch between vocational education qualifications, which follow the 10-level Slovenian Qualifications Framework (Slovenian Qualifications Framework, 2025[50]), and the current approach to data collection. The Statistical Office of Slovenia, for example, combines “short-term vocational upper secondary” and “vocational upper secondary” in its estimate of the share of the population that hold a vocational qualification, and may therefore include individuals who have completed short courses only.

Figure 2.12. Rates of tertiary and vocational education, development regions, 2024



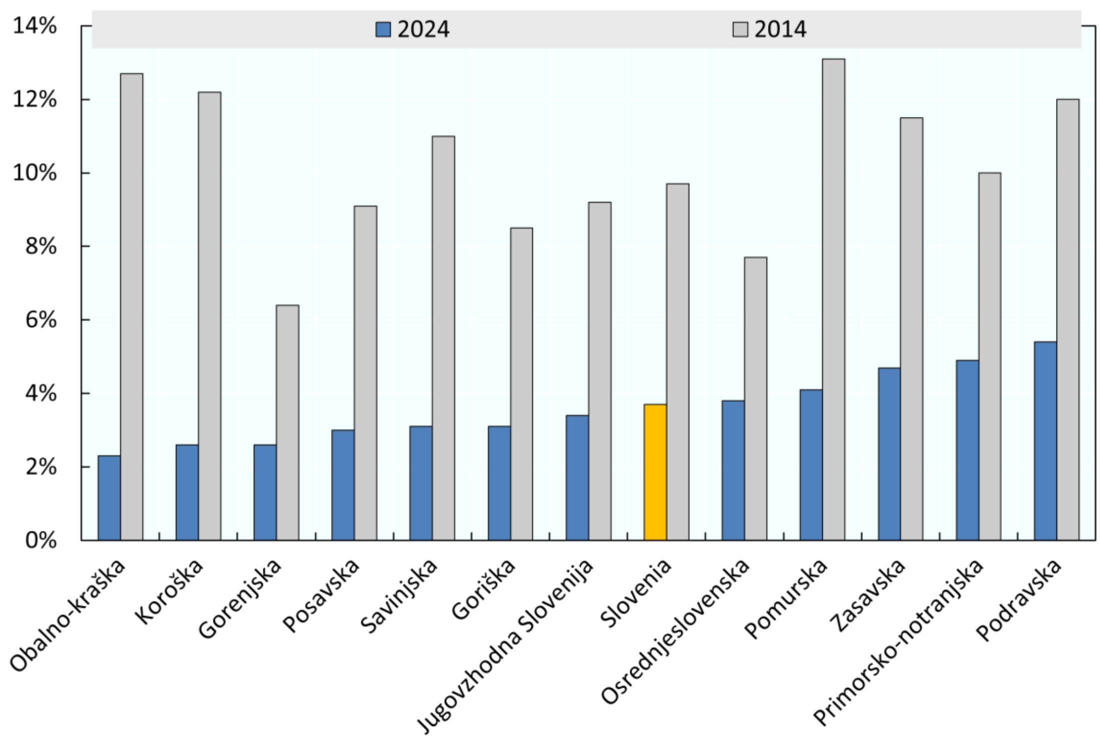
Note: Vocational refers to short-term vocational upper secondary and vocational upper secondary.
Source: Based on data from (SiStat, 2025[48]).

Although the unique characteristics of vocational education systems complicate international comparisons, 47.1% of working-age Slovenian residents in 2024 held a vocational qualification, compared to 28.1% in France, 31.4% in Italy, 39.6% in Austria and 45.9% in Germany (Eurostat, 2024[51]). The outcomes, based on qualitative assessments of the vocational education system and the capabilities of recent graduates, also indicate a broadly well-functioning system. For example, the European Centre for the Development of Vocational Training highlights the variety of course offerings available in Slovenia, the high degree of flexibility based on learner needs and aptitude, and low drop-out rates (Cedefop, 2021[52]). In addition, on the European Skills Index, Slovenia is ranked sixth on skills matching and ninth on skills activation, out of 31 European countries (Cedefop, 2024[53]). Taken together, Slovenia's high uptake and strong performance in vocational education suggest a deep and versatile pool of skilled workers who can adapt to evolving business needs and support the creation of new industries.

An additional consideration in the measurement of regional education disparities is the uptake of digital skills,[5] which can complement formal tertiary and vocational qualifications and boost productivity. For Slovenia overall, only 18.9% of individuals aged 16-74 recorded digital skills beyond a basic level (SiStat, 2023[54]). In some regions, the share of the adult population with well-developed digital skills was even further behind (for example, only 9.2% of the adult population in both Posavska and Primorsko-notranjska had well-developed digital skills), limiting the employability of their residents. In Osrednjeslovenska, by contrast, digital literacy was the highest, with 22.7% of the population reporting above-average digital skills.

Despite the good quality of the vocational education system overall and the high rates of vocational qualifications, inconsistent unemployment rates point to a mismatch between the skills of regional workers and the needs of regional businesses. Although the unemployment rate has declined rapidly over the past decade, with all regions benefiting from improved labour-market conditions, regional variations in unemployment are still evident (Figure 2.13). Although this variation may be partly explained by region-specific causes, including social disadvantage for certain groups, above-average unemployment is also indicative of a population that lacks sufficient skills, particularly as demand for labour is high and the inability to fill vacancies in various industries has been widely reported in recent years (Institute of Macroeconomic Analysis and Development, 2024[33]). For Slovenia as a whole, unemployment was 3.7% in 2024, the equal-lowest year on record (with 2023) since 2007 (SiSat, 2025[55]). Unemployment was even lower in Obalno-kraška (only 2.3%), with Podravska (5.4%) the region with the highest unemployment.

Figure 2.13. Unemployment rate, development regions, 2014 and 2024 (%)



Source: Based on data from (SiSat, 2025[55]) and (SiStat, 2024[56]).

Although not very large, the variations in unemployment rates among regions are particularly difficult to explain considering the small geographic size of Slovenia and the fact that many residents live within commuting distance of other regions and countries. A better understanding of the actual skills possessed by regional residents and the specific needs of regional businesses could help determine whether these uneven employment outcomes can be addressed through better training, or whether they stem from other factors, such as the recent closure of a large employer. The regional skill-anticipation exercise undertaken in Germany, in which central government agencies are responsible for developing and publishing regional skills data, is an example that Slovenia could replicate in the future to better understand regional skills needs (Box 2.6).

Box 2.6. Regional skills anticipation in Germany

Skills anticipation, consisting of forecasts of future labour needs and supported by employer and employee surveys, plays a key role in the German vocational education and training system. It includes national-level analysis and projections of the German labour market. It also incorporates regional-level analysis such as the "skilled workers radar", which provides information on occupational groups affected by skills shortages broken down by professions and regions. Additional analysis of regional skills and skills shortages is provided by the labour-market monitor, which contains data on occupations, industries and demographics, broken down by region. The monitor is run by the regional offices of the Federal Employment Agency, which also provides career and vocational guidance services.

A wide range of national, regional and local actors are involved in the German skills-anticipation process. These include federal and regional ministries, research institutes and municipalities. To support this cross-government exercise, the Federal Institute for Vocational Education and Training and the Institute for Employment Research are legally mandated to provide labour-market data and research. These include regional qualification and occupation projections of labour-market trends among the federal states (*Länder*) up to 2040, and are freely accessible in an open-data portal. More tailored forecasts to support specific projects and strategic planning can also be commissioned directly by *Länder* governments and municipalities, as well as by chambers of industry at the regional level.

Source: Based on (CEDEFOP, 2023[57]).

Addressing the evident variation in regional skills and educational attainment should be a high development priority for several reasons. First, there are mismatches in the overall level of skills and the most in-demand competencies at the national level (Ministry of Labour, Family, Social Affairs and Equal Opportunities, 2025[58]). These form a barrier to innovation, new business creation and the utilisation of new technologies, all key drivers of long-term economic growth. Second, there is the potential for perpetuating regional inequalities as high-skilled individuals – motivated by employment, educational and social opportunities – are drawn to locations where other highly educated people are already concentrated. Finally, at an individual level, uneven educational outcomes reflect a potential barrier to upward mobility. In other words, the opportunities for some residents of Slovenia may be partly limited by where they live.

Although an increase in the overall level of educational attainment is a broadly defensible regional development goal, actual regional needs are also an important consideration. Each region has its own major employers, industries, demographic and skills profiles, and competitive advantages, all of which shape its specific labour-market needs. Future analysis of national skills needs undertaken by the Ministry of Labour, Family, Social Affairs and Equal Opportunities should therefore provide more extensive regional breakdowns, insights and statistics. In addition, each region could undertake a comprehensive assessment of its specific skill-related assets and shortages. These assessments could look beyond qualifications to the actual skills possessed by regional residents and should include qualitative evidence from local businesses, unions and industry associations.

Social inequalities

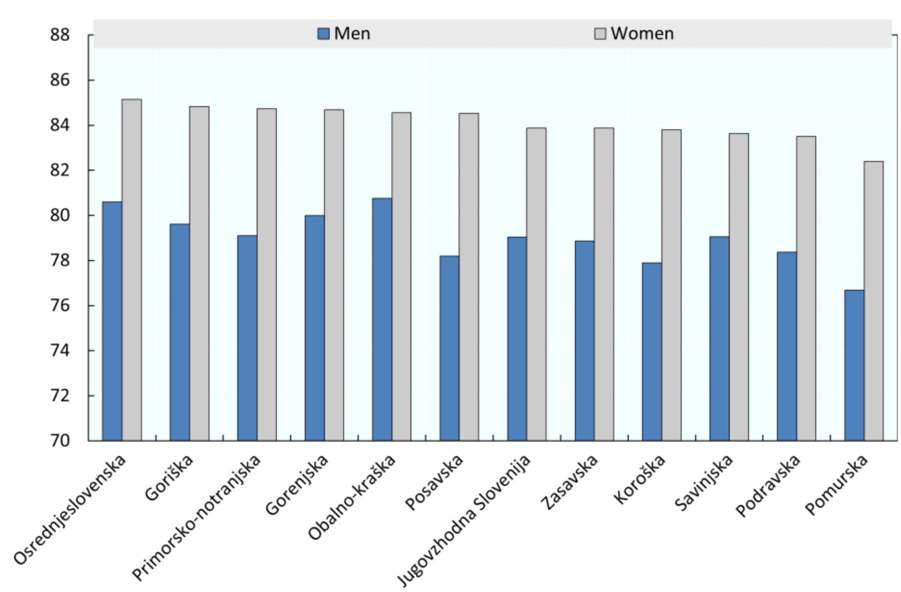
Regional development, in addition to economic conditions and the material standard of living, should be equally focused on the happiness and well-being of people. Poor health and the presence of poverty, crime or a damaged natural environment can undermine how a region's residents perceive themselves, their region and their overall life satisfaction. A further consideration is the regional distribution of well-being outcomes. Inequities in social indicators can build resentment and mistrust, and reduce social cohesion just as effectively as wide gaps in employment rates or GDP per capita. In Slovenia, quality of life is generally high, but several regional disparities relating to life satisfaction, loneliness and health are also evident, albeit on a less pronounced scale than in many other countries. Addressing inequalities in health, social exclusion and life satisfaction would not only benefit affected individuals, but could also reduce the country's orientation towards Ljubljana and help less developed regions catch up.

Health and healthcare disparities are a drag on regional productivity

Poor health and inequities in access to healthcare services are potential barriers to regional development in Slovenia which can be partially offset by place-based policies. Overall, health outcomes and access to healthcare services across Slovenian regions have improved markedly in recent decades, but remain moderately uneven. This unevenness not only affects the quality of life for individuals in some regions compared to others, but can also hinder labour-market participation and productivity in a region as a whole. While all Slovenian regions face some degree of health-related challenges, the north-east appears to be the furthest behind, with lower average life expectancy, lower rates of self-reported good health and higher rates of disability. These health outcomes pose a barrier to regional development, by limiting workforce participation, imposing greater burdens on municipal services and increasing absenteeism among workers, which in turn reduces productivity.

Compared to benchmark countries, Slovenia ranks high on average life expectancy[6] (men and women combined), equal to 82.3 years in 2024. This is 2 years less than Spain's total average life expectancy (84 years) but higher than others, including Lithuania (77.6 years), Hungary (77.0 years) and Latvia (76.7 years). However, there is significant variation in life expectancy at birth at the regional level (Figure 2.14). Men in Obalno-kraška can expect to live a total of 80.8 years – 4.1 more than those living in Pomurska, where life expectancy is the lowest (76.7 years). For women, the gap is less pronounced but still significant. Female residents of Osrednjeslovenska, the region with the highest life expectancy, can expect to live 85.1 years, approximately 2.7 years longer on average than female residents in Pomurska (82.4 years). For both men and women, life expectancy is significantly higher in regions to the west of the country.

Figure 2.14. Life expectancy at birth, development regions, 2024



Source: Based on data from (SiStat, 2025[59]).

While only about 8% of Slovenian residents are experiencing bad or very bad health, regional health disparities are also more concentrated in some regions (such as Koroška and Pomurska) than others (Table 2.3) (SiStat, 2025[60]). These regional concentrations are likely to place additional pressure on primary health service expenditures in certain regions in the short-term and reduce productivity over the medium-term. For example, the need for additional medical care in regions with higher morbidity imposes an immediate financial cost on municipalities, while at the same time reducing the productivity of workers that are not fully able to participate in the labour market.

Table 2.3. Share of residents reporting good overall health, development regions, 2024

	Very good or good	Fair	Bad or very bad	Net good
Slovenia	66%	25%	8%	58%
Pomurska	59%	30%	11%	48%
Podravska	65%	24%	10%	55%
Koroška	61%	25%	13%	48%
Savinjska	62%	29%	9%	53%
Zasavska	55%	35%	10%	45%
Posavska	61%	33%	7%	54%
Jugovzhodna Slovenija	62%	30%	9%	53%
Primorsko-notranjska	71%	22%	8%	63%
Osrednjeslovenska	71%	23%	7%	64%
Gorenjska	73%	21%	6%	67%
Goriška	68%	24%	8%	60%
Obalno-kraška	63%	28%	9%	54%

Note: Net good is very good and good, minus bad and very bad. All residents aged 16 and over.
Source: Based on data from (SiStat, 2025[60]).

Several other indicators provide further evidence of uneven regional health outcomes that are imposing additional fiscal and productivity costs on some regions. The national rate of disability, for example, has improved markedly over the past decade, falling from 6.6% of the working-age population in 2015 to 3.4% in 2024. Although a regional breakdown is not directly available, the distribution of households with a member suffering from a long-term illness, disability or old age provides a good indication of how some regions are more affected. For example, the rate is 9% of households in Posavska, compared to only 3% in Primorsko-notranjska.

The prevalence of depression is similarly skewed, with some regions – such as Savinjska (9.4%) – greatly exceeding others, such as Posavska (4%), in 2024. Obesity is a further indicator of population health and, like disability and mental health, varies across development regions. In Zasavska, for example, 62.7% of the population were recorded as overweight or obese in 2024, compared to 52.4% in Osrednjeslovenska. All these metrics, taken in aggregate, demonstrate health inequities across regions. It can therefore be inferred that the well-being of residents – at least in terms of health – is unequal.

Based on the available subnational health data, explanations for the variation in health outcomes are not easily identifiable. The frequency of harmful behaviours such as tobacco consumption, for example, may be contributing to poorer health outcomes, but smoking rates do not have a distinct regional pattern. Rather, Zasavska (25.4%, centre), Posavska (24.6%, east) and Obalno-kraška (22.5%, west) recorded the highest regional smoking rates (NIJZ, 2023[61]). Alcohol consumption, by contrast, is generally slightly higher in eastern regions, but consistently high throughout Slovenia overall. In fact, mortality attributable to alcohol in Slovenia is significantly above the World Health Organization European Region average, with no measurable improvement (i.e. reduction) since 2014 (NIJZ, 2024[62]).

Workplace injuries and long-term occupational hazards, which are more likely to affect those working in primary industries and manufacturing compared to those employed in services, may also play a small role in shaping inter-regional health disparities. In Koroška, which recorded 19.9 injuries per 1 000 employees, the frequency of workplace accidents is significantly higher than in Obalno-kraška (12.1), which has the lowest ratio in Slovenia. Furthermore, the overall levels of absenteeism differ greatly, ranging from 23.6 days per employee in Pomurska to only 13.3 days per employee in Osrednjeslovenska (NIJZ, 2023[63]). Broader, more granular and centrally located subnational data of this kind could provide further insights into which regional determinants are contributing to the below-average health outcomes experienced by residents in some regions (Box 2.7).

Box 2.7. Regional health data in Sweden

Better health and lifestyle data can support regional strategic planning

The online statistical platform Kolada aggregates dozens of medical, lifestyle, occupational, environmental and population statistics that enable a more complete understanding of regional health in Sweden. These data include measures of individual behaviours, such as smoking rates, alcohol consumption, diet and physical activity, that may help to explain health outcomes in a particular region or municipality. Other data, including the incidence of falls, mental health disorders and workplace accidents, can provide further evidence of specific or exceptional health issues that may warrant prioritisation and additional government investment. Responses to health-related questions from the annual citizen survey, conducted by Statistics Sweden, are also published on Kolada. These responses provide an assessment of the quality, ease of access and affordability of healthcare facilities, highlighting potential barriers to good health that are not easily identifiable. In addition to high-quality regional health data on specific localities, Kolada also enables convenient comparisons among regions and municipalities, facilitating benchmarking, and supporting monitoring and evaluation.

Source: Based on (Kolada, 2025[64]).

The clear evidence of disparities in regional health outcomes has several important implications for regional development. The first is the clear relationship between health and productivity. In Slovenia, regions with high GDP per capita are also less affected by morbidity and have higher life expectancy. For the most part, this is because good health allows a higher rate of labour-force participation, leads to fewer days lost for health reasons, and allows individuals greater mobility and freedom to pursue new economic opportunities that can optimise their output. However, additional health indicators at the subnational level more generally, and improved data collection on the links between personal health, employment and productivity, would greatly assist efforts to boost regional health and development.

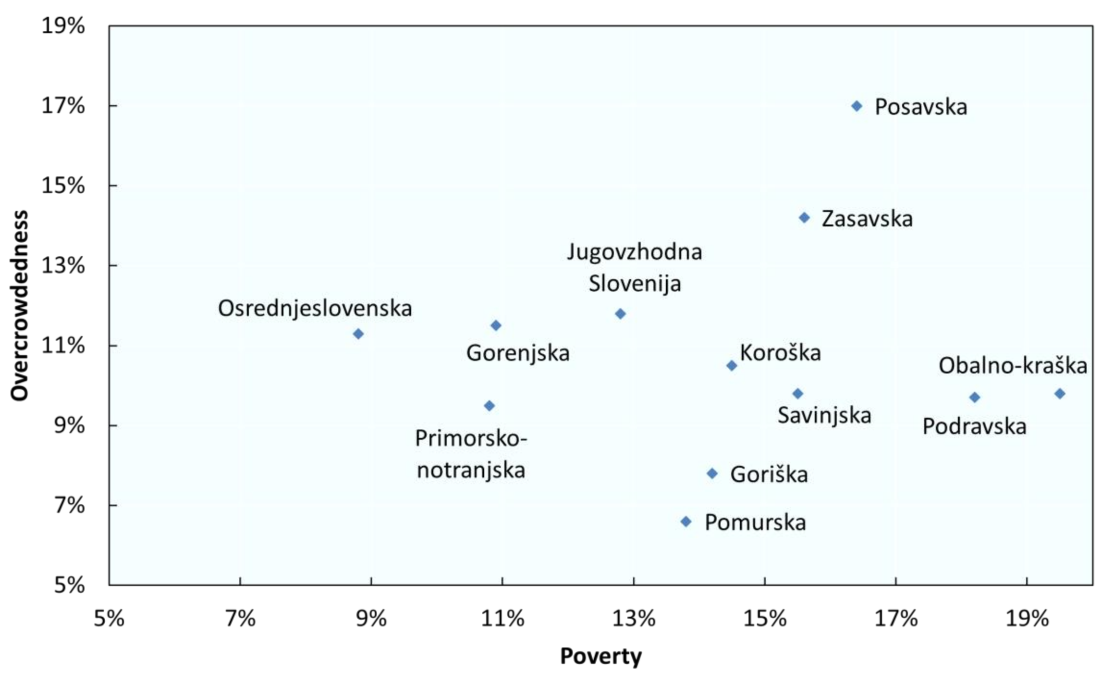
Social exclusion and trust

The inclusiveness and equity of Slovenian society at the regional level is another important consideration for regional development. Inclusive regions can more effectively utilise all available human resources, attract more potential workers and investors, and support deeper collaboration between different stakeholders and groups. On national-level indicators, such as the risk of poverty or social exclusion, Slovenia often outperforms neighbouring economies. From an international perspective, Slovenia's risk of poverty or social exclusion (14.4% in 2024) is relatively low compared to Spain (25.8%), Latvia (24.3%) or Italy (23.1%) (Eurostat, 2024[65]). However, poverty, crime, overcrowded housing and other social hardships do have a regional pattern, and these are barriers to regional development that will require a place-based approach to overcome.

The most striking social disparity among Slovenian regions is the risk of poverty.[7] In Osrednjeslovenska, the most economically developed region by GDP per capita, only 8.8% of the population is at risk of poverty (SiStat, 2025[66]). Residents living outside the capital region, however, are considerably more at risk. In Obalno-kraška, despite the region's status as the fourth-ranking regional economy based on GDP per capita, the risk of poverty rises to 19.5%.

Overcrowded housing is a further social issue with a severe regional dimension. In 2024, the region of Posavska recorded the highest percentage (17%) of persons living in dwellings with insufficient rooms[8] (SiStat, 2024[67]). In the region of Pomurska, only 6.6% of persons lived in dwellings with insufficient rooms, the lowest percentage in Slovenia. The distribution of overcrowding follows no coherent pattern, underlining the need for a place-based approach. Further, although housing and poverty are often interlinked conceptually, the incidence of overcrowdedness does not clearly align with risk-of-poverty trends (Figure 2.15). The distribution of poverty and overcrowdedness points to more complicated underlying causes, beyond GDP per capita or geography. Rather, it suggests that region-specific factors, such as the quality of the housing stock, the number of semi-permanent residents such as university students and jobseekers, and the concentration of social issues may also be influential.

Figure 2.15. Poverty and overcrowdedness, development regions, 2024 (%)



Source: Based on data from (SiStat, 2025[66]) and (SiStat, 2025[68]).

The low frequency of contacts with family and friends are additional indicators of the social inclusiveness of Slovenian regions. Further, regions with strong social bonds will be more successful at retaining and attracting skilled labour. In Gorenjska, for example, social life appears to be very strong, with 75% of residents reporting they meet up with relatives frequently, i.e. daily, weekly or several times per month (SiStat, 2025[69]). In Koroška, by contrast, only 64% of residents report frequent familial interaction. The frequency of meeting with friends follows a similar regional pattern. In Pomurska and Gorenjska, 78% have regular meetings with friends; this percentage is significantly higher than the 57% of respondents in Koroška (SiStat, 2022[70]).

Exposure to crime, violence and vandalism can also limit a region's attractiveness to prospective workers and investors. Although crime is low in Slovenia overall (Eurostat, 2023[71]), the frequency of crime varies widely across regions. For example, in Primorsko-notranjska, only 1% of all households reported an occurrence of criminal activity in their area compared to 12% of households in Jugovzhodna Slovenija, suggesting a very different lived experience for two adjacent regions with similar population densities. Unlike crime and poverty rates, on which Slovenia has generally scored well in comparison with OECD countries, the level of trust in others is lower than in many other comparison countries (Box 2.8).

Box 2.8. Trust in Slovenia and OECD countries

Slovenia has low levels of trust in in public institutions

A 2024 study based on 30 OECD Member countries found significant international variation in the levels of trust in public institutions and concluded that trust was declining slightly overall. For example, 44% of all respondents had no or low trust in their country's national government, and only 44.4% had sufficient trust in their national civil service. Throughout the OECD, the police (62.9%) and the judicial system (54.1%) were the most trusted institutions. National parliament (36.5%) and political parties (24.2%) were the least trusted. In comparison with other OECD countries, Slovenia stood at below average on most measures. Only 26% of Slovenians believed that the national parliament was holding the national government accountable (compared to 38.4% throughout the OECD) and only 27.9% trusted the national government overall (compared to the OECD average of 39.3%). Slovenian perceptions of non-political institutions were also negative, with only 26.3% trusting the news media (compared to the OECD average of 38.9%) and only 24.1% believing that a public employee would refuse a bribe (vs. the OECD average of 36.1%). Scored on a scale of 1 to 10, Slovenians aged over 16 only rated their trust in others as 4.6 on average, compared to the EU average of 5.8.

Slovenian regions have low levels of trust in others

At the subnational level, all 12 development regions displayed low levels of trust in others. However, the degree of trust differed significantly between Pomurska (4 out of 10), the lowest-scoring, and Osrednjeslovenska (4.9), the highest. These differences show an important distinction in the severity of mistrust throughout Slovenia. Although increasing the level of trust is a potential development objective for the whole country, helping to support social cohesion; enhancing compliance with public policies; removing barriers to social and economic collaborations; and reducing the disparity between regions would also help offset the gravitational pull of Ljubljana.

Source: (OECD, 2023[72]) and (Eurostat, 2025[34]).

Overall, it is evident that social challenges are not uniform across Slovenia, and a place-based approach is required to minimise the differences in social conditions between the capital and other regions to better support regional development. Economic growth can undoubtedly help reduce poverty, overcrowding and crime, most directly by boosting household incomes, but also indirectly by producing additional resources for local government through higher tax receipts. However, broader policy interventions may also be required to complement and take advantage of recent improvements in regional economic performance. Strategic planning at the regional level can assist this process by identifying and working with underperforming localities and the most affected groups, linking these places and people with opportunities and programmes that can generate growth. Further, a national regional development strategy can help guide the process to ensure that a broad definition of inclusiveness is included in the analysis of regional development outcomes, with clear guidance on some of the metrics that might be useful for goal and priority setting, monitoring and evaluation.

Life satisfaction is experienced differently across regions

In addition to a healthy and inclusive society, the happiness and personal well-being of a region's residents are critical for long-term development. This approach aligns explicitly with the most recent national strategy, the Slovenian Development Strategy 2030, published in 2017 (Republic of Slovenia, 2017[73]). The strategy states that its primary objective is to provide a "high quality of life for all". Although the measurement of life satisfaction is inherently subjective, numerous studies, surveys and indices have been developed at the national and subnational levels. These demonstrate that quality of life in Slovenia is generally high but some Slovenian regions are experiencing a lower quality of life overall – a disparity that may further accelerate the concentration of development in Ljubljana if left unaddressed.

To contextualise regional well-being it is important to emphasise that Slovenia ranks highly on several international comparisons of overall life satisfaction. In a 2024 comparison of European countries, Slovenia scored 7.7 out of 10 nationally and was ranked third-highest out of 29 countries (Eurostat, 2024[74]). Further evidence from OECD research confirms that Slovenia's residents generally experience a good quality of life overall, with self-reported satisfaction approximately equal to the average of OECD countries (Box 2.9). The OECD Better Life Index provides an alternative measure of life satisfaction by assessing several of the component factors that determine overall satisfaction. It includes an analysis of 11 dimensions, including housing, environmental quality, health and work-life balance. In Slovenia, scores on most dimensions were slightly above the OECD median. Safety, social connections, and knowledge and skills were the best-performing indicators, with income and civic engagement scoring relatively poorly (OECD, 2025[75]).

Box 2.9. Life satisfaction in OECD countries

When asked to rate their general satisfaction with life on a scale from 0 to 10, people in Slovenia participating in a global survey of 150 countries averaged 6.7, equal to the OECD average. In this survey, life satisfaction is a measure of how people evaluate their lives as a whole. It asks respondents to imagine an 11-rung ladder where the bottom (0) represents the worst possible life, and the top (10) represents the best possible life. Respondents are then asked on what step of the ladder they currently stand. In 2021-22, the residents of Finland, Israel, Denmark and Iceland were the most satisfied with their lives among OECD countries, scoring 7.5 or higher; Türkiye, Greece and Colombia were the least satisfied, all scoring lower than 6. Although life satisfaction is broadly similar among men and women, younger people, individuals employed full-time, those with a tertiary qualification, those with higher incomes and residents living in urban areas all reported higher life satisfaction on average. Regional variation on these indicators throughout Slovenia may therefore be a partial explanation for the differences observed in life satisfaction among regions.

Source: (OECD, 2024[76]).

Based on inter-regional survey data and other indicators, there is some evidence of a small but significant regional divide in life satisfaction among Slovenian regions (Table 2.4). Koroška, with an average satisfaction of 7.3, was the lowest-scoring region; Gorenjska and Osrednjeslovenska were the highest-scoring regions, both with 7.8. Interestingly, satisfaction with financial situation received the lowest rating in all regions in comparison with job satisfaction, the quality of personal relationships and available leisure time, suggesting that improved economic conditions in their region would be a high priority for many individual respondents.

Table 2.4. Self-assessment of life satisfaction, Slovenia and regions, various measures, 2024

	Overall satisfaction	Job satisfaction	With financial situation	With personal relationships	With leisure time
Slovenia	7.7	7.8	6.8	8.6	7.5
Pomurska	7.6	7.8	6.5	8.6	7.3
Podravska	7.6	7.8	6.6	8.6	7.5
Koroška	7.3	7.3	6.3	8.1	7.1
Savinjska	7.5	7.5	6.3	8.7	7.3
Zasavska	7.8	8.1	7	8.7	7.6
Posavska	7.6	8	6.6	8.7	7.5
Jugovzhodna Slovenija	7.6	8.1	6.6	8.5	7.5
Primorsko-notranjska	7.7	7.6	6.9	8.7	8.0
Osrednjeslovenska	7.8	7.8	7.2	8.6	7.5
Gorenjska	7.8	7.9	7.1	8.8	7.7
Goriška	7.6	7.8	6.9	8.5	7.4
Obalno-kraška	7.7	7.8	6.8	8.6	7.5

Note: Average, scale of 1 to 10, all persons aged 16 and above. Leisure time 2022. Job satisfaction 2023.
Source: Based on data from (SiSat, 2024[77]).

An east-west divide is also evident on other aggregate measures of well-being. The OECD Regional Well-Being Index, which scores a range of indicators such as the quality of education, jobs and housing on a scale from 0 to 10, is only available at the territorial level 2 (TL2) level. It reveals a wide gulf between Zahodna (Western) Slovenija and Vzhodna (Eastern) Slovenija (OECD, 2025[78]). For example, Zahodna Slovenija scores higher in life satisfaction (6.2 vs. 5.4), access to services (6.7 vs. 6.0) and civic engagement (2.5 vs. 1.6). Out of the 11 topics covered, Vzhodna Slovenija scores better only in community, albeit very slightly (8.8. vs. 8.6).

These insights demonstrate that life satisfaction is high overall, but appears to be somewhat unequal on several measures among Slovenian regions. Further, there is no consistent narrative of disadvantage, with some locations performing poorly on some indicators, but better on others. Generally, western regions display higher life satisfaction than eastern regions, but all parts of Slovenia have areas for potential improvement that should be incorporated into future regional strategic plans.

The health and life satisfaction of regional residents, and regions' overall inclusiveness, differ considerably throughout Slovenia. Reducing these disparities should be a key focus of the national regional development strategy. In addition to addressing inter-regional differences, actions at the regional level can also help achieve national goals such as increasing trust, reducing loneliness, eliminating poverty and improving physical health. These are important priority areas, not only because they affect a large number of people, but also because they are undermining the catch-up of non-capital regions – especially in eastern Slovenia. Improved data collection, and a better understanding of the region-specific causes that are contributing to reduced well-being, are two practical steps that could greatly improve the efficacy of national initiatives to boost well-being.

Structural and transition challenges

In addition to economic and well-being challenges, several structural and transition challenges are also negatively affecting the development of Slovenian regions. In particular, the non-capital regions are experiencing faster rates of demographic change, face significant infrastructure gaps and are expected to bear a larger share of the costs that will accompany the transition to net zero. These challenges are not only a direct barrier to regional development, but are perpetuating the already significant concentration of economic activity around Ljubljana and the cross-border movement of Slovenian workers. Proactive strategic planning is therefore essential to help smooth out potential shocks, boost regional attractiveness and prepare each region for change by developing long-term strategic plans such as regional development programmes to deal with structural disadvantages.

Demographic challenges may deepen regional inequality

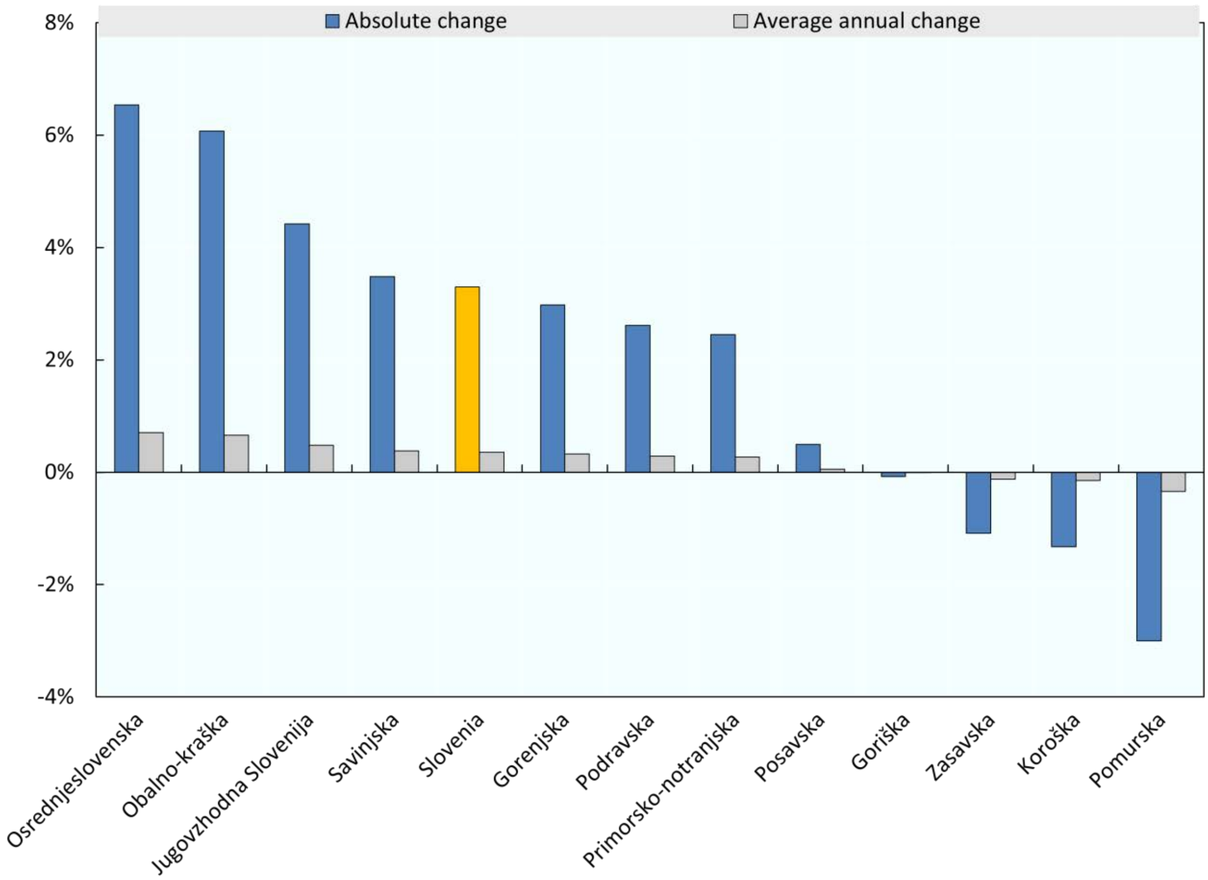
Slovenia's demographic trends are likely to aggravate existing labour shortages, with the number of people aged 65 or over expected to rise from 22.1% in 2025 to around 30% by 2060 (OECD, 2024[79]). This will not only affect the available labour force, but will also entail additional ageing-related costs as a higher proportion of the population qualifies for pensions and requires more intensive healthcare services. Although all of Slovenia is anticipated to be affected by demographic change, its regions are likely to experience ageing unevenly, and will require unique infrastructure and investments in public services to manage the transition effectively. However, ageing is not the only demographic consideration for Slovenian regions. Immigration, urbanisation and population-density patterns are also affecting regions in a non-linear way. All of these demographic changes, as well as those that are not yet in evidence but may emerge in the coming decades, will require a place-based approach to development planning and significant adjustments to government operations.

Slovenia's population is stable, but expected to age unevenly

As in many OECD countries, Slovenia's population is anticipated to become gradually older, on average, by 2060 – a process that has already begun. This forecast is premised on two existing long-term trends in Slovenian demography: growth in life expectancy and a decline in the fertility rate. In 1990, Slovenia's elderly resident population represented 10.6% of the total population. In the subsequent decades, the number has steadily grown in absolute terms, while the overall population has remained broadly stable. Residents aged 65 or older represented 13.9% of the total population in 2000, 16.5% in 2010, 20.2% in 2020 and 22.1% in 2025.

Despite a slowdown in the fertility rate, Slovenia is yet to experience significant population decline and averaged 0.4% growth between 2015-2024. Among development regions, however, population growth has been more varied (Figure 2.16). Taking into consideration both natural increases and net migration, Osrednjeslovenska and Obalno-kraška were the fastest-growing regions, achieving an average annual rate of 0.7% (SiStat, 2025[5]). Zasavska, Koroška and Pomurska, by contrast, experienced a modest fall in overall population over the same period. Although varied, the absolute gains and losses in population over the last decade have been small, but preparation for future population decline should be undertaken at the regional level.

Figure 2.16. Population change, development regions, 2015-2025 (%)



Source: Based on data from (SiStat, 2025[5]).

The most pressing implication of ageing for Slovenian regions is the financial and practical pressures that will be placed on national and municipal services. A higher share of elderly residents would most likely result in additional demand for social security payments, health services and aged care, all of which could reduce the amount of government funding available for other priorities. A further consideration is the uneven spread – and financial impact – that an ageing population might impose on some regions, and how these may exacerbate existing regional inequalities.

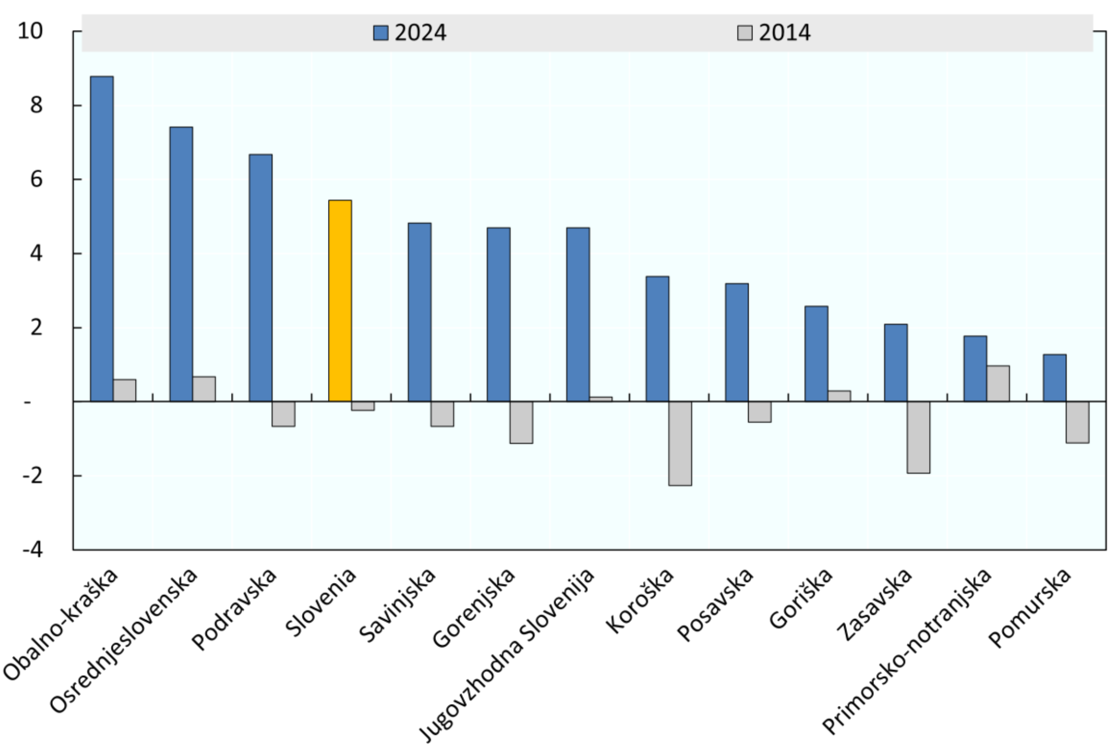
Migration patterns also suggest some regions are more favoured than others

A related challenge is that of immigration, which can both compound and potentially alleviate demographic change. The emigration of Slovenian residents to other countries, for example, has grown in recent years from 0.7% of the total population per year in 2014 to 1.0% in 2024. This outmigration has predominantly been directed towards EU Member States (46.6%) and former members of Yugoslavia (39.4%), with approximately 84% of international emigrants being of working age. Interestingly, the departure of Slovenian nationals to other countries does not have a strong subnational pattern, as the number of emigrants from each region is broadly in proportion with its total population.

The arrival of new residents in Slovenia is occurring in tandem with recent growth in emigration. In 2014, 13 846 immigrants from abroad were received, equal to 0.7% of the population (SiStat, 2025[80]). By 2024, the number of immigrants had grown to 33 023 (1.6%). Although the absolute numbers are small, some regional trends are clear. Relative to its population, the coastal region of Obalno-kraška received the highest number of international migrants, with 1 new migrant for every 44.5 of population, around three times more than in Pomurska (1 new migrant for every 131.9 of population).

In combination, the combined number of new residents arriving in each Slovenian region from other countries exceeded the number of international departures. This can be best understood through the net migration rate per 1 000 residents, which shows the overall migration movements of each region in relation to the existing population. In 2024, Slovenia overall recorded a net arrival of 5.4 migrants (Figure 2.17). By contrast, regions such as Pomurska and Primorsko-notranjska, on aggregate, attracted fewer new residents and lost a higher share of their current population. These trends are reinforcing the concentration of development in Osrednjeslovenska and the hollowing out of cross-border towns and localities.

Figure 2.17. Net international migration, per 1 000 residents, development regions, 2014 and 2024



Source: Based on data from (SiStat, 2025[80]).

A broad range of factors are likely to have influenced the flow of international migrants and their distribution among the 12 development regions. These include economic opportunities, the affordability of housing, and the availability of high-quality health and education services, alongside personal considerations such as familial and social connections to a particular area. In aggregate, however, there exists strong evidence to suggest that international migrants are primarily drawn to locations that meet specific criteria (Annex 2.A). Several of these criteria – such as economic performance – are easy to measure using metrics such as unemployment rates, GDP per capita and disposable household income. Others, such as the availability and quality of transport services (essential to reach places of employment or schools) are more difficult to obtain and analyse. Nonetheless, a place-based approach recognising the strength and assets of each development region could help identify interventions and investments that could help offset ageing and outward migration in the regions most at risk of demographic decline.

Inter-regional migration is another factor driving demographic change in Slovenia. Unlike international migration, inter-regional movements are predominantly driven by individuals seeking new educational or employment opportunities. Family connections, housing affordability and lifestyle considerations are factors that may influence households moving from one development region to another. For most development regions over the last decade, the number of annual arrivals has closely matched the number of departures. The primary exceptions are Osrednjeslovenska, which has consistently attracted greater numbers of residents from other regions than it has lost, and Gorenjska, where net departures to other regions have been exceptionally high, amounting approximately to 2.6% of the population in 2014.

Taken together, the inward and outward flows of population suggest a second current of demographic change that sits above the deeper, long-term ageing that is occurring more consistently across the country. Further, migrants are less likely to relocate to eastern regions, strengthening the gravitational pull of Ljubljana. For instance, the loss of the existing population to emigration may exacerbate ageing in some regions, while population growth from migration may add pressure to public services and infrastructure in others.

Changing demographics have implications for national and regional strategic planning

Regions can play a critical role in managing demographic challenges and should align their actions as much as possible with long-term national demographic objectives. These could include boosting participation to maintain a productive workforce, reallocating infrastructure and public services, and attracting skilled labour from other countries.

Demographic trends also pose a serious challenge to regional development, influencing investment priorities, limiting workforce availability and shaping long-term growth potential. Most immediately, they may exacerbate the concentration of economic activity and population around Ljubljana, further weakening the capacity of non-capital regions to catch-up. However, the severity and immediacy of demographic change varies widely across development regions and municipalities, requiring tailored, region-specific strategies that are rooted in both national objectives and local realities. High-level demographic projections and goals could therefore be reflected in future regional strategic plans when relevant, alongside regional interventions aimed at supporting – or at least aligning with – national efforts to adapt to shifting population structures and changing social demands.

Infrastructure, housing and spatial challenges are barriers to regional development

Slovenia's spatial environment is a constant and influential factor on its regional development. Each development region has its own unique geographic challenges, land-use patterns, infrastructure and international borders, all of which support some economic activities but may be a barrier to others. In addition to individual regional circumstances, each locality in Slovenia is also part of a broader pattern of land-use and economic activity which gravitates towards the centre and has strong international interactions in border regions. These spatial characteristics, many of which are the culmination of past policy decisions, can limit the development potential of specific regions and the country overall. Recognising these challenges, and incorporating them into strategic planning, could therefore help mitigate their impact (Box 2.10).

Overlaying the unique spatial characteristics of each region is Slovenia's national spatial-planning system, which functions consistently in all regions. Although the legal framework and decision-making responsibilities are clearly defined, the effort required to obtain development approvals can be an impediment to investment, productivity and housing supply (Ministry of Natural Resources and Spatial Planning, 2025[81]). For example, the average time taken to obtain a construction permit for residential buildings in Slovenia is typically around 4-5 months and 1.5-2 years for industrial developments. However, it should be noted that delays and administrative complexity are evident among the spatial-planning systems of most OECD countries (OECD, 2017[82]).

Spatial planning rules and processes in Slovenia provide limited flexibility for development proposals to diverge from the types of activities explicitly permitted when implementing spatial plans[9] (Dražić, 2021[83]). In most cases, changing land use on a specific plot would require updating the relevant spatial plan itself. This approach contrasts with some other OECD Member countries, such as the United Kingdom, that have a more discretionary system where spatial plans act as a guide for local authorities and allows proposals to be assessed case by case (O'Brien, 2021[84]). Although the merits of each proposal are also individually assessed in Slovenia, construction permits can only be granted for purposes that have been explicitly permitted in the relevant spatial plan.

Box 2.10. Spatial planning in Slovenia is closely linked with strategic planning

The impact of spatial planning on strategic planning and regional development

In general, spatial-planning legislation, regulations, strategies and other mechanisms to guide land-use play an influential role in strategic planning for regional development in OECD Member countries. For example, spatial plans provide clear limits on what type of development can take place. They also provide valuable guidance on future development scenarios and challenges, such as population growth or decline. In addition, the implementation of strategic plans, and the support of specific regional development initiatives and projects, will often require adherence to and interaction with spatial plans and policies to ascertain the requisite legal approvals. Despite these important linkages, strategic planning for regional development is a distinct activity with its own set of objectives and processes. It provides a long-term framework for future investment and decision-making which incorporates a much broader range of policy areas and actors than spatial planning alone.

Slovenia's national and regional spatial plans are distinct from strategic planning documents

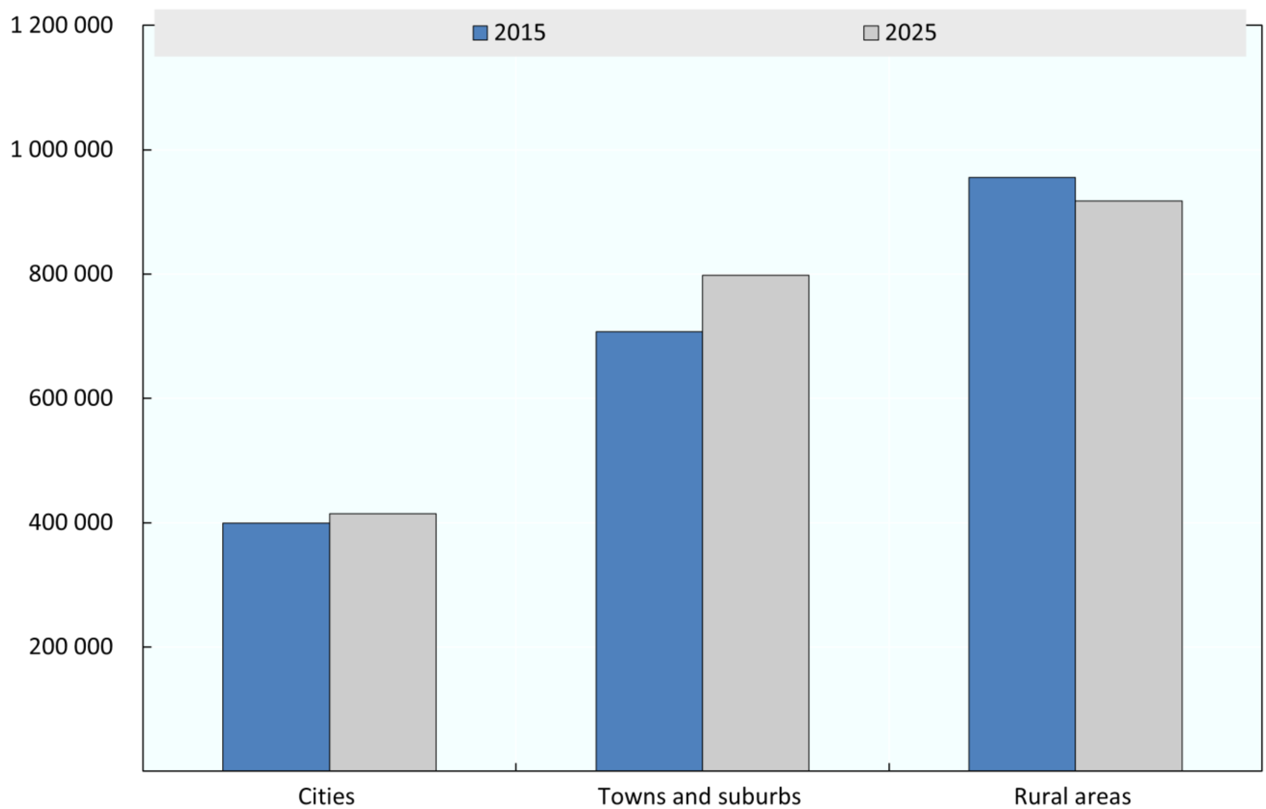
The Spatial Development Strategy of Slovenia 2050 specifies five long-term strategic objectives that focus directly on improving spatial efficiency, quality and identity. Among the objectives are supporting the transition to carbon neutrality and improving the resilience of space to change. All five objectives have important regional implications. To support the strategy's implementation, regional spatial plans are currently being prepared and are scheduled for adoption in 2027. However, the strategy and its supporting regional plans focus explicitly on spatial policy and outcomes. From a strategic planning perspective, they should support the implementation of Slovenia 2030 and the national regional development strategy, but sit below them in the strategic planning hierarchy.

Source: Based on (Republic of Slovenia, 2023[85]).

Further, Slovenia's spatial planning system has been shaped by decades of polycentric spatial strategies and land-use policies that have implications for regional development. For example, local government reforms in the 1960s and 1970s encouraged the development of 64 local centres to ensure equal access to employment and social infrastructure (Nared, 2017[86]). The large investment in road infrastructure since independence, the creation of new municipalities in the 1990s and the accompanying zoning of land for residential use have also promoted the development of new suburbs in greenfield areas (Ursic, 2021[87]). Compared to most OECD countries, Slovenia is therefore characterised by a large number of small settlements. The result of these policies can be seen by the low rate of urbanisation in Slovenia, with only 19.5% of the total population living in cities (Figure 2.18).

With a high proportion of residents living in rural areas, Slovenia's settlement patterns are associated with several development challenges. Most immediately, dispersed residential and commercial land use is a barrier to agglomeration. From a business perspective, it is more difficult to engage with suppliers, make deliveries to customers and form partnerships or collaborations with other enterprises when economic activity is widely dispersed, rather than concentrated in urban areas. For residents, the number of employment opportunities, professional services, cultural activities and retail providers located in close proximity to their residence and workplace is also limited by deconcentrated land use.

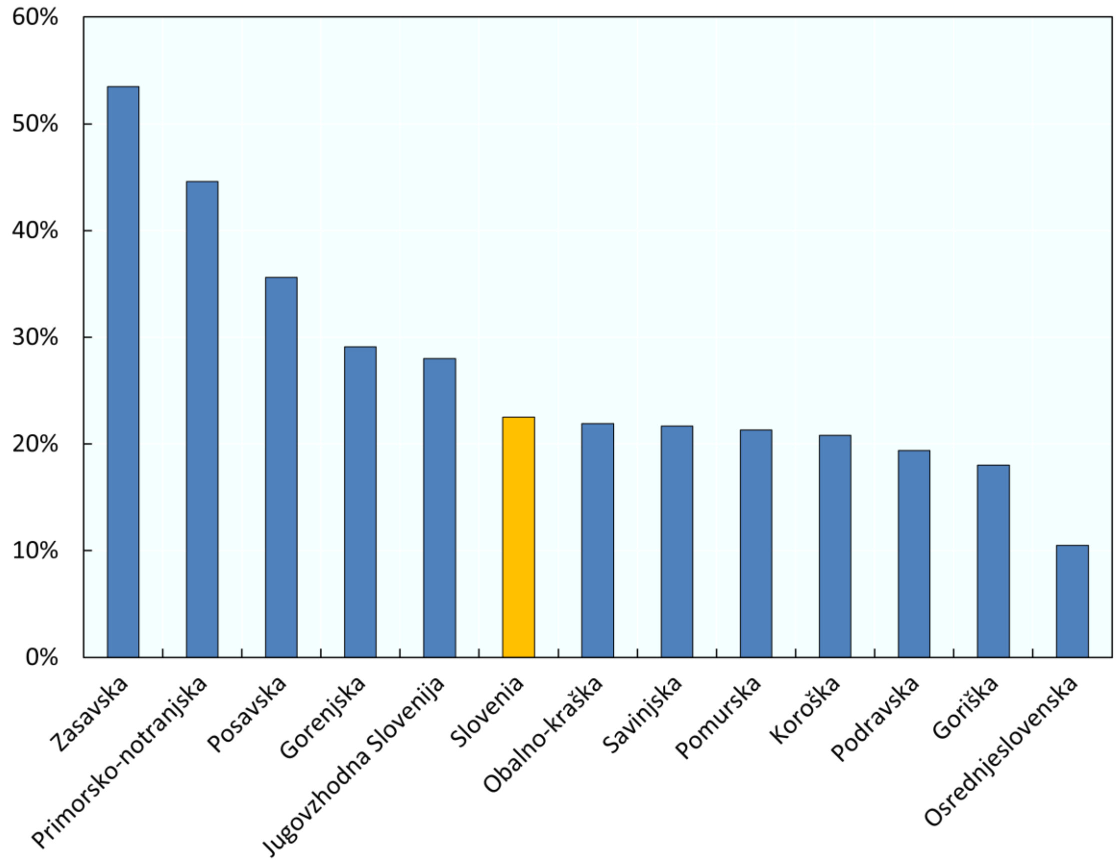
Figure 2.18. Population by settlement type in Slovenia, 2015 and 2025



Note: Total population is classified as living in cities (densely populated areas), towns and suburbs (intermediate density areas) or rural areas (thinly populated areas).
Source: Based on data from (SiStat, 2025[88]).

Related to the low share of residents living in cities, urban sprawl is one of the most pressing spatial challenges for Slovenia and a trend that has strengthened Ljubljana's position relative to other regions. Although less-concentrated housing patterns and large distances between new developments and urban centres offer some advantages – such as cheaper land, fewer building restrictions and the potential for larger residential lots – they also bring significant economic costs. These costs are predominantly immediate, such as those that affect the budgets of governments and households each year, but can also impose hidden costs through reduced efficiency of land use and deterrence of productive activities. A further consideration is the social cost of urban sprawl. Places with high rates of commuting, for example, may have less time on average for leisure and cultural activities, reducing overall well-being (Figure 2.19).

Figure 2.19. Inter-regional labour migration, share of employees, 2024 (%)



Note: Persons in employment (excluding farmers) whose workplace is not in the statistical region of their residence. Slovenia represents the share of the national population working outside their region of residence.
Source: Based on data from (SiSat, 2024[23]).

Large differences also exist in the quality of the motorway and rail networks, resulting from the prioritisation of investments in the motorway network after Slovenia's independence in 1991 and after joining the European Union in 2004 (Hudak, 2023[89]). For example, of the 2 170 kilometre (km) rail network, only 325 km are lines with double tracks (Statistical Office of the Republic of Slovenia, 2025[90]). Further, aviation infrastructure is centralised, with the vast majority of passengers travelling through Ljubljana airport, imposing a significant time and inconvenience cost on regions farthest away (Statistical Office of the Republic of Slovenia, 2025[91]). Yet good access to transport infrastructure is extremely important for regional development as it influences investment decisions and is a precondition for many businesses, particularly those that transport goods.

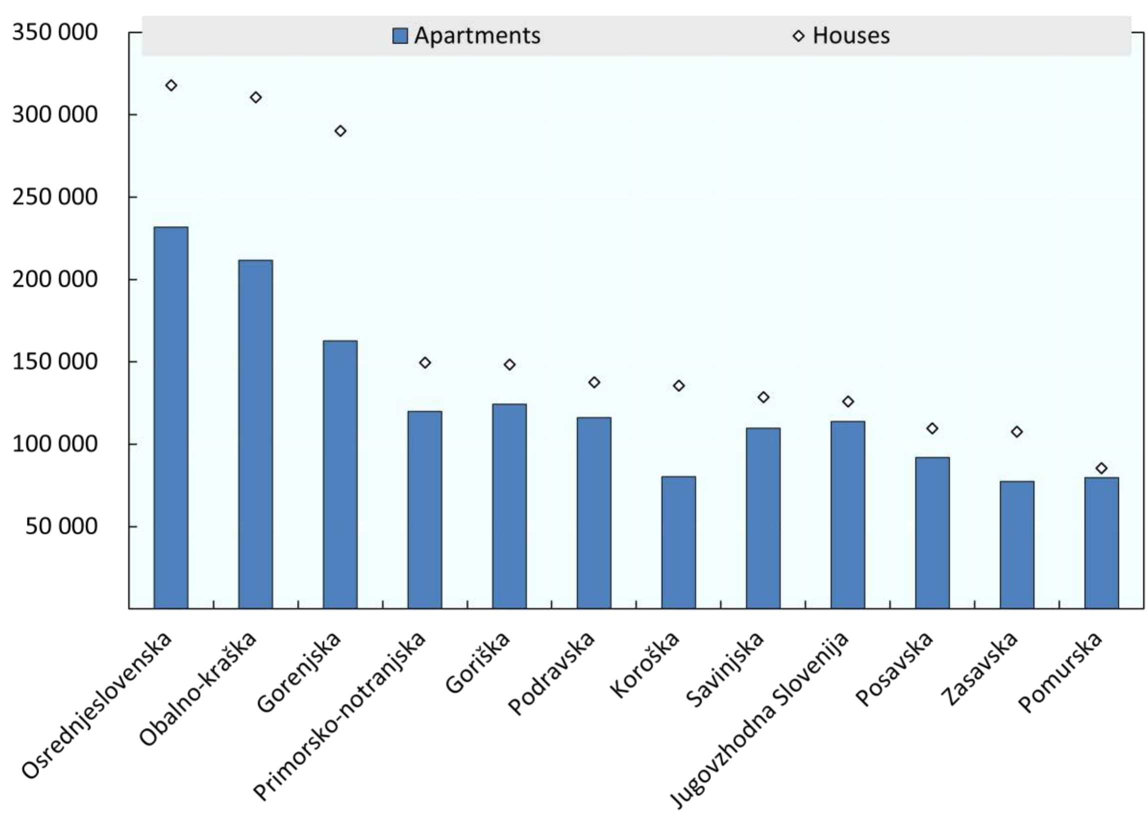
Housing, broadband access and other infrastructure are significant barriers to development

The housing and infrastructure endowment of each region is a further constraint to even regional development in Slovenia. High-quality housing and supporting infrastructure are critical to maintaining each region's competitiveness and attractiveness, especially for foreign investors and skilled labour. Although the general level of infrastructure provision in Slovenia is good, regional differences are clearly apparent, especially in housing (European Commission, 2025[32]). These differences are not necessarily development barriers, but the absence of some housing and infrastructure types can deter specific types of activities, industries and businesses. More broadly, they may limit the potential for agglomeration and clustering, which can help enhance productivity and promote innovation.

The housing stock of each region illustrates these limits. In Posavska, which has only 76 000 residents, 75.2% of housing consists of single-dwelling buildings, offering very few apartments and limited choices for different household types. Importantly, single-dwelling buildings are an impediment to networking and agglomeration, and low-density housing imposes higher costs on governments and businesses. The provision of public transport, for example, is more costly, all else being equal. Osrednjeslovenska, where around 51% of all residences are located in three-dwelling buildings or greater, has much greater capacity to support agglomeration, as well as offering additional options that may suit individuals at different life stages.

Housing costs are also a major factor contributing to the high rates of commuting to Ljubljana. Although prices would be expected to vary across Slovenia, average house and apartment prices in some non-capital regions are around one-third those of Osrednjeslovenska (Figure 2.20). Residents relocating to a neighbouring region for cheaper housing, but continuing to work at the same business location, not only increase the burden on transport infrastructure but may also reduce the tax income of economically productive municipalities. More positively, affordable housing is an important asset in the pursuit of potential residents – both workers and entrepreneurs – from abroad and can help retain skilled labour.

Figure 2.20. Average house and apartment values, development regions, EUR, 2023



Source: Based on data from (Republic of Slovenia, 2024[92]).

Internet access and speeds are further considerations for businesses and households when choosing where to locate. Throughout Slovenia, around 94% of households have broadband access, suggesting a very well-developed digital infrastructure (SiStat, 2024[93]). Further, 97.9% of enterprises report internet access. The distribution of internet access at the regional level, however, is less uniform. For households, 98% of Obalno-kraška reported a connection, compared to only 87% in Posavska.

Recognising these challenges, future strategic documents at both the national and regional levels should therefore be informed by – and work in tandem with – regional spatial plans and existing regional infrastructure to achieve the best possible outcome for the region. Insufficient consideration of regional spatial planning could, for example, lead to unrealistic proposals, delays in implementation and additional expense. However, strategic planning should not be considered as an instrument of spatial planning, as both play important and complementary roles in supporting regional development. Rather, strategic planning should be based on the needs of the specific region, following rigorous analysis of its major development challenges and opportunities.

Net-zero and other environmental challenges

Slovenia's environmental objectives at a national level, its international commitments to improve sustainability, and the demands for a cleaner environment from local communities and international investors are likely to impose significant costs and obligations on its regions. Energy production and transport in particular remain heavily polluting sectors, requiring new technologies and practices to curb their environmental impact. Other sectors, such as manufacturing and agriculture, will also need to adapt, imposing costs on incumbent businesses and leading to the cessation of specific activities, such as coal mining and coal-fired electricity generation. Although the challenges of this transition will affect all Slovenian regions and municipalities differently – with the Zasavska and Savinjska regions particularly vulnerable due to the strong influence of coal mining and related industries on their economic structure – strategic planning can help identify and secure funding to smooth out the transition-related costs that might otherwise deepen inter-regional inequalities.

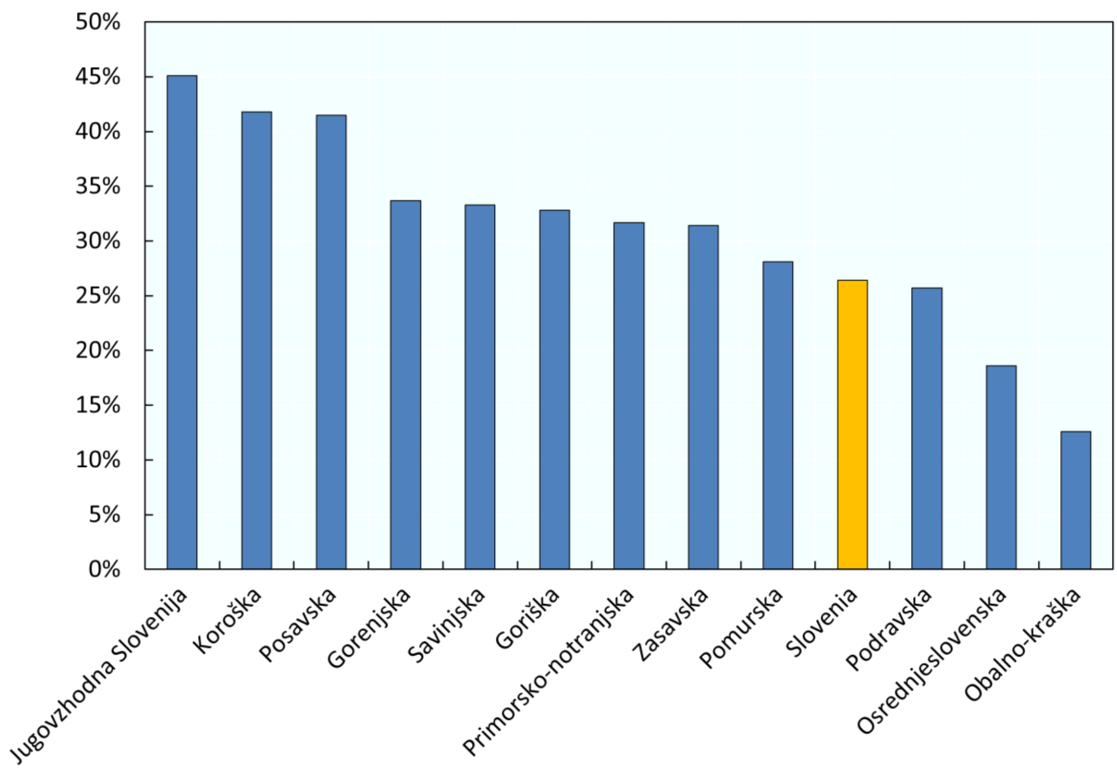
Slovenia's national commitment to a green transition imposes costs at the regional level

As an EU Member State, Slovenia is a signatory of the Paris Agreement and is bound to reduce greenhouse gas emissions through the European Union's collective nationally-determined contributions and targets – i.e. reducing greenhouse gas emissions by 55% by 2030 and achieving climate neutrality (net zero) by 2050 (UNFCC, 2025[94]). In addition to these high-level targets, the EU Emissions Trading Scheme, affecting large emitters, and the EU-wide target of banning internal combustion engines by 2035 will also affect Slovenian regions (European Parliament, 2023[95]). Domestically, a wide raft of commitments and policies aimed at strengthening, complementing and implementing EU-level commitments are also in force. For example, the National Energy and Climate Plan sets out additional national and sectoral targets and milestones for greenhouse gas reduction, as well as outlining the phase-out of coal mining by 2033 (Republic of Slovenia, 2023[96]).

At the national level, Slovenia's carbon emissions are broadly in line with benchmark countries (Eurostat, 2023[97]). In 2023, greenhouse gas emissions were equal to 5.0 tonnes per capita, higher than Lithuania's (4.4) – the lowest – and well below those of Estonia (9.5), the highest. The largest emitting sectors in Slovenia were transport, electricity generation and manufacturing. It should be noted that a significant portion of transport emissions are the result of traffic, particularly road freight, passing through Slovenia from other countries. Nonetheless, as transport is responsible for around 30% of Slovenia's annual emissions, significant changes in the transport sector – potentially through greater investment in railways or changes to road pricing – will be needed over the medium term to reach the required targets.

The environmental developments, initiatives and changes that are driving a green transition are having a significant impact on regional economies. The most directly affected is the region of Savinjska, which has the only operating coal mine and coal-powered power station. Together, these employ around 1 800 full-time workers directly, as well as supporting additional local businesses and suppliers indirectly. The closure of these facilities may therefore affect regional employment (European Commission, 2022[98]). Other sectoral considerations are less clear-cut but will also have an uneven impact on regional economies. Agriculture, manufacturing, transport and electricity generation, for example, are relatively carbon-intensive compared to finance, public administration and health, which will require fewer adjustments and are rarely required to purchase emissions credits. As an example, the region of Jugovzhodna Slovenija produces 43.9% of its regional GVA through manufacturing activities – the highest share in the country (Figure 2.21). Obalno-kraška, by contrast, produces only 10.1% of its GVA from manufacturing and has low-carbon sectors such as trade and accommodation (37.6%) and public administration (15.7%) making up nearly half of its GVA.

Figure 2.21. Share of regional GVA from manufacturing, development regions, 2023



Note: Also includes mining and quarrying. Slovenia represents share of national economy.
Source: Based on data from (SiStat, 2025[99]).

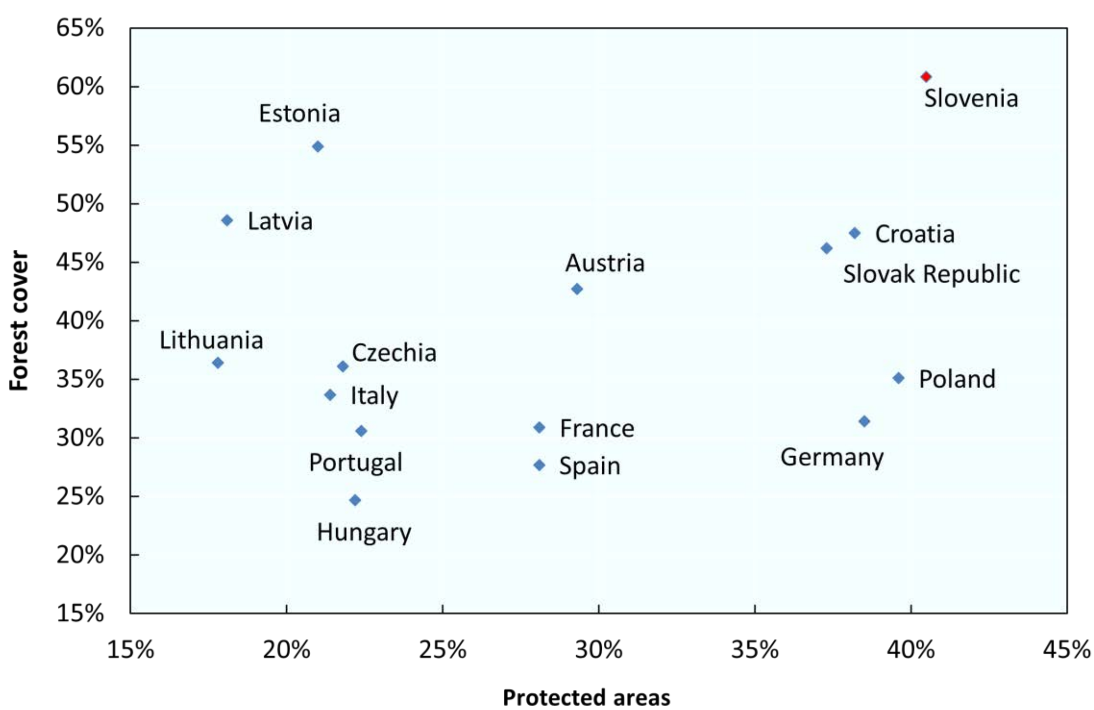
In addition to reducing greenhouse gas emissions, a vast quantity of environmental laws, regulations and commitments will also pose challenges to regional development over the coming decades. These include a mix of national and European initiatives relating to biodiversity, water management, soil quality and air pollution. For example, the EU Nature Restoration Regulation under the EU Biodiversity Strategy includes legally binding targets for the restoration of agricultural ecosystems, rivers, forests and pollinator populations, and is likely to require changes to land use and farming practices in all Slovenian regions (European Commission, 2024[100]). At the national level, legislation such as the Environmental Protection Act is likely to have a similarly asymmetric impact (Republic of Slovenia, 2006[101]), for example, on development regions with a high concentration of protected areas and sensitive natural habitats.

Environmental management and mitigation costs are greater for some regions

Natural disasters and the management of natural assets are a further consideration with widespread but uneven regional implications. Although all regions are at risk of occasional floods, fires and other extreme weather events, some are more vulnerable than others. For example, the proportion of the population exposed to flood varies greatly across Slovenian municipalities, with those located near the Sava (northwest to southeast), Drava (northeast) and Mura (northeast) rivers estimated to be the most vulnerable to a 100-year flooding event (OECD, 2020[102]). Of the 12 development regions, Pomurska is the most exposed, with 34.7% of its built-up area vulnerable to river flooding. In Savinjska region, where exposure to flooding is low in some areas, several municipalities in the southern section, including Polzela and Celje, are at very high risk. Obalno-kraška (0.2%) and Primorsko-notranjska (0.4%) by contrast, have relatively low flood risk (OECD, 2020[103]). Therefore, additional investment in preventive infrastructure such as levees, emergency service equipment and information campaigns could be pressing regional priorities in these areas, but a lower priority in others.

Forest cover and the share of protected areas are further constraints on regional development that are particularly acute in Slovenia (Figure 2.22). In addition to the country having a small land area overall, a very large share is unavailable for most types of economic activities. In 2023, an estimated 58.2% of total surface area was forested, with 79% of forests privately owned (Ministry of Agriculture, Forestry and Food, 2023[104]). A cross-country comparison using a slightly different methodology estimated that 61.4% of Slovenia had forest cover, a greater share than in all comparable economies (Eurostat, 2021[105]). Although forest cover provides numerous regional benefits, including support for forestry industries, recreation, tourism and biodiversity, very high concentrations of forest cover can be a barrier to other types of economic activities, such as manufacturing and renewable-energy generation.

Figure 2.22. Share of land with forest cover and legal protections, benchmark countries, 2022 (%)



Note: Protected areas comprise of national designations and Natura 2000 sites.
Source: Based on data from (Eurostat, 2025[106]).

The share of protected areas in Slovenia is also high, with 40.5% of total land area receiving some degree of national or Natura 2000 conservation status, greatly enhancing its attractiveness to residents and tourists (Eurostat, 2025[107]). Lithuania (17.8%), Latvia (18.1%) and Italy (21.0%), by contrast, have far fewer protected areas. Although protected areas in Slovenia can still be developed in some circumstances, the types of allowable activities may be more limited, applications more complex and land-use conditions more onerous, resulting in a lower proportion of land being potentially available for industrial, residential and infrastructure uses. At the sub-national level, protected-area status is much more concentrated in the southwest and northwest, as well as in a small cluster directly adjacent to the Hungarian border. The proportion of land given formal protection is the lowest in the central valleys – where, not coincidentally, population density is the highest.

The benefits and opportunities of sustainable regions should inform future strategic development documents

Although environmental challenges are in many respects an impediment to regional development in Slovenia, improvements in environmental outcomes simultaneously present valuable development opportunities. Furthermore, notwithstanding the short-term costs, progress on addressing some environmental issues may help reduce regional inequalities. New investment in renewable energy, for example, is likely to provide new economic and employment opportunities in some regional areas with the appropriate space and topographical conditions to support it.

Addressing environmental issues, such as reducing contaminated waterways and rehabilitating degraded land, has a further benefit for the well-being of regional inhabitants by boosting local amenity. Not only do improved physical environments provide additional leisure opportunities that contribute to well-being, they are also valuable assets that can help attract new residents, skilled workers and entrepreneurs. Finally, a sustainable environment has explicit economic benefits. This can be demonstrated through additional tourists or the regeneration of degraded areas that can be repurposed and used for commercial activities. In the Slovak Republic, the region of Banksá Bystrica was able to leverage its rich natural assets and national parks by boosting accessibility through investment in bike paths, public transport and signage, as well as improving international awareness through online marketing, leading to increased tourism (OECD, 2025[108]). A more sustainable environmental record can also help with marketing regional products and attracting foreign investment, as many institutional investors – and multinational businesses themselves (e.g. IKEA) – apply strict environmental criteria to every step of their supply chain (Han, 2022[109]). Regions play a critical role in improving environmental outcomes, conserving natural heritage and fulfilling international commitments. They also lead the implementation of important policy changes, such as improvements in sustainable mobility and transport, co-ordinating local energy operations to support long-term decarbonisation and planning regional-level responses to legislation on climate-change mitigation. The actions of each development region, and its constituent stakeholders, should therefore be aligned as much as possible with long-term national environmental objectives such as net-zero.

Addressing environmental challenges will also affect regions and localities in a variety of ways. If not well-managed, they could accelerate the concentration of population and economic activity in Ljubljana. The transition away from fossil fuels, for example, poses an immediate challenge to coal mining, electricity generation and the communities in which those activities are currently undertaken. The gradual shift to renewable-energy sources, business practices and technologies, although simultaneously supporting new industries and providing new sources of investment, will also disproportionately affect regional economies with a high share of manufacturing, transport and agriculture. These combined factors create a risk that business activity, migration and commuting patterns will become more deeply oriented towards Osrednjeslovenska, at the expense of other regional economies.

Finally, the benefits of enhanced environmental sustainability for regional competitiveness, security and well-being should also be considered as they can help offset the outward flow of workers, residents and economic activity to Ljubljana. Although the costs of compliance with environmental regulations and investments in the management of natural assets are often unavoidable, their rigorous application can also enhance the region's attractiveness for residents, boost well-being and help attract new sources of foreign investment.

Conclusion

The strong pull of Ljubljana, and the availability of employment across international borders, create a substantial barrier to growth in Slovenia's non-capital regions and the country's periphery. This pull exacerbates existing economic, social and structural challenges, which need to be addressed through place-based regional development. Major economic indicators – including GDP per capita, labour productivity, foreign investment and exports – demonstrate the scale of economic concentration in central Slovenia and the relative difficulties for smaller regions seeking to catch up. However, social inequalities are also undermining regional development. Regional concentrations of poverty, life expectancy and crime limit workforce participation, impose costs on municipalities, reduce social cohesion and ultimately stifle economic growth. Further, social inequalities can hinder the flow of skilled labour from abroad and encourage current residents to commute or relocate permanently to a neighbouring region or other countries.

Overlaying these economic and social challenges are several structural characteristics of Slovenian society that are further complicating regional development. These include an ageing population, a largely rural settlement pattern and the ongoing transition to net-zero carbon emissions. These characteristics should not be viewed as negative or detrimental to regional development in all circumstances, but rather as challenges that may shape policy choices, impose costs and require careful management.

There is a clear role for a place-based approach in Slovenia that recognises the unique characteristics, strengths and weaknesses of each region (Box 2.11). Although differences among regions are modest on some indicators, such as household disposable income, the cumulative evidence suggests that the quality of life and opportunities available to individuals living in Slovenia will be somewhat shaped by their region of residence.

A national-level regional development strategy to guide regional and sectoral policy programming, featuring clearly defined long-term objectives, priorities and targets, is therefore justified. This strategy could help co-ordinate line ministries and development programmes at the national level by establishing clear and long-term regional development priorities. A national regional development strategy could moreover help regional and municipal actors better design their own strategic plans. By assessing their local needs and circumstances in relation to broader regional challenges, subnational strategies could more effectively link place-based priorities to national programmes and funding.

Box 2.11. Recommendations to address regional development challenges

To help address regional economic disparities and build competitiveness, Slovenia could:

- Establish a long-term, national-level objective to reduce regional disparities in economic activity by 2050. This should include:
  - a specific national target to reduce gaps in regional GDP per capita and household disposable income among development regions
  - complementary economic growth targets, i.e. GDP, GDP per capita and household disposable income, in each region based on its existing assets, major industries and development potential
  - corresponding targets for important factors that can contribute to economic growth in each region such as foreign investment, exports, labour productivity, and R&D.
- Work with RDAs to assess major barriers to international competitiveness in each region. This could include:
  - reviewing publicly available research to develop a list of 15-20 criteria, such as infrastructure quality and workforce skills, that are critical to international business and therefore most relevant to the competitiveness of each development region
  - launching a questionnaire to gather qualitative evidence from regional exporters and foreign investors to identify which of the 15-20 criteria are most present and most lacking in their region, and how their absence affects their operations
  - using the information gathered to prioritise regional development projects and funding that can most directly build on existing opportunities and/or reduce or remove existing barriers to foreign investment and exports.
- Call for regions to undertake comprehensive assessments of their skills assets and shortages as part of future regional development programmes, drawing on assistance from the Ministry of Labour, Family, Social Affairs and Equal Opportunities, and in consultation with regional employers. This could include:
  - establishing guidelines for the assessments, including for example the identified needs of regional employers, the most numerous occupational types and the necessary labour qualifications; as well as providing advice on ways to incorporate the short, medium- and longer-term impacts of demographic change
  - collaborating with the Statistical Office of the Republic of Slovenia to increase the availability and accessibility of regional skills statistics, which are currently only available at the national level
  - consulting periodically with local businesses, unions and industry associations to understand how employer needs are evolving and ensure that the assessments are realistically linked with regional development priorities.

To help address regional social inequalities and boost productivity, Slovenia could:

- Build on existing data that provide insights into well-being and quality of life in order to identify risk factors which could be contributing to disparities in subnational well-being outcomes. This could include:
  - expanding the annual survey on living conditions to include additional questions directly linking health outcomes (such as disability, illness and mental health) to economic

    - circumstances (such as unemployment) and well-being measures (such as loneliness and life satisfaction)
    - calculating and publishing regional breakdowns of healthy and harmful behaviours, which are currently only publicly available at the national level
    - using survey findings and regional data to inform regional development programmes and better target territorial interventions to address issues affecting resident well-being, as well as helping to evaluate the impact of completed projects.
- Improve the consistency and focus of social objectives in subnational strategic documents as a step towards boosting labour-market participation in Slovenian regions. Means to do so include:
    - establishing a definition, clear objectives and common benchmarks for social inequality (e.g. reducing the risk of poverty, increasing overall life satisfaction and providing sufficient health services to treat mental illness) in the national regional development strategy
    - working with regions to ensure that realistic targets aimed at reducing social inequality through the established benchmarks are included in regional development programmes, using a consistent, rigorous and standardised methodology.

To help address structural and transition challenges facing regions (e.g. infrastructure gaps, demographic change), Slovenia could:

- Establish a framework for assessing the attractiveness of regions to workers and firms from within Slovenia and abroad, which could also contribute to meeting objectives in the national regional development strategy. Such a framework could:
    - consist of economic, social, well-being and other dimensions of attractiveness, supported by agreed-upon quantitative indicators
    - be used to measure the relative strengths and weaknesses of each region in terms of its attractiveness to workers and firms
    - serve as a guide for regions to prioritise projects and direct funding towards those initiatives that are most likely to increase the region's appeal to potential residents, partly helping to offset future costs associated with ageing and population decline.
- Ensure that future strategic documents at both the national and regional levels (i.e. the national regional development strategy and regional development programmes) are informed by, and work in tandem with, regional spatial plans while remaining focused on regional development objectives. These strategic documents should include a brief review of spatial planning strategies and an assessment of land-use constraints, regulations and zonings, with an eye on potential future investments and activities in the region, for example in housing, heavy industry and infrastructure.
- Expand the cost-benefit analysis undertaken for new, large-scale changes to environmental regulations and legislation, such as those affecting coal mining and national targets for carbon-emission reduction, to include an assessment of regional-level environmental impacts. This can help to identify any asymmetric costs that new measures may impose on specific regions and enable mitigating actions to be prepared through strategic planning.

Annex 2.A. Regional profiles of Slovenia's development regions

The regional profiles of Slovenia's 12 development regions include a short overview of the territory, a description of the region's economic and social features, the latest results available from the OECD Regional Attractiveness Compass and a table of quantitative measures of the region's performance alongside the national average. The profiles were developed with the indicators used in the preparation of this report and the OECD Regional Attractiveness Compass.

Consisting of over 50 indicators across 14 dimensions, the Regional Attractiveness Compass (Seunga Ryu et al., 2024[110]) plots regional performance relative to all others in Slovenia (in red) and all TL3 regions located in the European Union (in blue). Each indicator is scored from 0 to 200, with the dashed black line representing the median score of 100. A higher score (closer to the circumference) indicates that the region is performing better relative to other regions, while a lower score (closer to the centre) indicates underperformance.

The compass was created to compare the appeal of individual regions for investors, skilled workers and visitors. It helps national and subnational governments assess their region's strengths and shortcomings, compare their region with national and international peers, identify potential policy areas for investment and prioritisation, and monitor the impact of new regional development policies.

Annex Table 2.A.1. Gorenjska

Population: 209 451 (9.9%)
Area: 2 137 km² (10.5%)
Population density: 98/km²
Municipalities: 18
Largest settlement: Kranj (37 966)

Gorenjska, located in the northwest of Slovenia, is the fourth-largest region by population, the sixth-largest by area, and the sixth most densely populated. Over the past ten years, Gorenjska's population grew at an annual average rate of 0.3%, in line with the Slovenian average. The average age is 44 years, the third-lowest in the country, while the birth rate is 8.4 per 1 000 of population, the third-highest. Net international migration (number of immigrants arriving in Slovenia from abroad minus emigrants leaving) is positive, equal to 4.7 per 1 000 of population, above the Slovenian average.

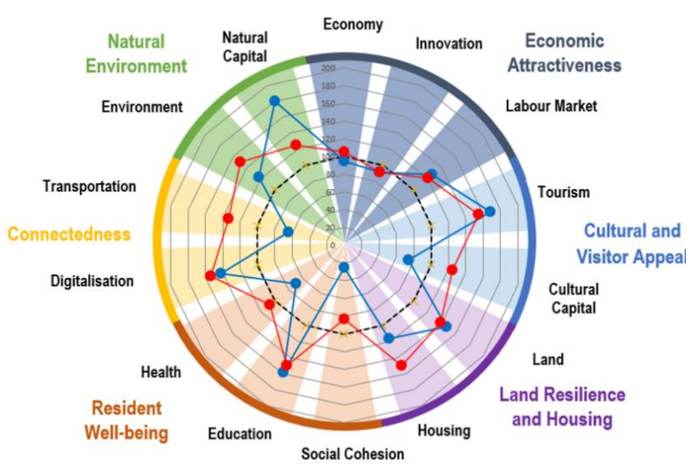
Economic features

Gorenjska's economy is relatively large, with a total GDP of EUR 5.5 billion (8.6% of national GDP), and has grown at an average annual rate of 6% over the last decade. GDP per capita is below the national average, equal to EUR 26 247, but still the fifth-highest. Gorenjska's international competitiveness is also relatively strong, with the third-highest quantity of foreign direct investment, EUR 1.7 billion, making up 7.5% of the country's total, and annual goods exports of EUR 3.4 billion, accounting for 6.2%. Investment in R&D was the equivalent of only 1.3% of regional GDP and 5.1% of Slovenia's total R&D expenditure. Gorenjska's labour market is generally healthy in comparison with other regions, with an employment rate of 71.9% and an unemployment rate of 2.6%, the second-lowest in the country.

Social features

Life expectancy in Gorenjska is 84.7 years for women and 80 for men, both among the highest in Slovenia, and it has the highest rate of people reporting good health at 73%, both of which can support labour market participation and labour productivity. The poverty rate, 10.9%, is below the national average, and only 16% of households were subject to bad dwelling conditions, the lowest in the country. Skills and education are approximately in line with the national average, but Gorenjska has the lowest population share with no digital skills (9.8%), equal to that of Obalno-kraška, suggesting a high rate of digital literacy for most of the population which can complement formal qualifications and boost labour productivity.

On most regional attractiveness dimensions, Gorenjska scored equal to or above the Slovenian median. This suggests that the region has a relatively balanced set of strengths and weaknesses. Most notably, its housing, education services, digitalisation, environment and tourism sectors are ranked highly, although its economic attractiveness and social cohesion dimensions are more modest. In comparison with all other TL3 regions located in the EU, Gorenjska's attractiveness is less clear-cut. For example, social cohesion was rated as exceptionally low. Other indicators, such as transportation, cultural capital and health, received much weaker scores when compared to EU regions than the rest of Slovenia. Overall, the compass highlights social cohesion as the most suitable policy area for potential prioritisation.



The OECD Regional Attractiveness Compass visualises Gorenjska's performance relative to all other regions in Slovenia (in red) and all TL3 regions in the EU (in blue). Each indicator is scored from 0 to 200, with the dashed black line representing the median score of 100. A higher score (closer to the circumference) indicates that Gorenjska is performing better relative to other regions, while a lower score (closer to the centre) indicates underperformance.

Annex Table 2.A.2. Economic, social and structural indicators in Gorenjska.

	Indicator	Gorenjska	National average	Rank
Economic	GDP per capita (EUR)	26 247	30 158	5th
	Average annual nominal GDP growth	6%	6.2%	3rd
	Expenditure on R&D as a share of regional GDP	1.3%	2.1%	=5th
	Share of firms employing 10+ people	3.8%	4.8%	11th
	Employment rate	71.9%	70%	4th
	Activity rate	59.4%	58.7%	2nd
	Unemployment rate*	2.6%	3.7%	10th
	Nominal labour productivity per person (EUR)	58 300	58 100	4th
	Exports per capita (EUR)	16 195	25 979	6th
	Labour migration (workplace outside region of residence)	28.8%	22.4%	4th
	Household net disposable income per capita (index)	102.2	100	5th
Social	Life expectancy – women (years)	84.7	84.7	=3rd
	Life expectancy – men (years)	80	79.5	3rd
	Share of persons reporting good health	73%	66%	1st
	Share of persons reporting bad health*	6%	8%	12th
	Suicides per 100 000 population*	11.9	16.9	12th
	Gini coefficient (residents)*	24.2	24.9	3rd
	Share of persons at risk of poverty*	10.9%	13.2%	10th
	Share of households with bad[10] dwelling conditions*	16%	20%	=11th
	Convictions per 1 000 adults and juveniles*	1.6	2.4	=9th
	Share of persons with a vocational or tertiary education	40.4%	41.2%	7th
	Share of persons with no digital skills*	9.8%	13.3%	=11th
	Air pollution, particulates < 2.5µm (grams per capita)*	13.1	13.9	9th
	Share of persons living in overcrowded dwellings*	11.5%	10.6%	4th
	Share of households experiencing problems with crime, violence, or vandalism*	4%	7%	8th
	Crime rate per capita*	1.8%	2.4%	7th
	Share of persons having daily contact with relatives	31%	25%	2nd
	Share of persons with severe limitations in activities due to health problems*	5%	6%	=10th
	Prevalence of symptoms of depression	7.9%	7.5%	3rd
	Share of persons with a high BMI (over-nutrition or obese)*	55.8%	56.7%	8th
Structural	Population density (inhabitants per km^2)	98	104.8	6th
	Average age (mean)	44	44.4	10th
	Births per 1 000 population	8.4	7.9	3rd
	Share of households with internet access	92%	94%	=9th
	Net international migration per 1 000 population	4.7	5.4	=5th
	Dwellings per 1 000 population	385	410	12th
	Average dwellings completed per 1 000 population (past 1 years)	1.5	1.7	8th
	Average useful floor space of dwellings (m^2)	86.9	83.3	6th

Notes: BMI = body mass index. µm = microns. m^2 = metres squared. km^2 = kilometres squared. *denotes figures where a high ranking is negative. All indicators are based on the most recently available data.
Source: Based on data from (Statistical Office of the Republic of Slovenia, 2025[111]) and (Eurostat, 2025[112]).

Annex Table 2.A.3. Goriška

Population: 118 254 (5.6%)
Area: 2 325 km^2 (11.5%)
Population density: 50.9/km^2
Municipalities: 13
Largest settlement: Nova Gorica (13 055)

Goriška, located in the west of Slovenia, is the seventh-largest region by population yet the third largest by area and has the second-lowest population densely. Over the past ten years Goriška's population declined slightly, with an average annual change of -0.01%. The average age is 46 years, the second-highest in the country, while the birth rate is 8.2 per 1 000 of population, slightly above the national average. While net international migration is positive, equal to 2.6 per 1 000 of population, it remains below the Slovenian average of 5.4.

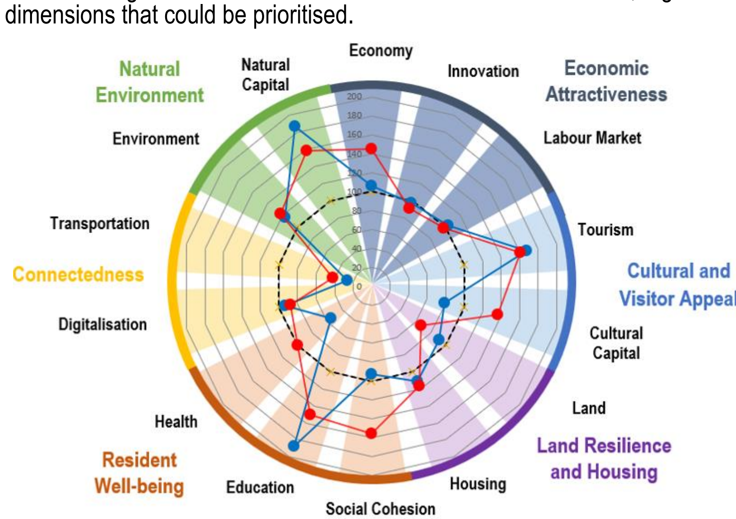
Economic features

Goriška's economy is moderately sized given its population, with a total GDP of EUR 3.2 billion (5% of national GDP), and has had an average annual growth rate of 5.8% over the last decade. Its GDP per capita is among the highest in Slovenia, equal to EUR 27 187. Goriška's international competitiveness is modest, with foreign direct investment of EUR 851 million, making up 3.9% of the country's total, and annual goods exports of EUR 2.3 billion, accounting for 4.2%. Investment in R&D was the equivalent of 2.8% of regional GDP, the third-highest, and 6.5% of Slovenia's total R&D expenditure. Goriška's labour market is strong in comparison with other regions, with an employment rate of 72.1%, the second-highest in Slovenia, and an unemployment rate of 3.1%, below the national average.

Social features

Life expectancy in Goriška is 84.8 years for women and 79.6 for men, among the highest in Slovenia, with 68% of people reporting good health. Poverty rates are slightly above the national average, at 14.2%, with 25% of households subject to bad dwelling conditions. However, only 7.8% of households were living in overcrowded dwellings, the second-lowest rate in Slovenia, suggesting that the quality of the housing stock is a major issue rather than the overall quantity of dwellings. Skills and education are close to the national average, with 41.1% of people holding a tertiary or vocational qualification, but 14.4% of people reporting no digital skills, hampering labour productivity.

Based on the regional attractiveness compass, Goriška's primary development challenge is its transportation infrastructure. In comparison with Slovenian and EU regions, it scored among the lowest, based on the density of its roads, cycleways, railways and electric vehicles, despite scoring near or above the median on most other indicators. Goriška's natural capital, education services and tourism sector, for example, are all considered highly attractive relative to its EU peers. Its cultural capital and social cohesion are also well above most Slovenian regions. Due to their moderate level of attractiveness, digitalisation, health, land, innovation and the labour market are dimensions that could be prioritised.



The OECD Regional Attractiveness Compass visualises Goriška's performance relative to all other regions in Slovenia (in red) and all TL3 regions in the EU (in blue). Each indicator is scored from 0 to 200, with the dashed black line representing the median score of 100. A higher score (closer to the circumference) indicates that Goriška is performing better relative to other regions, while a lower score (closer to the centre) indicates underperformance.

Annex Table 2.A.4. Economic, social, and structural indicators in Goriška

	Indicator	Goriška	National average	Rank
Economic	GDP per capita (EUR)	27 187	30 158	3rd
	Average annual nominal GDP growth	5.8%	6.2%	6th
	Expenditure on R&D as a share of regional GDP	2.8%	2.1%	3rd
	Share of firms employing 10+ people	3.9%	4.8%	10th
	Employment rate	72.1%	70%	=2nd
	Activity rate	57.3%	58.7%	6th
	Unemployment rate*	3.1%	3.7%	=7th
	Nominal labour productivity per person (EUR)	55 700	58 100	5th
	Exports per capita (EUR)	19 314	25 979	3rd
	Labour migration (workplace outside region of residence)	17.6%	22.4%	11th
	Household net disposable income per capita (index)	100.4	100	7th
Social	Life expectancy – women (years)	84.8	84.7	2nd
	Life expectancy – men (years)	79.6	79.5	4th
	Share of persons reporting good health	68%	66%	4th
	Share of persons reporting bad health*	8%	8%	=8th
	Suicides per 100 000 population*	16	16.9	9th
	Gini coefficient (residents)*	22.9	24.9	9th
	Share of persons at risk of poverty*	14.2%	13.2%	7th
	Share of households with bad dwelling conditions*	25%	20%	3rd
	Convictions per 1 000 adults and juveniles*	1.4	2.4	=11th
	Share of persons with a vocational or tertiary education	41.1%	41.2%	5th
	Share of persons with no digital skills*	14.4%	13.3%	7th
	Air pollution, particulates < 2.5µm (grams per capita)*	11.8	13.9	10th
	Share of persons living in overcrowded dwellings*	7.8%	10.6%	11th
	Share of households experiencing problems with crime, violence, or vandalism*	3%	7%	=9th
	Crime rate per capita*	1.7%	2.4%	8th
	Share of persons having daily contact with relatives	22%	25%	=7th
	Share of persons with severe limitations in activities due to health problems*	6%	6%	=6th
	Prevalence of symptoms of depression	6.5%	7.5%	9th
	Share of persons with a high BMI (overnutrition or obese)*	54.4%	56.7%	11th
Structural	Population density (inhabitants per km²)	50.9	104.8	11th
	Average age (mean)	46	44.4	2nd
	Births per 1 000 population	8.2	7.9	=4th
	Share of households with internet access	95%	94%	=3rd
	Net international migration per 1 000 population	2.6	5.4	9th
	Dwellings per 1 000 population	431	410	2nd
	Average dwellings completed per 1 000 population (past ten years)	1.7	1.7	=5th
	Average useful floor space of dwellings (m²)	88.5	83.3	2nd

Notes: BMI = body mass index. µm = microns. m² = metres squared. km² = kilometres squared. *denotes figures where a high ranking is negative. All indicators are based on the most recently available data.
Source: Based on data from (Statistical Office of the Republic of Slovenia, 2025[111]) and (Eurostat, 2025[112]).

Annex Table 2.A.5. Jugovzhodna Slovenija

Population: 147 789 (7%)
Area: 2 675 km^2 (13.2%)
Population density: 55.2/km^2
Municipalities: 21
Largest settlement: Novo Mesto (24 700)

Jugovzhodna Slovenija, located in the southeast of Slovenia, is the fifth-largest region by population and the largest by area, making it the tenth most densely populated. Over the past ten years Jugovzhodna Slovenija recorded the third-fastest annual population growth, averaging 0.5%. The average age is 43.5 years, the second-lowest in the country, while the birth rate is 9.5 per 1 000 of population, the highest. Net international migration is positive, equal to 4.7 per 1000 of population.

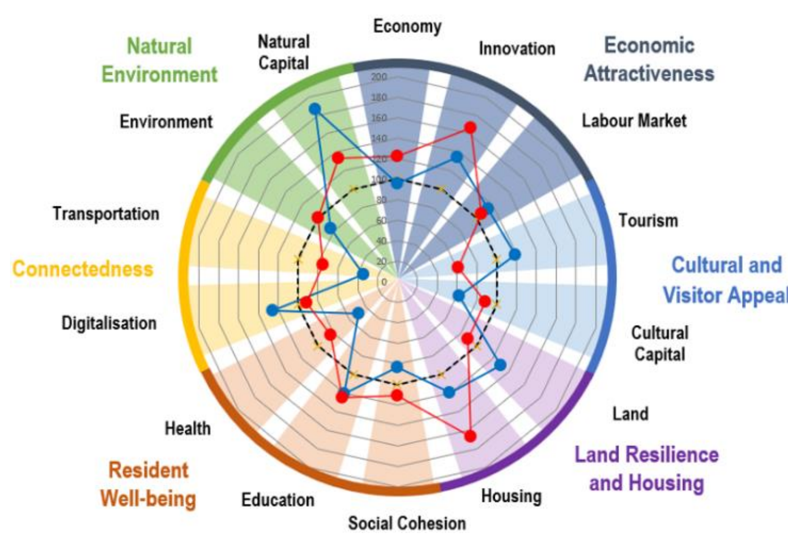
Economic features

Jugovzhodna Slovenija's economy has a total GDP of EUR 4 billion (6.3% of national GDP) and has grown at an average annual rate of 5.6% over the last decade. GDP per capita is also slightly below the national average, equal to EUR 27 170, but is the fourth-highest among Slovenia's regions. Jugovzhodna Slovenija's international competitiveness is mixed, with foreign direct investment of only EUR 254 million, making up 1.1% of the country's total, yet annual goods exports of EUR 4.5 billion, the second-highest in the country, accounting for 8.2%. Investment in R&D was equivalent to 4% of regional GDP, the highest, accounting for 11.6% of Slovenia's total R&D expenditure. Jugovzhodna Slovenija's labour market is broadly in line with other regions, with an employment rate of 71.2% and an unemployment rate of 3.4%

Social features

Life expectancy in Jugovzhodna Slovenija is 83.9 years for women and 79 for men, with 62% of people reporting good health, all slightly below the national averages. Poverty rates are approximately equal to the national average, and 21% of households were subject to bad dwelling conditions. Skills and education are also significantly behind the national average, with only 39.7% of people holding a tertiary or vocational qualification, the third-lowest rate in the country. In addition, Jugovzhodna Slovenija has the fourth-highest population share with no digital skills, at 15.3%, which may be limiting labour productivity.

The regional attractiveness of Jugovzhodna Slovenija is slightly above average, both in comparison with Slovenian regions and other regions throughout the EU. Among Slovenian regions, it scored well on innovation, the economy, natural capital and housing. On tourism and transportation, it scored slightly below, but on all other indicators appeared similar to the country as a whole. Jugovzhodna Slovenija also appears to be broadly comparable to most other EU TL3 regions on a variety of measures. However, its natural capital is exceptional, considered to be among the most attractive in Europe. Transportation scored very poorly and is a clear area for prioritisation, along with health and cultural capital.



The OECD Regional Attractiveness Compass visualises Jugovzhodna Slovenija's performance relative to all other regions in Slovenia (in red) and all TL3 regions in the EU (in blue). Each indicator is scored from 0 to 200, with the dashed black line representing the median score of 100. A higher score (closer to the circumference) indicates that Jugovzhodna Slovenija is performing better relative to other regions, while a lower score (closer to the centre) indicates underperformance.

Annex Table 2.A.6. Economic, social, and structural indicators in Jugovzhodna Slovenija

	Indicator	Jugovzhodna Slovenija	National average	Rank
Economic	GDP per capita (EUR)	27 170	30 158	4th
	Average annual nominal GDP growth	5.6%	6.2%	8th
	Expenditure on R&D as a share of regional GDP	4%	2.1%	1st
	Share of firms employing 10+ people	5.4%	4.8%	=3rd
	Employment rate	71.2%	70%	6th
	Activity rate	58.6%	58.7%	3rd
	Unemployment rate*	3.4%	3.7%	6th
	Nominal labour productivity per person (EUR)	58 500	58 100	3rd
	Exports per capita (EUR)	30 788	25 979	2nd
	Labour migration (workplace outside region of residence)	28%	22.4%	5th
	Household net disposable income per capita (index)	103.4	100	2nd
Social	Life expectancy – women (years)	83.9	84.7	=7th
	Life expectancy – men (years)	79	79.5	7th
	Share of persons reporting good health	62%	66%	=7th
	Share of persons reporting bad health*	9%	8%	=5th
	Suicides per 100 000 population*	17.7	16.9	6th
	Gini coefficient (residents)*	23.6	24.9	=6th
	Share of persons at risk of poverty*	12.8%	13.2%	9th
	Share of households with bad dwelling conditions*	21%	20%	6th
	Convictions per 1 000 adults and juveniles*	4.4	2.4	1st
	Share of persons with a vocational or tertiary education	39.7%	41.2%	10th
	Share of persons with no digital skills*	15.3%	13.3%	4th
	Air pollution, particulates < 2.5µm (grams per capita)*	13.8	13.9	7th
	Share of persons living in overcrowded dwellings*	11.8%	10.6%	3rd
	Share of households experiencing problems with crime, violence, or vandalism*	12%	7%	1st
	Crime rate per capita*	3%	2.4%	2nd
	Share of persons having daily contact with relatives	20%	25%	10th
	Share of persons with severe limitations in activities due to health problems*	6%	6%	=6th
	Prevalence of symptoms of depression	6.7%	7.5%	7th
	Share of persons with a high BMI (overnutrition or obese)*	58.2%	56.7%	6th
Structural	Population density (inhabitants per km^2)	55.2	104.8	10th
	Average age (mean)	43.5	44.4	11th
	Births per 1 000 population	9.5	7.9	1st
	Share of households with internet access	92%	94%	=9th
	Net international migration per 1 000 population	4.7	5.4	=5th
	Dwellings per 1 000 population	398	410	9th
	Average dwellings completed per 1 000 population (past ten years)	2.2	1.7	2nd
	Average useful floor space of dwellings (m^2)	88	83.3	=4th

Notes: BMI = body mass index. µm = microns. m^2 = metres squared. km^2 = kilometres squared. *denotes figures where a high ranking is negative. All indicators are based on the most recently available data.
Source: Based on data from (Statistical Office of the Republic of Slovenia, 2025[111]) and (Eurostat, 2025[112]).

Annex Table 2.A.7. Koroška

Population: 70 492 (3.3%)
Area: 1 041 km^2 (5.1%)
Population density: 67.7/km^2
Municipalities: 12
Largest settlement: Slovenj Gradec (7 731)

Koroška, located in the north of Slovenia, is the third-smallest region by both population and area, and has the ninth-highest population density. Over the past ten years, Koroška was the second-fastest shrinking region, with an average annual population change of -0.2%. The average age is 45.5 years, among the highest in the country, while the birth rate was close to the national average, at 8.1 per 1 000 of population. Net international migration is positive but below average, equal to 3.4 per 1 000 of population.

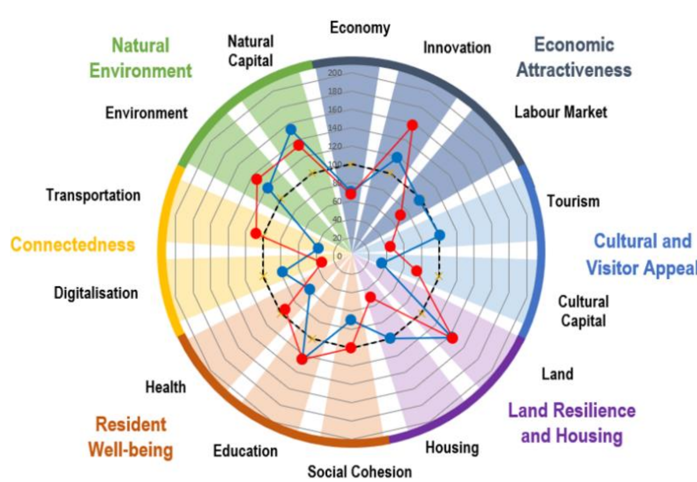
Economic features

Koroška's economy is the third-smallest in the country, with a total GDP of EUR 1.6 billion (2.5% of national GDP), which has grown at an average annual rate of 5.3% over the last decade. GDP per capita is also significantly below the national average, equal to EUR 22 742, the fourth-lowest. Koroška's international competitiveness is also limited, receiving the lowest quantity of foreign direct investment in Slovenia, EUR 86 million, making up 0.4% of the country's total, and exporting goods equal to EUR 1.3 billion, accounting for 2.4%. Investment in R&D was equivalent to only 0.4% of regional GDP, the joint lowest with Primorsko-notranjska, and only 0.5% of Slovenia's total R&D expenditure. Koroška's labour market is mixed, with an employment rate of only 66.8%, the third-lowest in Slovenia, but an unemployment rate of only 2.6%, the second-lowest (equal with Gorenjska).

Social features

Life expectancy in Koroška is 83.8 years for women and 77.9 for men, both among the lowest in Slovenia, with only 61% of people reporting good health and 13% reporting bad health, the highest share of any region. Poverty rates are above the national average at 14.5%, with 17% of households subject to bad dwelling conditions. However, crime rates in Koroška are the second-lowest among development regions and equal to only half the national average. Skills and education are above the national average, with 42.3% of people holding a tertiary or vocational qualification, the second-highest share in the country. Koroška also has a low population share with no digital skills, at only 12.3%.

Koroška received a mixed score across the 14 regional attractiveness dimensions. In comparison with other Slovenian regions, it scored poorly on tourism, housing, cultural capital and digitalisation. However, on innovation, land and natural environment indicators, it scored very highly. In comparison with the median EU TL3 region, Koroška's attractiveness is approximately average. It scored relatively high on land and natural capital, and relatively low on transportation and cultural capital, but on all other measures, it appears to have a comparable balance of strengths and weaknesses to the average European region. Overall, digitalisation and cultural capital may be the most suitable areas for prioritisation, but there is significant room for improvement on most attractiveness dimensions.



The OECD Regional Attractiveness Compass visualises Koroška's performance relative to all other regions in Slovenia (in red) and all TL3 regions in the EU (in blue). Each indicator is scored from 0 to 200, with the dashed black line representing the median score of 100. A higher score (closer to the circumference) indicates that Koroška is performing better relative to other regions, while a lower score (closer to the centre) indicates underperformance.

Annex Table 2.A.8. Economic, social, and structural indicators in Koroška

	Indicator	Koroška	National average	Rank
Economic	GDP per capita (EUR)	22 742	30 158	9th
	Average annual nominal GDP growth	5.3%	6.2%	10th
	Expenditure on R&D as a share of regional GDP	0.4%	2.1%	=11th
	Share of firms employing 10+ people	5.6%	4.8%	2nd
	Employment rate	66.8%	70%	10th
	Activity rate	56.9%	58.7%	8th
	Unemployment rate*	2.6%	3.7%	=10th
	Nominal labour productivity per person (EUR)	53 100	58 100	7th
	Exports per capita (EUR)	18 355	25 979	4th
	Labour migration (workplace outside region of residence)	21%	22.4%	9th
	Household net disposable income per capita (index)	102.7	100	3rd
Social	Life expectancy – women (years)	83.8	84.7	9th
	Life expectancy – men (years)	77.9	79.5	11th
	Share of persons reporting good health	61%	66%	=9th
	Share of persons reporting bad health*	13%	8%	1st
	Suicides per 100 000 population*	22.6	16.9	2nd
	Gini coefficient (residents)*	22.7	24.9	10th
	Share of persons at risk of poverty*	14.5%	13.2%	6th
	Share of households with bad dwelling conditions*	17%	20%	=9th
	Convictions per 1 000 adults and juveniles*	2	2.4	5th
	Share of persons with a vocational or tertiary education	42.3%	41.2%	2nd
	Share of persons with no digital skills*	12.3%	13.3%	9th
	Air pollution, particulates < 2.5µm (grams per capita)*	13.3	13.9	8th
	Share of persons living in overcrowded dwellings*	10.5%	10.6%	6th
	Share of households experiencing problems with crime, violence, or vandalism*	3%	7%	=9th
	Crime rate per capita*	1.2%	2.4%	11th
	Share of persons having daily contact with relatives	18%	25%	12th
	Share of persons with severe limitations in activities due to health problems*	8%	6%	=2nd
	Prevalence of symptoms of depression	6.6%	7.5%	8th
	Share of persons with a high BMI (overnutrition or obese)*	55.6%	56.7%	9th
Structural	Population density (inhabitants per km^2)	67.7	104.8	9th
	Average age (mean)	45.5	44.4	=4th
	Births per 1 000 population	8.1	7.9	=6th
	Share of households with internet access	95%	94%	=3rd
	Net international migration per 1 000 population	3.4	5.4	7th
	Dwellings per 1 000 population	387	410	11th
	Average dwellings completed per 1 000 population (past ten years)	1.9	1.7	4th
	Average useful floor space of dwellings (m^2)	88	83.3	=4th

Notes: BMI = body mass index. µm = microns. m^2 = metres squared. km^2 = kilometres squared. *denotes figures where a high ranking is negative. All indicators are based on the most recently available data.
Source: Based on data from (Statistical Office of the Republic of Slovenia, 2025[111]) and (Eurostat, 2025[112]).

Annex Table 2.A.9. Obalno-kraška

Population: 119 205 (5.6%)
Area: 1 044 km² (5.1%)
Population density: 114.2/km²
Municipalities: 8
Largest settlement: Koper (26 410)

Obalno-kraška, located in the southwest of Slovenia, is the sixth-largest region by population, the ninth-largest by area, and has the fourth-highest population density. Over the past ten years, population growth in Obalno-kraška was the second-fastest, with an average annual change of 0.7%. The average age is 45.8 years, the third-highest in the country, while the birth rate is 6.5 per 1 000 of population, the lowest. At 8.8 per 1 000 of population, Obalno-kraška has the highest net international migration rate.

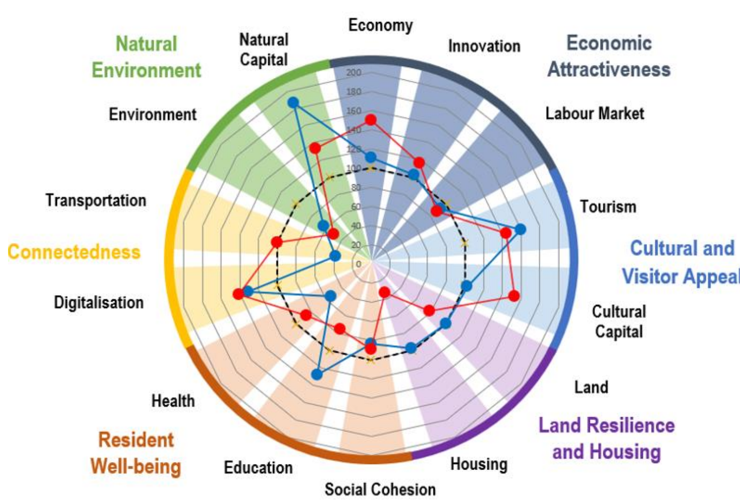
Economic features

Obalno-kraška has a total GDP of EUR 3.3 billion (5.3% of national GDP) and has achieved an average annual growth rate of 6% over the last decade, the fourth-fastest. GDP per capita, while below the national average, is equal to EUR 28 433, making it the second-highest. Obalno-kraška's international competitiveness is relatively strong with foreign direct investment of EUR 1.2 billion, making up 5.3% of the country's total, and annual goods exports of EUR 1.4 billion, accounting for 2.5%. Investment in R&D was equivalent to only 0.8% of regional GDP, and 2% of Slovenia's total R&D expenditure. Obalno-kraška's labour market is robust compared to other regions, with an employment rate of 70%, equal to the national average, and an unemployment rate of 2.3%, Slovenia's lowest.

Social features

Life expectancy in Obalno-kraška is 84.6 years for women, just below average, but 80.8 for men, the highest in Slovenia, with 63% of the total population reporting good health. Poverty rates are the highest in the country at 19.5%, as is the share of households subject to bad dwelling conditions, at 29%. This suggests that the region's good economic performance is not benefitting the entire population proportionately. Skills and education are just below the national average, with 40.2% of people holding a tertiary or vocational qualification. However, Obalno-kraška, alongside Gorenjska, has the lowest population share with no digital skills, equal to 9.8%, suggesting a high rate of digital literacy that can complement formal qualifications and boost labour productivity.

Obalno-kraška's regional attractiveness is mixed, with most dimensions sitting near the national and EU average. Exceptions include housing, which is among the least affordable in Slovenia, transportation, which is significantly lower than most EU and Slovenian TL3 regions, and natural capital, which receives an exceptionally high score in comparison with all other EU regions. Tourism, the economy and digitalisation are other comparative strengths of Obalno-kraška that can be built upon in the future. However, social cohesion, health and the environment appear to be slightly underperforming dimensions which could also benefit from enhanced prioritisation.



The OECD Regional Attractiveness Compass visualises Obalno-kraška's performance relative to all other regions in Slovenia (in red) and all TL3 regions in the EU (in blue). Each indicator is scored from 0 to 200, with the dashed black line representing the median score of 100. A higher score (closer to the circumference) indicates that Obalno-kraška is performing better relative to other regions, while a lower score (closer to the centre) indicates underperformance.

Annex Table 2.A.10. Economic, social and structural indicators in Obalno-kraška

	Indicator	Obalno-kraška	National average	Rank
Economic	GDP per capita (EUR)	28 433	30 158	2nd
	Average annual nominal GDP growth	6%	6.2%	4th
	Expenditure on R&D as a share of regional GDP	0.8%	2.1%	8th
	Share of firms employing 10+ people	3.5%	4.8%	12th
	Employment rate	70%	70%	8th
	Activity rate	56.4%	58.7%	11th
	Unemployment rate*	2.3%	3.7%	12th
	Nominal labour productivity per person (EUR)	58 900	58 100	2nd
	Exports per capita (EUR)	11 446	25 979	10th
	Labour migration (workplace outside region of residence)	21.9%	22.4%	7th
	Household net disposable income per capita (index)	95.6	100	11th
Social	Life expectancy – women (years)	84.6	84.7	5th
	Life expectancy – men (years)	80.8	79.5	1st
	Share of persons reporting good health	63%	66%	6th
	Share of persons reporting bad health*	9%	8%	=5th
	Suicides per 100 000 population*	13.4	16.9	11th
	Gini coefficient (residents)*	25.3	24.9	2nd
	Share of persons at risk of poverty*	19.5%	13.2%	1st
	Share of households with bad dwelling conditions*	29%	20%	1st
	Convictions per 1 000 adults and juveniles*	1.4	2.4	=11th
	Share of persons with a vocational or tertiary education	40.2%	41.2%	8th
	Share of persons with no digital skills*	9.8%	13.3%	=11th
	Air pollution, particulates < 2.5µm (grams per capita)*	11.4	13.9	11th
	Share of persons living in overcrowded dwellings*	9.8%	10.6%	=7th
	Share of households experiencing problems with crime, violence, or vandalism*	10%	7%	2nd
	Crime rate per capita*	2.6%	2.4%	=3rd
	Share of persons having daily contact with relatives	32%	25%	1st
	Share of persons with severe limitations in activities due to health problems*	6%	6%	=6th
	Prevalence of symptoms of depression	7.2%	7.5%	5th
	Share of persons with a high BMI (overnutrition or obese)*	55.2%	56.7%	10th
Structural	Population density (inhabitants per km^2)	114.2	104.8	4th
	Average age (mean)	45.8	44.4	3rd
	Births per 1 000 population	6.5	7.9	12th
	Share of households with internet access	98%	94%	1st
	Net international migration per 1 000 population	8.8	5.4	1st
	Dwellings per 1 000 population	472	410	1st
	Average dwellings completed per 1 000 population (past ten years)	1.4	1.7	=10th
	Average useful floor space of dwellings (m^2)	78.4	83.3	11th

Notes: BMI = body mass index. µm = microns. m^2 = metres squared. km^2 = kilometres squared. *denotes figures where a high ranking is negative. All indicators are based on the most recently available data.
Source: Based on data from (Statistical Office of the Republic of Slovenia, 2025[111]) and (Eurostat, 2025[112]).

Annex Table 2.A.11. Osrednjeslovenska

Population: 565 353 (26.6%)
Area: 2 334 km² (11.5%)
Population density: 242.2/km²
Municipalities: 25
Largest settlement: Ljubljana (290 903)

Osrednjeslovenska, located in the centre of Slovenia, is the largest region by population and second largest by area, making it the most densely populated by a wide margin. Over the past ten years, Osrednjeslovenska was the fastest-growing region, with an average annual population change of 0.7%. The average age is 42.7 years, the lowest in the country, while the birth rate is 8.2 per 1 000 of population, the fourth-highest. Net international migration is the second-highest, equal to 7.4 per 1 000 of population.

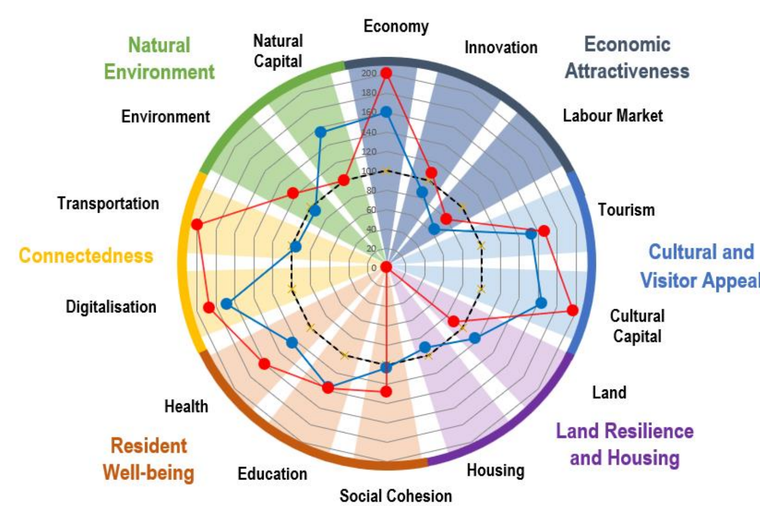
Economic features

Osrednjeslovenska's economy is by far the largest in the country, with a total GDP of EUR 25.1 billion (39.3% of national GDP), and achieved the second-fastest growth over the last decade, at an average annual rate of 6.8%. Osrednjeslovenska's GDP per capita is the highest in Slovenia, equal to EUR 44 567, and it is the only region above the national average. Osrednjeslovenska's international competitiveness is also extremely strong, with foreign direct investment of EUR 13 billion making up 58.9% of the country's total, and annual goods exports of EUR 25 billion, accounting for 46.3% of the national total. Investment in R&D was equivalent to 3.2% of regional GDP, the second-highest, comprising 58.4% of Slovenia's total R&D expenditure. Osrednjeslovenska's labour market is only marginally above average in comparison with other regions, with an employment rate of 70.8%, and an unemployment rate of 3.8%.

Social features

Life expectancy in Osrednjeslovenska is 85.1 years for women and 80.6 for men, both among the highest in Slovenia, with 71% of people reporting good health. Poverty rates are the lowest in the country, yet 18% of households are subject to bad dwelling conditions. Skills and education are also significantly ahead of the national average, with 42.8% of people holding a tertiary or vocational qualification, the highest rate in the country, and 10% of the population reporting no digital skills, among the lowest in the country. Both of these can support the attraction of foreign investment and boost labour productivity in the region.

On most regional attractiveness indicators, Osrednjeslovenska scored above the national average, suggesting it is one of the most attractive regions in Slovenia. In particular, its economy, transportation, cultural capital and digitalisation received close to a perfect score, with health, education and tourism also significantly above average. Osrednjeslovenska's major weakness is its housing, specifically its housing affordability – deemed to be the worst in Slovenia, and likely to be a substantial barrier to development. Interestingly, housing affordability in Osrednjeslovenska is around the EU median, suggesting that it might be less of a deterrent to international workers than it appears. Transportation, which is much lower, and natural capital, which is much higher, are the only other two dimensions in which Osrednjeslovenska's EU score diverges significantly from its intra-Slovenia regional comparison.



The OECD Regional Attractiveness Compass visualises Osrednjeslovenska's performance relative to all other regions in Slovenia (in red) and all TL3 regions in the EU (in blue). Each indicator is scored from 0 to 200, with the dashed black line representing the median score of 100. A higher score (closer to the circumference) indicates that Osrednjeslovenska is performing better relative to other regions, while a lower score (closer to the centre) indicates underperformance.

Annex Table 2.A.12. Economic, social, and structural indicators in Osrednjeslovenska

	Indicator	Osrednjeslovensk a	National average	Ran k
Economic	GDP per capita (EUR)	44 567	30 158	1st
	Average annual nominal GDP growth	6.8%	6.2%	2nd
	Expenditure on R&D as a share of regional GDP	3.2%	2.1%	2nd
	Share of firms employing 10+ people	4.6%	4.8%	7th
	Employment rate	70.8%	70%	7th
	Activity rate	62.5%	58.7%	1st
	Unemployment rate*	3.8%	3.7%	5th
	Nominal labour productivity per person (EUR)	65 400	58 100	1st
	Exports per capita (EUR)	45 375	25 979	1st
	Labour migration (workplace outside region of residence)	10.4%	22.4%	12th
	Household net disposable income per capita (index)	103.7	100	1st
Social	Life expectancy – women (years)	85.1	84.7	1st
	Life expectancy – men (years)	80.6	79.5	2nd
	Share of persons reporting good health	71%	66%	=2nd
	Share of persons reporting bad health*	7%	8%	=10th
	Suicides per 100 000 population*	16.4	16.9	8th
	Gini coefficient (residents)*	27.1	24.9	1st
	Share of persons at risk of poverty*	8.8%	13.2%	12th
	Share of households with bad dwelling conditions*	18%	20%	=7th
	Convictions per 1 000 adults and juveniles*	1.8	2.4	7th
	Share of persons with a vocational or tertiary education	42.8%	41.2%	1st
	Share of persons with no digital skills*	10%	13.3%	10th
	Air pollution, particulates < 2.5µm (grams per capita)*	15	13.9	3rd
	Share of persons living in overcrowded dwellings*	11.3%	10.6%	5th
	Share of households experiencing problems with crime, violence, or vandalism*	9%	7%	3rd
	Crime rate per capita*	3.6%	2.4%	1st
	Share of persons having daily contact with relatives	24%	25%	=5th
	Share of persons with severe limitations in activities due to health problems*	5%	6%	10th
	Prevalence of symptoms of depression	7.5%	7.5%	4th
	Share of persons with a high BMI (overnutrition or obese)*	52.4%	56.7%	12th
Structural	Population density (inhabitants per km^2)	242.2	104.8	1st
	Average age (mean)	42.7	44.4	12th
	Births per 1 000 population	8.2	7.9	=4th
	Share of households with internet access	95%	94%	=3rd
	Net international migration per 1 000 population	7.4	5.4	2nd
	Dwellings per 1 000 population	397	410	10th
	Average dwellings completed per 1 000 population (past ten years)	1.7	1.7	=5th
	Average useful floor space of dwellings (m^2)	80.6	83.3	10th

Notes: BMI = body mass index. µm = microns. m^2 = metres squared. km^2 = kilometres squared. *denotes figures where a high ranking is negative. All indicators are based on the most recently available data.
Source: Based on data from (Statistical Office of the Republic of Slovenia, 2025[111]) and (Eurostat, 2025[112]).

Annex Table 2.A.13. Podravska

Population: 330 572 (15.6%)
Area: 2 170 km² (10.7%)
Population density: 152.3/km²
Municipalities: 41
Largest settlement: Maribor (97 552)

Podravska, located in the northeast of Slovenia, is the country's second-largest region by population, the fifth-largest by area, and has the second-highest population density. Over the past ten years, Podravska's average annual population growth has been positive, at 0.3%, but just below the national average. The average age is 45.1 years, while the birth rate is 7.2 per 1 000 of population, both close to the national average. Net international migration is positive, equal to 6.7 per 1 000 of population, and the third-highest in Slovenia.

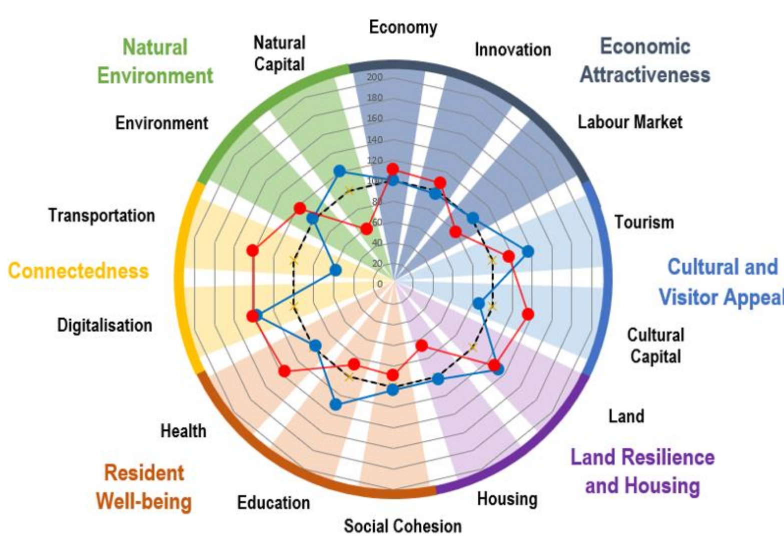
Economic features

Podravska's economy is the second-largest, with a total GDP of EUR 8.1 billion (12.6% of national GDP), which has grown at an average annual rate of 5.8% over the last decade. GDP per capita, however, is below the national average, equal to EUR 24 527. Podravska's international competitiveness is strong, with foreign direct investment of EUR 2.3 billion, making up 10.6% of the country's total (the second highest), and annual goods exports of EUR 3.8 billion, accounting for 6.9%. Investment in R&D was the equivalent of only 1% of regional GDP, less than half the national average, and only 5.9% of Slovenia's total R&D expenditure. Podravska's labour market is generally underperforming in comparison with other regions, with an employment rate of only 66.3%, the second-lowest in Slovenia, and an unemployment rate of 5.4%, the highest in the country.

Social features

Life expectancy in Podravska is 83.5 years for women and 78.4 for men, among the lowest in Slovenia, with 65% of people reporting good health, just below the national average. Poverty rates are the second-highest in the country at 18.2%, greatly limiting social mobility and human capital formation. In addition to high poverty rates, 17% of households were subject to bad dwelling conditions. Skills and education are approximately equal to the national average, with 41.6% of people holding a tertiary or vocational qualification and 14.1% of the population reporting no digital skills, which hampers labour productivity

Podravska scored close to the Slovenian median on approximately half of the regional attractiveness dimensions. Its cultural capital, land, health, digitalisation and transportation are identified as its strongest development assets, while its natural capital, labour market, and housing score relatively low. However, the most striking feature of its compass results is the evenness and consistency across dimensions, with no major outliers. Podravska's attractiveness scores are also broadly similar to the average TL3 region in the EU, providing limited guidance on what dimensions would most benefit from prioritisation. Interestingly, Podravska scored slightly above average on natural capital, tourism and education compared to the median EU region, despite being marginally behind other Slovenian regions on these measures.



The OECD Regional Attractiveness Compass visualises Podravska's performance relative to all other regions in Slovenia (in red) and all TL3 regions in the EU (in blue). Each indicator is scored from 0 to 200, with the dashed black line representing the median score of 100. A higher score (closer to the circumference) indicates that Podravska is performing better relative to other regions, while a lower score (closer to the centre) indicates underperformance.

Annex Table 2.A.14. Economic, social, and structural indicators in Podravska

	Indicator	Podravska	National average	Rank
Economic	GDP per capita (EUR)	24 527	30 158	8th
	Average annual nominal GDP growth	5.8%	6.2%	5th
	Expenditure on R&D as a share of regional GDP	1%	2.1%	7th
	Share of firms employing 10+ people	5.8%	4.8%	1st
	Employment rate	66.3%	70%	11th
	Activity rate	56.8%	58.7%	9th
	Unemployment rate*	5.4%	3.7%	1st
	Nominal labour productivity per person (EUR)	51 800	58 100	11th
	Exports per capita (EUR)	11 603	25 979	9th
	Labour migration (workplace outside region of residence)	18.4%	22.4%	10th
	Household net disposable income per capita (index)	96.4	100	10th
Social	Life expectancy – women (years)	83.5	84.7	11th
	Life expectancy – men (years)	78.4	79.5	9th
	Share of persons reporting good health	65%	66%	5th
	Share of persons reporting bad health*	10%	8%	4th
	Suicides per 100 000 population*	20.1	16.9	4th
	Gini coefficient (residents)*	24.2	24.9	4th
	Share of persons at risk of poverty*	18.2%	13.2%	2nd
	Share of households with bad dwelling conditions*	17%	20%	9th
	Convictions per 1 000 adults and juveniles*	2.2	2.4	4th
	Share of persons with a vocational or tertiary education	41.6%	41.2%	3rd
	Share of persons with no digital skills*	14.1%	13.3%	7th
	Air pollution, particulates < 2.5µm (grams per capita)*	16	13.9	2nd
	Share of persons living in overcrowded dwellings*	9.7%	10.6%	9th
	Share of households experiencing problems with crime, violence, or vandalism*	6%	7%	6th
	Crime rate per capita*	1.9%	2.4%	6th
	Share of persons having daily contact with relatives	29%	25%	3rd
	Share of persons with severe limitations in activities due to health problems*	8%	6%	2nd
	Prevalence of symptoms of depression	8.3%	7.5%	2nd
	Share of persons with a high BMI (overnutrition or obese)*	56.9%	56.7%	7th
Structural	Population density (inhabitants per km^2)	152.3	104.8	2nd
	Average age (mean)	45.1	44.4	6th
	Births per 1 000 population	7.2	7.9	9th
	Share of households with internet access	94%	94%	7th
	Net international migration per 1 000 population	6.7	5.4	3rd
	Dwellings per 1 000 population	426	410	3rd
	Average dwellings completed per 1 000 population (past ten years)	2.1	1.7	3rd
	Average useful floor space of dwellings (m^2)	82.3	83.3	8th

Notes: BMI = body mass index. µm = microns. m^2 = metres squared. km^2 = kilometres squared. *denotes figures where a high ranking is negative. All indicators are based on the most recently available data.
Source: Based on data from (Statistical Office of the Republic of Slovenia, 2025[111]) and (Eurostat, 2025[112]).

Annex Table 2.A.15. Pomurska

Population: 113 668 (5.4%)
Area: 1 337 km^2 (6.6%)
Population density: 85/km^2
Municipalities: 27
Largest settlement: Murska Sobota (10 923)

Pomurska, located in the northeast of Slovenia, is the eighth-largest region by both population and area, and the seventh most-densely populated. Over the past ten years, Pomurska was the fastest-shrinking region, with an average annual population change of -0.3%. The average age is 47.1 years, the highest in the country, while the birth rate is 6.8 per 1 000 of population, the second-lowest. While net international migration is positive, equal to 1.3 per 1 000 of population, it remains the lowest of all Slovenian regions.

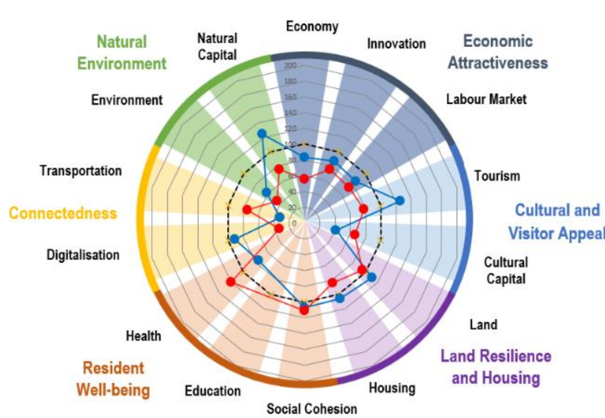
Economic features

Pomurska's economy is relatively small, with a total GDP of EUR 2.3 billion (3.6% of national GDP), which has grown at an average annual rate of 5.3% over the last decade. GDP per capita is also significantly below the national average, equal to EUR 20 360, the third-lowest. Pomurska's international competitiveness is also limited, with foreign direct investment of only EUR 502.5 million, making up 2.3% of the country's total, and annual goods exports of EUR 1.1 billion, accounting for 2%. Investment in R&D was the equivalent of only 0.5% of regional GDP, the third-lowest in the country, and only 0.8% of Slovenia's total R&D expenditure. Pomurska's labour market is generally underperforming in comparison with other regions, with an employment rate of only 63%, the lowest in Slovenia, and an unemployment rate of 4.1%, among the highest in the country.

Social features

Life expectancy in Pomurska is 82.4 years for women and 76.7 for men, the lowest in Slovenia, with only 59% of people reporting good health. Although poverty rates are approximately equal to the national average (13.8% compared to 13.2%), 27% of households were subject to bad dwelling conditions. Skills and education are also significantly behind the national average, with only 38% of people holding a tertiary or vocational qualification, the lowest rate in the country. Pomurska also has the highest population share, at 22.3%, with no digital skills significantly hindering labour productivity and the overall quality of life.

On most regional attractiveness dimensions, Pomurska scored below the Slovenian median. In particular, on measures of attractiveness related to the environment, digitalisation, cultural capital and the economy, the region has significant room for improvement. On both health and social cohesion, however, Pomurska scored slightly better than the Slovenian median. Relative to EU regions, Pomurska scored highly on both natural capital and tourism while underperforming on transportation, cultural capital and, to a lesser extent, the environment and health. In all other areas, Pomurska's regional attractiveness was assessed as approximately equal to the EU regional median.



The OECD Regional Attractiveness Compass visualises Pomurska's performance relative to all other regions in Slovenia (in red) and all TL3 regions in the EU (in blue). Each indicator is scored from 0 to 200, with the dashed black line representing the median score of 100. A higher score (closer to the circumference) indicates that Pomurska is performing better relative to other regions, while a lower score (closer to the centre) indicates underperformance.

Annex Table 2.A.16.Economic, social, and structural indicators in Pomurska

	Indicator	Pomurska	National average	Rank
Economic	GDP per capita (EUR)	20 360	30 158	10th
	Average annual nominal GDP growth	5.3%	6.2%	9th
	Expenditure on R&D as a share of regional GDP	0.5%	2.1%	10th
	Share of firms employing 10+ people	5.2%	4.8%	5th
	Employment rate	63%	70%	12th
	Activity rate	55.6%	58.7%	12th
	Unemployment rate*	4.1%	3.7%	4th
	Nominal labour productivity per person (EUR)	49 700	58 100	11th
	Exports per capita (EUR)	9 875	25 979	11th
	Labour migration (workplace outside region of residence)	22.4%	22.4%	6th
	Household net disposable income per capita (index)	90.5	100	12th
Social	Life expectancy – women (years)	82.4	84.7	12th
	Life expectancy – men (years)	76.7	79.5	12th
	Share of persons reporting good health	59%	66%	11th
	Share of persons reporting bad health*	11%	8%	2nd
	Suicides per 100 000 population*	21.9	16.9	3rd
	Gini coefficient (residents)*	21.8	24.9	12th
	Share of persons at risk of poverty*	13.8%	13.2%	8th
	Share of households with bad dwelling conditions*	27%	20%	2nd
	Convictions per 1 000 adults and juveniles*	2.8	2.4	3rd
	Share of persons with a vocational or tertiary education	38%	41.2%	12th
	Share of persons with no digital skills*	22.3%	13.3%	1st
	Air pollution, particulates < 2.5µm (grams per capita)*	14.8	13.9	5th
	Share of persons living in overcrowded dwellings*	6.6%	10.6%	12th
	Share of households experiencing problems with crime, violence, or vandalism*	7%	7%	5th
	Crime rate per capita*	1.4%	2.4%	10th
	Share of persons having daily contact with relatives	19%	25%	11th
	Share of persons with severe limitations in activities due to health problems*	6%	6%	=6th
	Prevalence of symptoms of depression	7.1%	7.5%	6th
	Share of persons with a high BMI (overnutrition or obese)*	62.2%	56.7%	3rd
Structural	Population density (inhabitants per km^2)	85	104.8	7th
	Average age (mean)	47.1	44.4	1st
	Births per 1 000 population	6.8	7.9	11th
	Share of households with internet access	94%	94%	=6th
	Net international migration per 1 000 population	1.3	5.4	12th
	Dwellings per 1 000 population	425	410	4th
	Average dwellings completed per 1 000 population (past ten years)	2.3	1.7	1st
	Average useful floor space of dwellings (m^2)	89	83.3	1st

Notes: BMI = body mass index. µm = microns. m^2 = metres squared. km^2 = kilometres squared. *denotes figures where a high ranking is negative. All indicators are based on the most recently available data.
Source: Based on data from (Statistical Office of the Republic of Slovenia, 2025[111]) and (Eurostat, 2025[112]).

Annex Table 2.A.17. Posavska

Population: 76 027 (3.6%)
Area: 968 km² (4.8%)
Population density: 78.5/km²
Municipalities: 6
Largest settlement: Brežice (6 867)

Posavska, located in the east of Slovenia, is the fourth-smallest region by population and second-smallest by area, and has the eighth-highest population density. Over the past ten years, Posavska's population has been broadly stable, growing at an average annual rate of 0.1%. The mean age is 45.1 years, just above the country's average, while the birth rate is 8.5 per 1 000 of population, the second-highest. Net international migration is positive, equal to 3.2 per 1 000 of population.

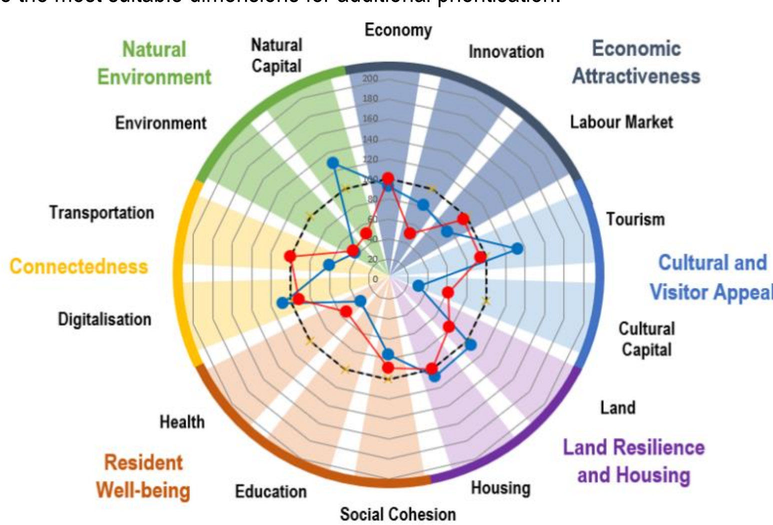
Economic features

Posavska's economy is relatively small, with a total GDP of EUR 1.9 billion (2.9% of national GDP), but has had the highest growth rate at an average annual rate of 7.3% over the last decade. GDP per capita is also below the national average, equal to EUR 24 729. Posavska's international competitiveness is also limited, with foreign direct investment of only EUR 397 million, making up 1.8% of the country's total, and the third-lowest annual goods exports of EUR 924 million, accounting for 1.7%. Investment in R&D was the equivalent to only 0.7% of regional GDP, the fourth-lowest, and only 1% of Slovenia's total R&D expenditure. Posavska's labour market is slightly above average in comparison with other regions, with an employment rate of 71.8%, and an unemployment rate of 3%, among the lowest in the country.

Social features

Life expectancy in Posavska is 84.5 years for women and 78.2 for men, which is broadly in line with the average for women but the third-lowest for men, with 61% of people reporting good health. Posavska has the highest suicide rate in the country, yet the lowest prevalence of symptoms of depression, at only 4%. Although poverty rates are above the national average, only 18% of households were subject to bad dwelling conditions. Skills and education are also slightly behind the national average, with only 40.1% of people holding a tertiary or vocational qualification, the lowest rate in the country, and 14.6% of people reporting no digital skills, hampering labour productivity.

On most regional attractiveness indicators, Posavska scored below the Slovenian median. In particular, its environment, natural capital and innovation performance was very low, with cultural capital and health also significantly below average. In comparison to other EU regions, Posavska's attractiveness was more varied; its natural capital and tourism performance was significantly above the median, highlighting a relative strength that could be further built upon. Yet on health, transportation, the environment and cultural capital, it appears to be far behind most other European TL3 regions. Overall, health, innovation, natural capital and the environment appear to be the most suitable dimensions for additional prioritisation.



The OECD Regional Attractiveness Compass visualises Posavska's performance relative to all other regions in Slovenia (in red) and all TL3 regions in the EU (in blue). Each indicator is scored from 0 to 200, with the dashed black line representing the median score of 100. A higher score (closer to the circumference) indicates that Posavska is performing better relative to other regions, while a lower score (closer to the centre) indicates underperformance.

Annex Table 2.A.18. Economic, social and structural indicators in Posavska

	Indicator	Posavska	National average	Rank
Economic	GDP per capita (EUR)	24 729	30 158	7th
	Average annual nominal GDP growth	7.3%	6.2%	1st
	Expenditure on R&D as a share of regional GDP	0.7%	2.1%	9th
	Share of firms employing 10+ people	5%	4.8%	6th
	Employment rate	71.8%	70%	5th
	Activity rate	56.7%	58.7%	10th
	Unemployment rate*	3%	3.7%	9th
	Nominal labour productivity per person (EUR)	55 100	58 100	6th
	Exports per capita (EUR)	12 155	25 979	8th
	Labour migration (workplace outside region of residence)	36%	22.4%	3rd
	Household net disposable income per capita (index)	102.3	100	4th
Social	Life expectancy – women (years)	84.5	84.7	6th
	Life expectancy – men (years)	78.2	79.5	10th
	Share of persons reporting good health	61%	66%	=9th
	Share of persons reporting bad health*	7%	8%	=10th
	Suicides per 100 000 population*	23.7	16.9	1st
	Gini coefficient (residents)*	23.6	24.9	=6th
	Share of persons at risk of poverty*	16.4%	13.2%	3rd
	Share of households with bad dwelling conditions*	18%	20%	=7th
	Convictions per 1 000 adults and juveniles*	3.5	2.4	2nd
	Share of persons with a vocational or tertiary education	40.1%	41.2%	9th
	Share of persons with no digital skills*	14.6%	13.3%	6th
	Air pollution, particulates < 2.5μm (grams per capita)*	14.5	13.9	6th
	Share of persons living in overcrowded dwellings*	17%	10.6%	1st
	Share of households experiencing problems with crime, violence, or vandalism*	8%	7%	4th
	Crime rate per capita*	2.6%	2.4%	=3rd
	Share of persons having daily contact with relatives	21%	25%	9th
	Share of persons with severe limitations in activities due to health problems*	7%	6%	4th
	Prevalence of symptoms of depression	4%	7.5%	12th
	Share of persons with a high BMI (overnutrition or obese)*	62.7%	56.7%	1st
Structural	Population density (inhabitants per km^2)	78.5	104.8	8th
	Average age (mean)	45.1	44.4	=6th
	Births per 1 000 population	8.5	7.9	2nd
	Share of households with internet access	87%	94%	12th
	Net international migration per 1 000 population	3.2	5.4	8th
	Dwellings per 1 000 population	420	410	=5th
	Average dwellings completed per 1 000 population (past ten years)	1.5	1.7	=8th
	Average useful floor space of dwellings (m^2)	84.6	83.3	=7th

Notes: BMI = body mass index. μm = microns. m^2 = metres squared. km^2 = kilometres squared. *denotes figures where a high ranking is negative. All indicators are based on the most recently available data.
Source: Based on data from (Statistical Office of the Republic of Slovenia, 2025[111]) and (Eurostat, 2025[112]).

Annex Table 2.A.19. Primorsko-notranjska

Population: 54 109 (2.5%)
Area: 1 456 km^2 (7.2%)
Population density: 37.2/km^2
Municipalities: 6
Largest settlement: Postojna (10 041)

Primorsko-notranjska, located in the southwest of Slovenia, is the smallest region by population and seventh-largest by area, making it the least densely populated. Over the past ten years, Primorsko-notranjska experienced population growth broadly in line with Slovenia as a whole, averaging 0.3% annually. The average age is 45 years, while the birth rate is 7 per 1 000 of population, the third-lowest. While net international migration is positive, equal to 1.8 per 1 000 of population, it is the second-lowest of all Slovenian regions.

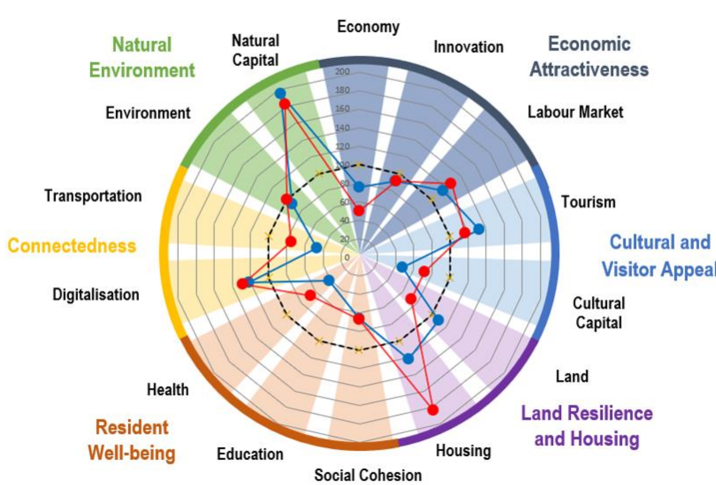
Economic features

Primorsko-notranjska's economy is the second smallest of the 12 development regions, with a total GDP of EUR1.1 billion (1.7% of national GDP) and the lowest average annual growth rate (5% over the last decade). GDP per capita is also significantly below the national average, equal to EUR 19 720, the second-lowest. Primorsko-notranjska's international competitiveness is also significantly limited, with foreign direct investment of only EUR 138 million, making up 0.6% of the country's total, and annual goods exports of EUR 766 million, accounting for only 1.4%. Investment in R&D was the equivalent of only 0.4% of regional GDP, the lowest, and only 0.3% of Slovenia's total R&D expenditure. Primorsko-notranjska's labour market has an employment rate of 74.6%, the highest in Slovenia, but also an unemployment rate of 4.9%, the second-highest in the country.

Social features

Life expectancy in Primorsko-notranjska is 84.7 years for women and 79.1 for men, both approximately equal to the Slovenian average, with 71% of people reporting good health, the second-highest rate. Although poverty rates are below the national average, 22% of households were subject to bad dwelling conditions. Skills and education are slightly below the national average, with 40.5% of people holding a tertiary or vocational qualification, and 20.1% having no digital skills, the third-highest population share, significantly hindering labour productivity and the overall quality of life.

Primorsko-notranjska has two characteristics that greatly enhance its attractiveness in comparison with other Slovenian regions. These are housing, based on affordability in relation to income, and natural capital, based on forest cover and the share of protected areas. However, other measures of attractiveness, including the economy, cultural capital, land, social cohesion and health, scored below the Slovenian average. In comparison with other EU regions, Primorsko-notranjska's housing advantage is much less pronounced, but its score on natural capital remains among the highest. In addition, the attractiveness of its transportation, health services and cultural capital – already lower than in most Slovenian regions – is even weaker in comparison with other European regions.



The OECD Regional Attractiveness Compass visualises Primorsko-notranjska's performance relative to all other regions in Slovenia (in red) and all TL3 regions in the EU (in blue). Each indicator is scored from 0 to 200, with the dashed black line representing the median score of 100. A higher score (closer to the circumference) indicates that Primorsko-notranjska is performing better relative to other regions, while a lower score (closer to the centre) indicates underperformance.

Annex Table 2.A.20. Economic, social and structural indicators in Primorsko-notranjska

	Indicator	Primorsko-notranjska	National average	Rank
Economic	GDP per capita (EUR)	19 720	30 158	11th
	Average annual nominal GDP growth	5%	6.2%	12th
	Expenditure on R&D as a share of regional GDP	0.4%	2.1%	=11th
	Share of firms employing 10+ people	4.3%	4.8%	8th
	Employment rate	74.6%	70%	1st
	Activity rate	58.5%	58.7%	=4th
	Unemployment rate*	4.9%	3.7%	2nd
	Nominal labour productivity per person (EUR)	49 000	58 100	12th
	Exports per capita (EUR)	14 254	25 979	7th
	Labour migration (workplace outside region of residence)	44.5%	22.4%	2nd
	Household net disposable income per capita (index)	100.8	100	6th
Social	Life expectancy – women (years)	84.7	84.7	=3rd
	Life expectancy – men (years)	79.1	79.5	5th
	Share of persons reporting good health	71%	66%	=2nd
	Share of persons reporting bad health*	8%	8%	=8th
	Suicides per 100 000 population*	16.7	16.9	7th
	Gini coefficient (residents)*	22.7	24.9	=10th
	Share of persons at risk of poverty*	10.8%	13.2%	11th
	Share of households with bad dwelling conditions*	22%	20%	5th
	Convictions per 1 000 adults and juveniles*	1.6	2.4	=9th
	Share of persons with a vocational or tertiary education	40.5%	41.2%	6th
	Share of persons with no digital skills*	20.1%	13.3%	3rd
	Air pollution, particulates < 2.5µm (grams per capita)*	11	13.9	12th
	Share of persons living in overcrowded dwellings*	9.5%	10.6%	10th
	Share of households experiencing problems with crime, violence, or vandalism*	1%	7%	12th
	Crime rate per capita*	1.6%	2.4%	9th
	Share of persons having daily contact with relatives	26%	25%	4th
	Share of persons with severe limitations in activities due to health problems*	4%	6%	12th
	Prevalence of symptoms of depression	6.2%	7.5%	=10th
	Share of persons with a high BMI (overnutrition or obese)*	60.7%	56.7%	4th
Structural	Population density (inhabitants per km²)	37.2	104.8	12th
	Average age (mean)	45	44.4	8th
	Births per 1 000 population	7	7.9	10th
	Share of households with internet access	92%	94%	=9th
	Net international migration per 1 000 population	1.8	5.4	11th
	Dwellings per 1 000 population	418	410	7th
	Average dwellings completed per 1 000 population (past ten years)	1.4	1.7	=10th
	Average useful floor space of dwellings (m²)	88.2	83.3	3rd

Notes: BMI = body mass index. µm = microns. m^2 = metres squared. km^2 = kilometres squared. *denotes figures where a high ranking is negative. All indicators are based on the most recently available data.
Source: Based on data from (Statistical Office of the Republic of Slovenia, 2025[111]) and (Eurostat, 2025[112]).

Annex Table 2.A.21. Savinjska

Population: 261 786 (12.3%)
Area: 2 301 km^2 (11.4%)
Population density: 113.8/km^2
Municipalities: 31
Largest settlement: Celje (38 059)

Savinjska, located in northcentral Slovenia, is the third-largest region by population, the fourth-largest by area, and the fifth most densely populated. Over the past ten years, Savinjska had an average annual population increase of 0.4%. The average age is 44.4 years, equal to the national average, while the birth rate is 8.1 per 1 000 of population. Net international migration is positive, equal to 4.8 per 1 000 of population, and the fourth highest in Slovenia.

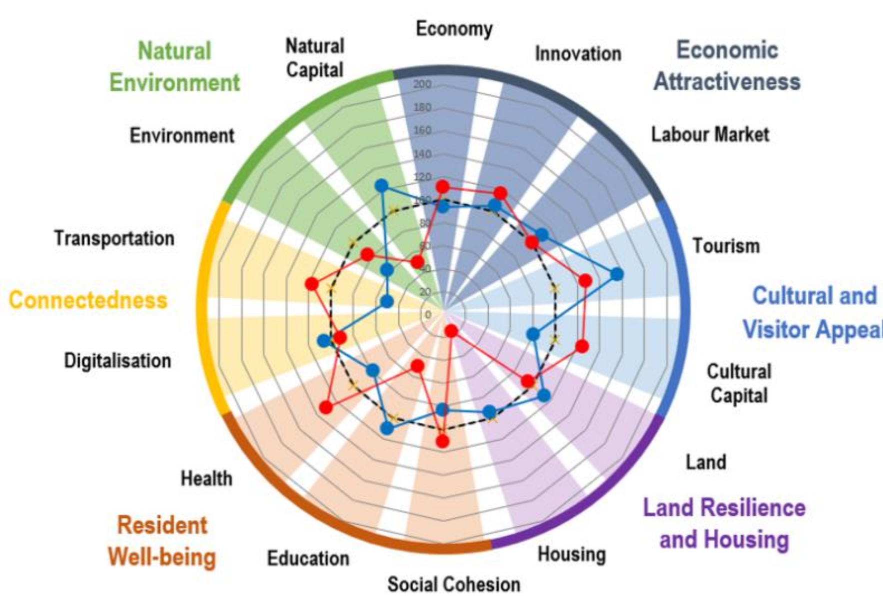
Economic features

Savinjska's economy is the third-largest in Slovenia, with a total GDP of EUR 6.8 billion (10.7% of national GDP), which has grown at an average annual rate of 5.6% over the last decade. GDP per capita is slightly below the national average, equal to EUR 26 110. Savinjska's international competitiveness is mixed, with foreign direct investment at only EUR 986 million, making up 4.5% of the country's total, but with the third-highest annual goods exports at EUR 4.3 billion, accounting for 7.8%. Investment in R&D was the equivalent to only 1.3% of regional GDP, and 6.7% of Slovenia's total R&D expenditure. Savinjska's labour market is strong in comparison with other regions, with an employment rate of 72.1%, and an unemployment rate of 3.1%, both outperforming the national average.

Social features

Life expectancy in Savinjska is 83.6 years for women and 79.1 for men, with 62% of people reporting good health. Poverty rates are above the national average at 15.5%, with 23% of households subject to bad dwelling conditions. Skills and education are broadly aligned with the national average, with 41.5% of people holding a tertiary or vocational qualification, yet 15.2% of people reported no digital skills, hampering labour productivity.

In comparison with other Slovenian regions, Savinjska scored close to the median on most indicators. However, its housing market is among the least attractive in the country, and education services and natural capital assets were considerably below average. In comparison with EU regions, Savinjska also scored broadly in line with the median. Its best-performing indicator was tourism, with the number of overnight stays and available tourist infrastructure ranking highly. In contrast, transportation, made up of cycleway, road and rail infrastructure, as well as the share of electric vehicles, scored very poorly, and the attractiveness of the environment was also significantly below the EU average.



The OECD Regional Attractiveness Compass visualises Savinjska's performance relative to all other regions in Slovenia (in red) and all TL3 regions in the EU (in blue). Each indicator is scored from 0 to 200, with the dashed black line representing the median score of 100. A higher score (closer to the circumference) indicates that Savinjska is performing better relative to other regions, while a lower score (closer to the centre) indicates underperformance.

Annex Table 2.A.22. Economic, social and structural indicators in Savinjska

	Indicator	Savinjska	National average	Rank
Economic	GDP per capita (EUR)	26 110	30 158	7th
	Average annual nominal GDP growth	5.6%	6.2%	=3rd
	Expenditure on R&D as a share of regional GDP	1.3%	2.1%	=5th
	Share of firms employing 10+ people	5.4%	4.8%	=3rd
	Employment rate	72.1%	70%	=2nd
	Activity rate	57.1%	58.7%	7th
	Unemployment rate*	3.1%	3.7%	=7th
	Nominal labour productivity per person (EUR)	52 000	58 100	9th
	Exports per capita (EUR)	16 531	25 979	5th
	Labour migration (workplace outside region of residence)	21.4%	22.4%	8th
	Household net disposable income per capita (index)	97.7	100	9th
Social	Life expectancy – women (years)	83.6	84.7	10th
	Life expectancy – men (years)	79.1	79.5	6th
	Share of persons reporting good health	62%	66%	=7th
	Share of persons reporting bad health*	9%	8%	=5th
	Suicides per 100 000 population*	13.5	16.9	=10th
	Gini coefficient (residents)*	23.7	24.9	5th
	Share of persons at risk of poverty*	15.5%	13.2%	5th
	Share of households with bad dwelling conditions*	23%	20%	4th
	Convictions per 1 000 adults and juveniles*	1.9	2.4	6th
	Share of persons with a vocational or tertiary education	41.5%	41.2%	4th
	Share of persons with no digital skills*	15.2%	13.3%	5th
	Air pollution, particulates < 2.5µm (grams per capita)*	14.9	13.9	4th
	Share of persons living in overcrowded dwellings*	9.8%	10.6%	=7th
	Share of households experiencing problems with crime, violence, or vandalism*	6%	7%	=6th
	Crime rate per capita*	1.9%	2.4%	=5th
	Share of persons having daily contact with relatives	24%	25%	=5th
	Share of persons with severe limitations in activities due to health problems*	7%	6%	=4th
	Prevalence of symptoms of depression	9.4%	7.5%	1st
	Share of persons with a high BMI (overnutrition or obese)*	60.1%	56.7%	5th
Structural	Population density (inhabitants per km^2)	113.8	104.8	5th
	Average age (mean)	44.4	44.4	9th
	Births per 1 000 population	8.1	7.9	=6th
	Share of households with internet access	93%	94%	8th
	Net international migration per 1 000 population	4.8	5.4	4th
	Dwellings per 1 000 population	399	410	8th
	Average dwellings completed per 1 000 population (past ten years)	1.7	1.7	=5th
	Average useful floor space of dwellings (m^2)	81.5	83.3	9th

Notes: BMI = body mass index. µm = microns. m^2 = metres squared. km^2 = kilometres squared. *denotes figures where a high ranking is negative. All indicators are based on the most recently available data.
Source: Based on data from (Statistical Office of the Republic of Slovenia, 2025[111]) and (Eurostat, 2025[112]).

Annex Table 2.A.23. Zasavska

Population: 57 243 (2.7%)
Area: 485 km² (2.4%)
Population density: 118/km²
Municipalities: 4
Largest settlement: Zagorje ob Savi (16 413)

Zasavska, located in central Slovenia, is the second-smallest region by population and the smallest by area, however it is the third most densely populated. Over the past ten years Zasavska shrunk at the third-fastest rate, with an average annual population change of -0.1%. The average age is 45.5 years, slightly above the national average, while the birth rate is 7.7 per 1 000 of population, the fifth lowest. While net international migration is positive, equal to 2.1 per 1 000 of population, it is the third lowest of all Slovenian regions.

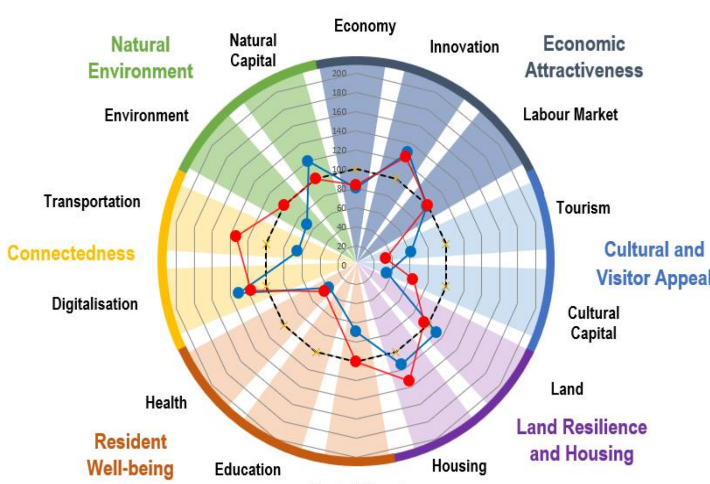
Economic features

Zasavska's economy is the smallest in Slovenia, with a total GDP of EUR 942 million (1.5% of national GDP), but has grown at an average annual rate of 5.3% over the last decade. GDP per capita is also the lowest, equal to EUR 16 456. Zasavska's international competitiveness is limited, with foreign direct investment of only EUR 168 million, making up 0.8% of the country's total, and the lowest annual goods exports in the country at EUR 469 million, accounting for 0.9%. Investment in R&D was the equivalent of 1.9% of regional GDP, the fourth-highest, and made up 1.3% of Slovenia's total R&D expenditure. Zasavska's labour market is generally underperforming compared with other regions, with an employment rate of only 69.9%, the fourth-lowest in Slovenia, and an unemployment rate of 4.7%, among the country's highest.

Social features

Life expectancy in Zasavska is 83.9 years for women and 78.9 for men, just below the national average. It has the country's lowest rate of people reporting good health, at only 55%, and the highest (equal with Posavska) rate of people with high BMI, at 62.7%. The poverty rate of 15.6% is above the national average, yet only 16% of households were subject to bad dwelling conditions, the lowest in the country. Education and skills are significantly behind the national average, with only 38.7% of people holding a tertiary or vocational qualification, the second-lowest in the country. Zasavska also has the second-highest population share with no digital skills (21.1%), significantly hindering labour productivity and the overall quality of life.

Zasavska scored close to the Slovenian median on most attractiveness dimensions. However, on tourism, cultural capital and health, it was among the lowest in the country. Zasavska's attractiveness relative to other EU regions follows a similar pattern. Tourism, cultural capital and health are again well below the median, but Zasavska scored poorly on transportation, the environment and social cohesion. Innovation, measured by trademark and patent applications, alongside housing and digitalisation, were among Zasavska's greatest strengths in comparison with both Slovenian and EU regions.



The OECD Regional Attractiveness Compass visualises Zasavska's performance relative to all other regions in Slovenia (in red) and all TL3 regions in the EU (in blue). Each indicator is scored from 0 to 200, with the dashed black line representing the median score of 100. A higher score (closer to the circumference) indicates that Zasavska is performing better relative to other regions, while a lower score (closer to the centre) indicates underperformance.

Annex Table 2.A.24. Economic, social and structural indicators in Zasavska

	Indicator	Zasavska	National average	Rank
Economic	GDP per capita (EUR)	16 456	30 158	12th
	Average annual nominal GDP growth	5.3%	6.2%	11th
	Expenditure on R&D as a share of regional GDP	1.9%	2.1%	4th
	Share of firms employing 10+ people	4.1%	4.8%	9th
	Employment rate	69.9%	70%	9th
	Activity rate	58.5%	58.7%	=4th
	Unemployment rate*	4.7%	3.7%	3rd
	Nominal labour productivity per person (EUR)	52 400	58 100	8th
	Exports per capita (EUR)	8 207	25 979	8th
	Labour migration (workplace outside region of residence)	53.3%	22.4%	1st
	Household net disposable income per capita (index)	98.2	100	8th
Social	Life expectancy – women (years)	83.9	84.7	=7th
	Life expectancy – men (years)	78.9	79.5	8th
	Share of persons reporting good health	55%	66%	12th
	Share of persons reporting bad health*	10%	8%	=3rd
	Suicides per 100 000 population*	19.3	16.9	5th
	Gini coefficient (residents)*	23	24.9	8th
	Share of persons at risk of poverty*	15.6%	13.2%	4th
	Share of households with bad dwelling conditions*	16%	20%	=11th
	Convictions per 1 000 adults and juveniles*	1.7	2.4	8th
	Share of persons with a vocational or tertiary education	38.7%	41.2%	11th
	Share of persons with no digital skills*	21.1%	13.3%	2nd
	Air pollution, particulates < 2.5μm (grams per capita)*	17	13.9	1st
	Share of persons living in overcrowded dwellings*	14.2%	10.6%	2nd
	Share of households experiencing problems with crime, violence, or vandalism*	3%	7%	=9th
	Crime rate per capita*	1.1%	2.4%	12th
	Share of persons having daily contact with relatives	22%	25%	=7th
	Share of persons with severe limitations in activities due to health problems*	9%	6%	1st
	Prevalence of symptoms of depression	6.2%	7.5%	=10th
	Share of persons with a high BMI (overnutrition or obese)*	62.7%	56.7%	=1st
Structural	Population density (inhabitants per km^2)	118	104.8	3rd
	Average age (mean)	45.5	44.4	=4th
	Births per 1 000 population	7.7	7.9	8th
	Share of households with internet access	97%	94%	2nd
	Net international migration per 1 000 population	2.1	5.4	10th
	Dwellings per 1 000 population	420	410	=5th
	Average dwellings completed per 1 000 population (past ten years)	0.8	1.7	12th
	Average useful floor space of dwellings (m^2)	74.7	83.3	12th

Notes: BMI = body mass index. μm = microns. m^2 = metres squared. km^2 = kilometres squared. *denotes figures where a high ranking is negative. All indicators are based on the most recently available data.
Source: Based on data from (Statistical Office of the Republic of Slovenia, 2025[111]) and (Eurostat, 2025[112]).

Overview of OECD Regional Attractiveness Compass indicators

The OECD Regional Attractiveness Compass methodology draws upon a wide range of indicators to estimate the relative position of regions according to their attractiveness to investors, talent and visitors. It provides an overview of a region's attractiveness across 6 multidimensional domains, with a total of 14 dimensions considered. The compasses offer a comparative view against national and EU benchmarks, making them a valuable tool for planning and evaluating policy interventions, identifying complementarities across regions and understanding systemic challenges. Below are the indicators used by the OECD to create the attractiveness compasses in Slovenian TL3 regions.

Annex Table 2.A.25. OECD Regional Attractiveness Compass indicators

Domain	Dimension	Description	Indicator
Economic attractiveness	Economy	This dimension provides an insight into the level of wealth and economic performance of the region, as well as its capacity to have a diversity of industrial activities.	GDP per capita (USD, constant PPP)
			Gross value added per worker (USD, constant PPP)
			Economic diversification: distribution of employment according to 10 economic branches (inverse of the Herfindahl index)
	Innovation and entrepreneurship	The innovation dimension looks at the region's ability to provide a favourable environment for entrepreneurship and research.	EU trademark applications per million population
			PCT patent applications per million inhabitants
	Labour market	Labour-market indicators help potential investors and talent to assess the dynamism of the labour market.	Youth unemployment rate (%, 15-24 years old)
			Employment rate of migrants as a difference from that of natives (native – migrant) (p.p. difference)
			Unemployment rate (in %, 15 and over)
			Employment rate (in %, 15 and over)
Visitor appeal	Tourism	This dimension covers both the region's tourism infrastructure and its popularity with both nationals and foreigners.	Share of overnight stays by foreign tourists (hotels; vacation and other short-term accommodation; camping, parks) (in %)
			Number of overnight stays in tourist accommodation per 1 000 inhabitants
			Number of tourism information centres per 1 000 inhabitants
	Cultural capital	The cultural capital dimension measures the availability and richness of cultural heritage and cultural infrastructure in the region.	Number of museums and galleries per 1 000 inhabitants
			Number of theatres per 1 000 inhabitants
			Number of UNESCO cultural and natural heritage sites
Land and housing	Land	The land dimension assesses the pressure on agricultural, industrial and residential land in the region.	Share of built-up area exposed to river flooding, 100-year return period
			Land burned as a share of total land
			Percentage change in land soil moisture (0-7 cm depth layer) compared to the reference period 1981-2010
	Housing	The housing dimension highlights regional housing prices relative to local incomes.	Housing expenses as a share of income (%)
Resident well-being	Social cohesion	Social cohesion is an important measure of the vitality and shock resilience of a region. It can indicate to a potential investor, resident or visitor such things as the safety of the area and the general well-being of the local population.	Number of community centres per 1 000 inhabitants
			Number of intentional homicides per 100 000 population
			Voter turnout in general elections (in % of registered voters who voted)
	Education	The education dimension reflects a region's capacity to train its inhabitants and to appeal to international talent.	Number of higher education institutions per 1 000 inhabitants
			Share of international students in the student population in higher education (%)

	Health	The health dimension considers issues of access to health services and potential health risks, which are of great importance to those seeking to settle.	Air pollution (average level in µg/m³ experienced by the population)
			Number of doctors per 1 000 inhabitants
			Proximity to hospital cardiology services (km)
			Proximity to maternity and obstetric hospital services (km)
			Number of pharmacies per 1 000 inhabitants
Connectedness	Digitalisation	This dimension considers access to fast internet connections, as well as the adoption of digital technologies.	Average download speed from a fixed device (national value =100)
			Meta Social Connectedness Index
	Transportation	The transport dimension measures the region's offerings in terms of quality transport networks and various modalities.	Road density (in km per km squared)
			Cycleway density (in km per km squared)
			Population that can be reached by rail (within 90 minutes) per 100 nearby inhabitants (within 120 km radius)
			Share of electric and hybrid vehicles in total road motor vehicles fleet
Natural environment	Environment	Environmental indicators help visitors and talent to understand the quality of the environment and the importance given locally to environmental preservation efforts.	Share of renewables in electricity generation (%)
			Greenhouse gas emissions produced by the transport industry (tonnes of carbon dioxide-equivalent per capita)
			Additional cooling degree days, compared to 1981-2010
	Natural capital	Natural capital is important for attractiveness in that those wishing to move to, invest in or visit a region value the quality of the local environment for the activities they carry out.	Tree cover rate (%)
			Share of protected areas (%)

Notes: USD = United States dollars. PPP = purchasing power parity. p.p. = percentage point. µg/m³ = microgrammes per cubic metre. cm = centimetre. Km = kilometre.
Source: (OECD, 2022[113]).

Annex Table 2.A.26. Economic, social and structural indicators in Slovenian regions – Overview of data sources

	Indicator	Year	Source
Economic	GDP per capita	2023	SiStat
	Average annual nominal GDP growth	2014-2023	SiStat^
	Expenditure on R&D as a share of regional GDP	2023	SiStat
	Share of firms employing 10+ people	2022	SiStat^
	Employment rate	2024	SiStat
	Activity rate	2024	SiStat
	Unemployment rate	2024	SiStat
	Nominal labour productivity per person	2023	Eurostat
	Exports per capita	2023	SiStat^
	Labour migration	2023	SiStat
	Household net disposable income per capita (index)	2024	SiStat
Social	Life expectancy – women	2024	SiStat
	Life expectancy – men	2024	SiStat
	Share of persons reporting good health	2024	SiStat^
	Share of persons reporting bad health	2024	SiStat^
	Suicides per 100 000 population	2023	SiStat
	Gini coefficient (residents)	2023	SiStat
	Share of persons at risk of poverty	2024	SiStat
	Share of households with bad dwelling conditions	2024	SiStat
	Convictions per 1 000 adults and juveniles	2024	SiStat
	Share of persons with a vocational or tertiary education	2024	SiStat^
	Share of persons with no digital skills	2023	SiStat
	Air pollution, particulates < 2.5µm (grams per capita)	2020	OECD Data Explorer
	Share of persons living in overcrowded dwellings	2024	SiStat
	Share of households experiencing problems with crime, violence, or vandalism	2023	SiStat
	Crime rate per capita	2024	Slovenian Police^
	Share of persons having daily contact with relatives	2022	SiStat
	Share of persons with severe limitations in activities due to health problems	2024	SiStat
	Prevalence of symptoms of depression	2019	NIJZ Data Portal
	Share of persons with a high BMI (overnutrition or obese)	2019	NIJZ Data Portal
Structural	Population density (inhabitants per km^2)	2024	SiStat, Eurostat^
	Average age (mean)	2025	SiStat
	Births per 1 000 population	2024	SiStat
	Share of households with internet access	2024	SiStat^
	Net international migration per 1 000 population	2024	SiStat^
	Dwellings per 1 000 population	2021	SiStat
	Average dwellings completed per 1 000 population (past ten years)	2014-2024	SiStat^
	Average useful floor space of dwellings	2021	SiStat

Note: µm = microns. km^2 = kilometres squared. ^ = Based on indicated source. Years specified the most recently available as of September 2025.

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Notes

[1] The "doughnut effect" is characterised by a high-activity and economically prosperous urban periphery, or outer ring, enveloping a less dynamic, hollowed out or underutilised centre (OECD, 2023[115]). What is seen in Slovenia is the opposite effect playing out at a larger territorial level: there is a dynamic and prosperous centre, Ljubljana, and an outer ring along border territories that can access employment opportunities in neighbouring countries, but limited activity in the territory between the centre and the borders.

[2] Employees working in other regions are included based on their region of residence.

[3] GDP per capita, as a measure of production, does not include a consideration of tax. Regions with high GDP are likely to also have a larger number of high-income households; these households will be taxed at a higher proportion of their income, thereby reducing the average disposable income.

[4] Productivity per worker can occasionally obscure regional comparisons due to variations in industries, employment types, working conditions and other factors. For example, if the average worker in one region works 40 hours per week but the average worker in another works 38 hours, productivity per worker may appear higher even if the productivity of each additional hour of labour in both regions is equal.

[5] These include digital skills for problem solving (e.g. internet banking), content creation (e.g. editing documents and photos), communication (e.g. using social media) and attaining information (e.g. determining reliable sources).

[6] Expected healthy life years at birth, the number of years that a person is expected to live without any severe or moderate health problems, are also higher in Slovenia (66.6) compared to all benchmark countries except Italy (69.1) (Eurostat, 2023[114]).

[7] Percentage of persons living in households where the equivalised total disposable household income is below the at-risk-of-poverty threshold.

[8] The overcrowding rate is the percentage of persons living in dwellings with not enough rooms in relation to the number of household members. The condition for an overcrowded dwelling is that it does not have one room per household and at the same time, one room per couple in the household

[9] Implementing spatial plans provide explicit guidance on land use, by contrast with strategic spatial plans, which provide more general guidance and a long-term vision. Implementation plans at the national level (national spatial plans) primarily concern national infrastructure, while municipal spatial plans provide detailed land-use rules for the entire municipal land area and form the basis of building permits.

[10] "Bad" dwelling conditions encompass problems such as a leaking roof, damp walls/floors/foundation, or rot in window frames or the floor.

3 Making multi-level governance work for Slovenia's regions

This chapter examines recent developments in Slovenia's regional development policy. It focuses on how to reinforce Slovenia's multi-level governance system so that it can deliver its forthcoming national regional development strategy more effectively. Insights into international practices in regional-level planning and programming, cross-sectoral and multi-level co-ordination, strategy implementation and monitoring and evaluation are incorporated into the analysis. The chapter ends with recommendations to help Slovenia's policymakers leverage multi-level governance arrangements in four main areas: territorial administration, resource capacity, government co-ordination and performance measurement.

In brief

Enhancing multi-level governance to support regional development in Slovenia

- The forthcoming national regional development strategy can serve as an umbrella framework to help guide sectoral policy aims that are achieved through regional-level programmes and projects. Sectoral and territorial action for regional development is fragmented across ministries, regional bodies and Slovenia's 212 municipalities. A national regional development strategy can create new opportunities to bring different sectors together to build competitiveness, reduce pressure off of Ljubljana and close regional inequality gaps.
- Slovenia should continue to promote relevant policy and service delivery, as well as subnational public investment, at a larger territorial scale to manage the impact of fragmentation and limited resources. At the municipal level, inter-municipal co-operation arrangements could be expanded further, while alternative measures and incentives to promote municipal mergers could be considered. At the regional level, while establishing a full regional tier of government is not recommended, strengthening the planning and implementation capacity of the 12 existing development regions, for example through formal contracts or agreements, is a viable alternative.
- Reinforcing subnational public investment capacity is necessary to ensure the implementation of the upcoming national regional development strategy. Slovenia's subnational governments are responsible for 37.3% of total public investment, below the OECD average of 55.1%. Boosting investment capacity can mean optimising national and subnational funding channels, for example through a competitive national-level fund for territorial development, and enhancing municipal capacity through own-source revenues or block grants to support additional investment in local (development) needs.
- Slovenia's regional development agencies (RDAs) are well placed to advance their region's development by leading strategic planning efforts, designing and implementing territorial projects in development regions, and working to assist other actors within the regional ecosystem. However, they face resource constraints. While one option is to streamline their activities, doing so can limit their ability to act as true regional development partners for national, regional and local authorities. Another option is ensuring that RDA staff capabilities and RDA resources are commensurate with their mandates and the expectations placed upon them.
- Actively reinforcing horizontal and vertical co-ordination mechanisms to support the design and implementation of strategies and policies could help all levels of government meet regional development aims. Regional development activities are scattered across 19 line ministries, with few mechanisms or incentives to promote cross-sectoral co-ordination and strategic coherence. A clear co-ordination mandate for regional development and stronger institutional mechanisms, such as standards or guidelines for incorporating regional needs in national planning exercises, should be considered. Multi-level dialogue could also be expanded and reinforced.
- Generating more robust performance measurement practices will allow more systematic monitoring, evaluation and reporting on sector strategies and programmes, as well as regional attractiveness. Strengthening data collection, promoting a culture of evaluation and learning, and building human resource capacity – including among RDAs – to identify and use regional development indicators could help build a shared understanding of how performance measurement can generate more effective policies and services.

Introduction

Multi-level governance[1] is a cornerstone of regional development (OECD, 2023[1]). No level of government can work alone to effectively design and deliver policies and services that will support a region's growth. These are responsibilities shared by national, regional and local levels of government, involving diverse policy sectors and actors in a relationship of mutual dependence. When leveraging regional development policy to reduce territorial inequalities and bolster competitiveness in different regions, policymakers should consider the multi-level governance system – i.e. the actors, institutions, frameworks and practices that support decision making and implementation – underpinning the regional development process.

Slovenia's multi-level governance system has been evolving over time. There is a legislative framework in place to help mobilise actors and institutions, and support place-based regional development activity at different levels of government. Moreover, planned reforms, such as amendments to the Law on the Promotion of Balanced Regional Development and the design of the forthcoming national regional development strategy, create new opportunities to reinforce the coherence and impact of regional development policy in Slovenia. Such opportunities include providing a roadmap for joint action that can guide national and subnational actors. Slovenia also has clear territorial development aims. These include reducing regional inequalities, ensuring a just net-zero transition and building competitiveness throughout the territory, lifting pressure off of Ljubljana (see Chapter 1). Developing and implementing Slovenia's future national regional development strategy is an opportunity to advance these goals clearly and measurably. It can also serve to bridge sectoral and territorial perspectives, while ensuring that bottom-up and top-down approaches work together to advance regional development priorities (OECD, 2020[2]). This, in turn, may limit policy fragmentation and promote greater policy coherence, by setting clear parameters and priorities for regional development. Until now, line ministries have had little guidance or incentive to consider the territorially specific impacts of their sectoral policies and programmes, and to ensure that actions and resources for territorial development are better aligned. Finally, a strategy of this type can become the framework for national and subnational action that supports more efficient use of limited funding for public investment.

At the national level, the government is committed to developing and approving a long-term national regional development strategy, as more than 20 OECD Member countries have already done, according to a 2024 OECD survey (OECD, unpublished[3]). Such a strategy provides an important opportunity to steer the territorial interventions of both national and subnational actors. The national regional development strategy can, for example, be useful in helping line ministries identify how their sectors can – or are expected to – contribute to regional development. It can also highlight how regional-level interventions in their sectors can help them meet their sectoral aims.

Moreover, the national regional development strategy can guide the development of subnational-level regional development programmes. The preparation and drafting of these programmes, led by Slovenia's RDAs on behalf of each development region, involves extensive consultation with regional businesses, municipalities and citizens, to help identify the development region's distinctive territorial challenges and priorities (OECD, 2024[4]). Their design, therefore, represents an important, bottom-up process that allows subnational actors to identify – and ultimately address – the specific needs of their own regions. The national regional development strategy can further support this process, by encouraging subnational actors to take greater account of national priorities for territorial development.

In general, however, the national regional development strategy would benefit from stronger multi-level governance arrangements to better support its implementation. Today, these arrangements are highly dispersed – across line ministries, strategic documents and subnational actors, particularly municipalities and RDAs. Aspects of territorial administration, resource capacity, government co-ordination and performance measurement will need to be addressed for Slovenia to meet its territorial aims. The government's commitment to a national regional development strategy is a large step in this direction. This chapter examines these aspects in turn, considering what they mean for regional development and the forthcoming strategy. It also provides a series of recommendations to reinforce Slovenia's multi-level governance arrangements in order to optimise the strategy's success. Achieving the aims of the forthcoming strategy will require reinforced multi-level dialogue mechanisms and a stronger regional development mandate – particularly for cross-sectoral co-ordination – at the national level. It will also require boosting the investment capacity of municipalities, and strengthening regional capacity to implement strategies and policies in support of regional development.

Creating a stronger territorial basis for action at the municipal and regional levels

Slovenian national and subnational authorities are confronted with a need to manage a high degree of territorial fragmentation. Slovenia has seen its number of municipalities grow since independence, although the pattern appears to have stabilised in recent years (OECD/UCLG, 2022[5]). Between 1994 and 2017, the number of Slovenian municipalities rose from 63 to 212 (as of September 2025), following successful referendums held in the proposed new territories (Pevcin, 2018[6]; Brajnik and Lavtar, 2021[7]). More than half of these 212 municipalities have fewer than 5 000 inhabitants. Researchers have pointed to several possible contributing factors to explain this trend towards territorial fragmentation, including the chance for smaller and poorer local communities to receive funds through the fiscal equalisation mechanism by splitting off from their old territorial units, as well as cultural factors and local identity (Brajnik and Lavtar, 2021[7]). However, there is no evidence that newly formed municipalities are more economically developed overall. Moreover, a third are less developed than their mother municipality (Brajnik and Lavtar, 2021[7]).

The legislative framework governing the establishment of new municipal units was another contributing factor to municipal fragmentation in Slovenia. Prior to 2010, the Law on Local Self-Government mandated that proposed municipalities should have a minimum of 5 000 inhabitants but allowed exceptions for a minimum of 2 000 inhabitants where territorial, ethnic, historical or economic considerations were in play (Brajnik and Lavtar, 2021[7]). However, a 2010 amendment to the Law on Local Self-Government abolished these exceptions and required all proposed municipalities to have at least 5 000 inhabitants. This has helped slow the pace of territorial fragmentation (Brajnik and Lavtar, 2021[7]; Official Gazette of Slovenia, 2024[8]).

Slovenia's municipalities are responsible for development within their administrative boundaries, together with a large range of other administrative and service tasks.[2] However, larger-scale development needs (e.g. infrastructure, transport), as well as costly or complex public services (e.g. utilities) are often more appropriately – and efficiently – addressed at a regional level, thanks to economies of scale. Given Slovenia's territorial fragmentation and the tight fiscal reality of its municipalities, investing at a regional scale is fundamental for ensuring that the objectives of the national regional development strategy can be achieved (OECD/UCLG, 2022[5]). While this is most obviously the case for infrastructure, transport, public service and digitalisation investments, it can also be relevant for innovation, small and medium-sized enterprises (SMEs), and skill development in support of labour markets.

There are a variety of paths to address this question of scale at both the municipal and regional levels. These include inter-municipal co-operation and municipal mergers at the local level, and regionalisation through a formal regional government tier or planning regions at the regional level. Both paths have their advantages and disadvantages, and they are not mutually exclusive. The Slovenian Government has already been pursuing several of these approaches. Some adjustments to existing arrangements could help better position subnational authorities to build the territorial scale required to achieve their regional development ambitions.

Inter-municipal co-operation

Inter-municipal co-operation is one way to help municipalities overcome the limitations of scale that can hinder their ability to efficiently invest in local and regional development. For example, it can help municipalities consolidate resources, streamline operations and spread fixed costs over a larger population base, reducing overall expenditure while improving service quality and reliability (OECD, forthcoming[9]). Beyond cost efficiency, inter-municipal co-operation offers municipalities the flexibility to tailor co-operation to their specific needs, including by scaling up, scaling down or even terminating co-operative agreements, depending on evolving service demand, financial constraints or strategic priorities (OECD, forthcoming[9]).

The principle of inter-municipal co-operation was defined in Slovenia's Law on Local Self-Government as early as 1993. The law states that municipalities may co-operate with one another on local issues, pool their resources and establish different types of joint bodies (e.g. joint management bodies, joint managing authorities of public companies) or public agencies (Official Gazette of Slovenia, 2024[8]). Financial incentives for certain types of inter-municipal co-operation have been provided by the government since 2005 (OECD, 2025[10]). The Financing of Municipalities Law provides financial incentives for voluntary joint municipal administration by reimbursing 30-55% of a joint management body's staff costs (Official Gazette of Slovenia, 2025[11]).

Since 2017, 11 types of joint services have been eligible for co-funding: municipal inspection, municipal police, legal services, municipal attorneys, internal audit, budget accounting, environmental protection, spatial planning, civil protection, fire protection and traffic management (OECD/UCLG, 2022[12]; OECD, 2025[10]). Financial incentives have driven a significant uptake in joint municipal administration in Slovenia, with the number of joint management bodies rising from 2 in 2005 to 51 in 2019 (OECD/UCLG, 2022[5]). Moreover, 202 out of 212 municipalities were involved in at least one joint management body in 2019 (OECD/UCLG, 2022[5]).

Other common forms of inter-municipal co-operation in Slovenia occur through public companies or public agencies, which can be established by municipalities to deliver public services on a collaborative basis. In the Osrednjeslovenska development region, which includes Ljubljana and 24 surrounding municipalities, 11 municipal companies jointly provide services such as waste management, heating and energy provision, and public transport (Danielewicz, 2024[13]). To ensure equal representation, each municipality holds equal levels of founding shares in joint bodies, and each municipality or mayor has one vote in the joint body (Council of Europe, 2018[14]).

Overall, Slovenia has made impressive progress in promoting inter-municipal co-operation in recent years. The strong uptake of arrangements such as joint management bodies demonstrates how, when supported by proper incentives, municipalities can and do come together to co-operate. Continued support for inter-municipal co-operation will remain a crucial policy lever for overcoming limitations of scale, improving service delivery, and enhancing municipalities' collective capacity to invest in local and regional development. Going forward, developing more standardised local-level data on the cost, quality and accessibility of municipal services could help local governments assess more effectively where further inter-municipal co-operation may be needed. The performance measurement section of this chapter discusses subnational-level data availability and accessibility challenges in Slovenia in greater detail.

Municipal mergers

In recent decades, many OECD countries have successfully managed territorial fragmentation by merging municipalities, often despite initial political and local resistance. The approaches adopted have been either mandatory, as in Denmark, Greece and Turkey, or voluntary, as in Finland, France and Estonia (Sila and Maisonneuve, 2021[15]).

Municipal mergers have never taken place in Slovenia (OECD, 2024[4]), despite legislation permitting them. Although no additional municipalities have been created since 2017, Slovenia still has more small municipal units in terms of population than many other EU Member States. As of 2024, 50% of Slovenian municipalities had fewer than 5 000 inhabitants, compared to 38% of municipalities on average within the OECD (OECD, 2025[16]). There are advantages – and disadvantages – to smaller territorial units. On the one hand, smaller municipalities can support closer relationships between citizens and elected officials, which can reinforce the perception of a more direct and responsive local democracy. On the other hand, territorial fragmentation can increase the costs of public investment and service delivery in smaller municipalities (Sila and Maisonneuve, 2021[15]). Evidence suggests that smaller municipalities typically face a loss of economies of scale, which is particularly pronounced when delivering capital-intensive public or administrative services. This reflects the fact that smaller municipalities often have more limited financial and human resource capacity than their larger peers (Sila and Maisonneuve, 2021[15]). For instance, it can be harder for small municipalities, given their limited budgets, to mobilise sufficient resources to attract and pay staff to undertake more complex investment and procurement projects. This, in turn, can contribute to a lower number and quality of local and regional development projects overall (Sila and Maisonneuve, 2021[15]).

Slovenia has sought to encourage municipal mergers by providing financial incentives for voluntary amalgamation (Official Gazette of Slovenia, 2025[11]). When two or more neighbouring municipalities merge, the new municipality receives additional state-budget funds for three fiscal years, starting in the year after the merger. These additional funds are calculated based on the eligible expenditure of the merging municipalities in the first year, and the eligible expenditure of the new municipality in the following two years. If two municipalities merge, the new municipality receives an extra 1.5% of eligible funds. If more than two municipalities merge, the extra amount is 3% (Official Gazette of Slovenia, 2025[11]). These incentives do not appear to have been sufficient to encourage any meaningful territorial consolidation, given that no municipal mergers have taken place to date (OECD, 2024[4]).

The Slovenian Government may wish to consider alternative measures to promote mergers and help bolster the capacity of all municipalities to support local and regional investment. One option would be to introduce legislation requiring mergers of all municipalities below a certain population threshold (e.g. 5 000 inhabitants, the minimum size for a municipal unit per the Law on Local Self-Government, although this is not applied in practice) (Official Gazette of Slovenia, 2023[17]). However, this would require a legislative change which would be unlikely to garner sufficient political support, given the unpopularity of mandatory mergers (OECD, 2024[4]).

An alternative approach – and one that is consistent with Slovenia's principle of safeguarding citizen choice in territorial organisation – would be to adjust the mix of incentives for voluntary mergers. Some European countries, such as Estonia and Ukraine, have offered generous time-limited financial incentives to encourage municipalities to merge (Box 3.1).

Box 3.1. Voluntary municipal amalgamation in Estonia

Between 1995 and 2014, several successive governments made attempts to reform the Estonian subnational government structure, notably by reducing the number of municipalities through voluntary municipal mergers, but without major success. In 2015, after many rounds of consultations and discussions, the preparations for a comprehensive reform were started. As a result, the Administrative Reform Act was accepted by the parliament (*Riigikogu*) in 2016.

Under the provisions of the law, the national government paid increased merger grants to municipalities that opted for a voluntary merger in 2016. The rate of the grant for municipalities with the minimum population size was EUR 100 per resident, instead of the more typical EUR 50. The minimum merger grant sum was EUR 300 000 and was capped at EUR 800 000 for each merging municipality, as opposed to the standard EUR 150 000 grant, capped at EUR 400 000. As a one-time bonus, municipalities that either had at least 11 000 residents or incorporated an entire county as a result of a merger would receive an additional EUR 500 000.

The one-time financial incentives were highly successful in encouraging additional municipal amalgamation. As a result, 160 local governments (roughly 80% of the total 213) decided to merge voluntarily.

Sources: (Noorkõiv, 2021[18]; OECD, 2022[19]).

Other European countries have used financial inducements for municipal amalgamation, combined with negative financial incentives for municipalities that choose not to merge (OECD, 2022[20]). In France, following previous failed attempts to encourage municipal mergers, a 2015 law introduced substantial financial incentives for small municipalities that amalgamated, while simultaneously reducing inter-governmental transfers to non-merging municipalities. The reform led to a significant drop in the number of municipalities (1 700 fewer municipalities) by 2019 (Sila and Maisonneuve, 2021[15]). Slovenia could consider a similar approach, whereby stronger financial incentives for voluntary mergers – particularly targeting smaller municipalities – are coupled with gradual reductions in transfers to municipalities below a defined population threshold, helping to shift the calculus of local communities in favour of territorial consolidation.

Regionalisation based on regional-level governments

Regionalisation reforms are a higher-tier approach to building territorial scale. Decentralised regions (i.e. elected regional governments) are the most widespread form of regional governance in the OECD and the European Union (OECD, 2022[21]). These governments are legal entities with their own budget, assets, administration and decision-making power.

Prospective regionalisation reforms have been the subject of debate in Slovenia, as the country's constitution provides for the establishment of self-governing regions. In 2008, a draft bill that would have created 13 self-governing regions was rejected by referendum, although voter turnout was low (OECD/UCLG, 2022[5]). In 2011, a new bill that would have created six self-governing regions was abandoned, owing to disagreements regarding the size, competencies and financing of the regions. Most recently, in 2022, the National Council recommended providing additional autonomy, responsibilities and funding to a new, elective middle tier of government, but the bill was later withdrawn by the president owing to a lack of political support (Dolenjski List, 2023[22]).

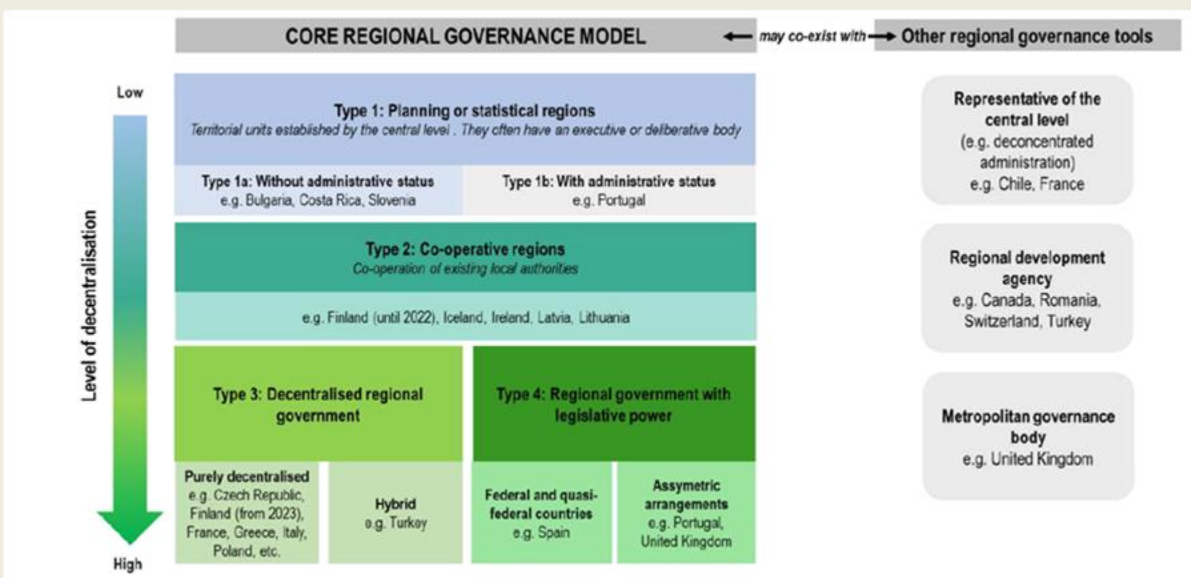
The economic and institutional rationale for creating a new administrative layer of government has not yet been clearly demonstrated in a country of Slovenia's size (OECD, 2025[23]). The 2011 *OECD Territorial*

Review of Slovenia recommended not establishing self-governing regions in the country (OECD, 2011[24]). As of 2026, the OECD's position on this issue had not changed. While most OECD Member countries have either an intermediate or regional/state level of government (or both), the OECD's territorially smallest members have neither (with the exception of Denmark and the Slovak Republic) (OECD, 2011[24]; OECD, 2025[25]). Small size does not, however, negate the need to work regionally, particularly given the heterogeneity of development challenges facing Slovenian regions. OECD Member countries have taken a range of approaches to regional governance (Box 3.2).

Box 3.2. Regional governance models in the OECD and the European Union

A regional tier in a country's territorial administrative structure can take one of a number of forms – ranging from planning regions without administrative status – as in Costa Rica, Lithuania and Slovenia – to regions with legislative powers, as in Australia or Mexico. Each is imbued with different powers and responsibilities. In certain countries, regional-level governance arrangements may combine decentralised and deconcentrated bodies – i.e. those representing the national government in the regions (as in France). They can also include RDAs, which support the design and implementation of regional development policies "on the ground" (e.g. in the Czech Republic, Switzerland or Slovenia) (Figure 3.1).

Figure 3.1. A schematic of different regional governance models



The exact choice of model, and the set of actors called upon to support it, reflect differences in the population size, administrative-territorial organisation and political dynamics of countries. Regardless of the model adopted, it is critical that certain actors be equipped with sufficient authority, resources and incentives to lead the implementation of territorial development initiatives at a regional scale. Without this, regional development priorities are unlikely to be achieved in full.

Source: (OECD, 2022[21]).

Regionalisation based on planning regions

A final way of addressing the question of investment at a larger scale is through planning regions, which can also be responsible for regional development. Slovenia currently has 12 development regions – territorial units established by the national level. While development regions have no administrative powers, each region's regional council (also called "council of mayors"), regional development council (composed of non-governmental organisations [NGOs], local business leaders and local government representatives) and RDA are collectively responsible for supporting the design and implementation of regional development policy in their territory. For instance, they each play a role in developing and approving regional development programmes (OECD, 2022[21]). Furthermore, regional councils and the Ministry for Cohesion and Regional Development (MCRD) sign regional development agreements establishing investment needs and priorities. The regional development agreements serve as a legal basis for the allocation of EU funds to each development region, according to Cohesion Policy priorities. Structurally, this subnational governance arrangement appears to work for Slovenia. It represents an important platform for implementing the forthcoming national regional development strategy, especially in terms of meeting its goals in a way that also satisfies regional and local needs.

Using contracts to reinforce the role of development regions

The structure adopted by Slovenia could be further reinforced through the use of national-regional contracts that are explicitly associated with ministerial support and funds. When established among different tiers of government, contracts are generally used for one of three reasons (Charbit and Romano, 2017[26]). First, they can be used to empower subnational governments by helping them develop new capacities and gain greater autonomy in dealing with regional development policies. Second, they can be used to delegate the implementation of specific tasks to a capable subnational government. Delegation often rests on the assumption that in some cases, regional and local actors are better positioned to implement national policies at the local level, given their particular knowledge of local needs. Third, national-regional contracts are used to share policies. Namely, they set the framework for central and subnational governments to co-operate in order to fulfil competencies that are either overlapping or not fully addressed (e.g. new domains in environmental policies) (Annex 3.A). Contracts can support information sharing and mutual understanding while also reducing transactional costs.

Slovenia could more actively use formal contracts and agreements – particularly with respect to empowerment and sharing – to guide regional development, both at the regional and local levels. At the regional level, an agreement between the MCRD and/or other ministries with each regional council could support the design and implementation of regional development programmes that channel investment to priority development areas aligned with the national regional development strategy and reflective of territorial needs.

Iceland's approach to regional contracts might be particularly relevant to Slovenia and its regional councils in several ways (Box 3.3). Slovenia could use a similar agreement process, for example between specific ministries (e.g. MCRD; Ministry of Economy, Tourism and Sport; Ministry of the Environment, Climate and Energy; Ministry of Transport) and the most relevant regional bodies (e.g. regional councils, regional associations of local authorities, or possibly RDAs), to develop and fund (at least in part) action plans focused on achieving regional-level priorities that also align with national strategic objectives.

Box 3.3. Iceland’s regional plans of action

Iceland’s regional plans of action are five-year agreements developed for each of the country’s eight statistical regions. Introduced in 2012, they are the primary legal tool through which municipalities co-operate regionally and co-ordinate development priorities. The plans guide investments in priority areas related to regional development, cultural initiatives and social progress. These include projects designed to strengthen local communities, support economic diversification and enhance quality of life across Iceland’s regions.

Ministries contribute to funding the implementation of the regional plans of action, and the plans have become a mechanism for connecting national policy goals with local action. The regional plans of action started with two participating ministries, the Ministry of Infrastructure and the Ministry of Culture, Innovation and Higher Education, both of which contribute funding to implement the plans. As time went on, the Ministry of Environment, Energy and Climate also decided to participate, recognising the value of the regional plans of action as a bridge between national and local governments, and a way to meet national objectives at the regional level. There is an expectation that the Ministry of Industries will take on a direct role in the agreements in the near future.

Over time, the plans have strengthened the regions’ ability to develop and implement a shared strategic vision. At the end of the first five-year period, for example, an independent report on the results of the action plans reported that “the regional associations are now well-equipped to take on increased responsibility and manage additional funding.”

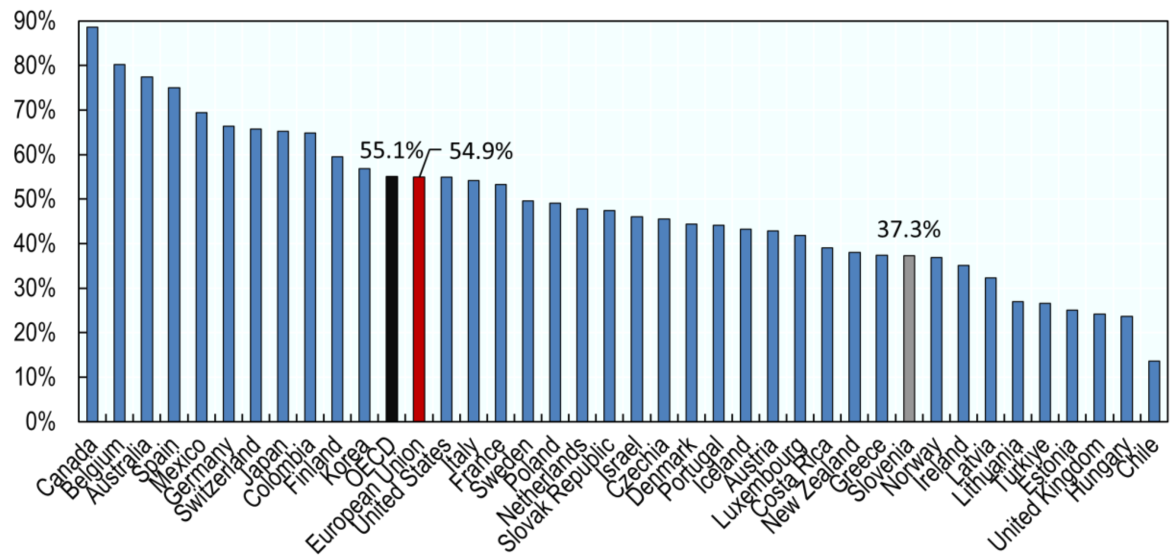
Sources: (OECD, 2020[2]; Icelandic Ministry of Infrastructure, 2023[27]; OECD, 2025[28]).

It is important to recall that instruments such as multi-level agreements do not have to be applied all at once. One possibility is for the government to consider experimenting, or piloting, this type of agreement with a small set of development regions. This would allow monitoring of progress, giving all actors time to learn and adjust the process, and then adapting it if necessary. After a specified period of experimentation, and with a clear understanding of the results, the government could decide to roll out the approach out more widely.

Strengthening local and regional capacity to plan and invest in regional development

Successfully implementing the national regional development strategy, as well as the European Union’s National Regional Partnership Plans for the 2028-2034 programming period, will depend significantly on the financial and human resources available. As the design of the strategy advances, policymakers in Slovenia may wish to consider how to optimise the funding and financing mix to best support the investment necessary for its implementation. This includes reinforcing investment capacity among Slovenia’s subnational governments. In 2023, subnational governments in OECD Member countries were responsible for 55% of public investment (48% in unitary countries) on average. In Slovenia, subnational governments were responsible for 37.3% of total public investment – significantly less than either the OECD (55.1%) or the EU (54.9%) averages (Figure 3.2). When considering local government investment alone as a percentage of total public investment, Slovenia’s share (37.3%) was also below the OECD average (44.2%) (OECD, 2025[29]).

Figure 3.2. Investment by subnational governments in OECD countries as a % of total public investment, 2023



Source: (OECD, 2025[29]).

Regional development policymakers may also wish to consider bolstering the funding available for institutions such as RDAs, which support the implementation of regional development activities at the subnational level. Likewise, they may wish to take steps to strengthen the institutional and administrative capacity of different actors involved in regional development efforts. Doing so could contribute to fully operationalising the strategy.

Funding for regional development in Slovenia: Balancing the mix of funding mechanisms

In the 2014-2020 programming period, Cohesion Policy funding accounted for 28.2% of total public investment in Slovenia (equivalent to 1.14% of gross domestic product [GDP]) (European Commission, 2024[30]) (European Commission, 2021[31]). However, as in many EU Member States, regional development in Slovenia is predominantly funded through EU Cohesion Policy funds, particularly at the subnational level. Other large EU funds supporting Slovenia's regional development are the Recovery and Resilience Facility funds.[3] Slovenia also actively participates in centralised EU calls for proposals (e.g. Horizon Europe). National-level funding for regional development can come from at least two sources. One is line ministries, including the MCRD. Another is the Slovenian Regional Development Fund, a public financial fund for municipal and private-sector actors. Local authorities can also invest in regional development through own-source resources, through borrowing, or through public-private partnerships (PPPs). The challenge confronting Slovenia as it prepares to fund its regional development objectives and priorities is working towards a better balance between investment funding with Cohesion Policy funds and investment funding through other sources (OECD, 2024[4]).

Cohesion Policy funds

A strong reliance on Cohesion Policy funds to advance regional development aims at the subnational level is not unique to Slovenia, but it does come with several sets of implications to be considered. One such set has to do with the potential impact on funding territorial needs and/or limiting territorial inequalities. On the one hand, places whose territorial needs, priorities or capacities do not align with Cohesion Policy objectives or eligibility criteria may remain underfunded. On the other hand, regional and local actors are encouraged to seek funding for projects based on their alignment with Cohesion Policy priorities, rather their identified territorial needs and objectives. For example, interviews revealed that local actors sometimes pursue projects in specific areas – such as digitalisation – because such topics align with EU objectives and are a source of project funding (OECD, 2024[4]). Incentives to "follow the money" risk contributing to misalignments between investment decisions and regional development needs.

Another set of implications relates to access to funding. The administrative processes associated with Cohesion Policy and other EU funds can often be quite complex. Tapping into them requires a degree of capacity that some potential beneficiaries – such as micro and small enterprises or smaller public administrations – do not have. This may be particularly important in Slovenia, where SMEs accounted for 99.8% of all enterprises in 2023 (Republic of Slovenia, 2024[32]). Complexity and administrative burdens can dissuade these possible beneficiaries from using Cohesion Policy or other EU funds (OECD, 2020[33]; OECD, 2025[34]) – potentially restricting the pool of beneficiaries and creating the possibility that only well-capacitated beneficiaries (i.e. larger municipalities, RDAs, large companies, better-resourced SMEs, NGOs) receive funding. The result could be that funds concentrate in certain areas, reinforcing rather than reducing territorial inequalities.

The last set of implications stem from Cohesion Policy itself. The total value of Cohesion Policy funds (i.e. EU plus national co-financing contributions) received by a country varies from period to period. In Slovenia, this value declined from EUR 5.6 billion in the 2014-2020 period to EUR 4.5 billion in the 2021-2027 period (European Commission, 2025[35]). If this downward trend continues in the 2028-2034 period, there will evidently be less EU funding available. Furthermore, the enlargement of potential investment areas during what remains of the 2021-2027[4] programme, and the announced shift to an allocation structure based on National and Regional Partnership Plans in 2028-2034, could lead to adjusted criteria that change the types of investments eligible for EU funds (European Commission, 2025[36]).

As long as Cohesion Policy funds remain available, Slovenia will be able to use them to fund programmes and projects that support both EU and Slovenian regional development objectives. This is entirely logical, given that the aim of Cohesion Policy – to reduce territorial inequalities in Europe and between European regions – mirrors that of the national regional development strategy (to reduce territorial inequalities in Slovenia). However, the government may wish to shore up any Cohesion Policy funding gaps in specific investment areas by further mobilising other national and subnational funding sources. This becomes increasingly important if Cohesion Policy funding levels decrease in future periods (OECD, 2025[37]; European Commission, 2025[38]).

Optimising national level funds for investment in regional development

Given the implications associated with a large reliance on Cohesion Policy funding outlined above, it will be important for Slovenia to begin working towards either mobilising additional funds for investment from existing sources or expanding the mix of funding sources for regional development. To ensure that funding needs are well identified and optimally channelled, it can be valuable to determine the complementarities and gaps between EU funding sources and national and subnational regional development priorities. This could be done, for example, as part of a multi-stakeholder consultation process for the forthcoming action plan supporting the implementation of the national regional development strategy. Once the investment goals are mapped and the potential for EU funding opportunities to support them properly considered, it will be easier to identify the level of non-EU investment funding necessary and the alternative funding mechanisms available. Slovenia could consider a number of potential mechanisms at the national level.

The first option – line ministry investment – is possibly the most traditional. Funds from line ministry budgets, including the MCRD, can be invested in regions by the relevant ministry as part of its own programming (OECD, 2024[4]). Ministries can also provide grants for subnational investments that serve to advance sectoral objectives at a regional or local level (OECD, 2024[4]). Increasing investment by line ministries, without increasing budgets, could be achieved by channelling a portion of their existing budgets into a specific ministerial budget line for funding projects that clearly contribute to regional development objectives. In other words, the ministerial budget remains the same, but there is a clear stipulation on spending to support regional development. The stipulation for that specific budget line could guide funds to be allocated to projects that are relevant to line ministries' own sectors and included in regional development programmes, provided these are consistent with national, regional and local priorities. Such an approach could help all levels of government integrate regional development objectives more systematically into sectoral policies and programmes, rather than considering them as secondary.

A second possibility is for the government to establish and then allocate resources through a (competitive) fund for territorial development. Funds could then be allocated to municipal governments (or regional councils) for investment in regional-level projects. These projects could be put forward by the RDAs or by a group of municipalities. The objective is for the funds to be invested in large-scale, multi-municipal projects. Alternatively, funds could be allocated through a national-regional contractual agreement, as in France. They could also be allocated on a competitive basis, with clear eligibility criteria rewarding multiple party, or fully regional projects that advance the national strategy and subnational level priorities. Consideration may be given to earmarking a percentage of the fund's resources to projects for the regions most in need. Various OECD Member countries, including Chile, France, Korea, New Zealand and the United Kingdom, have established national territorial development funds (Box 3.4). How these funds are resourced can depend on the country. In Chile, funding comes directly from the national government, whereas it comes from multiple sources in France. Some countries legally require that a percentage of GDP be set aside to sustain the fund. Slovenia could use such a fund to allocate investment resources to eligible regional development projects that align with national and subnational priorities.

Box 3.4. Territorial development funds in selected OECD countries

A variety of OECD Member countries have a dedicated fund for territorial development to encourage subnational governments to design and implement projects aligned with national, regional and local development objectives. These funds can be applicable to all territories or target specific areas, as in Korea, and be allocated at the discretion of the national or subnational levels.

National Regional Development Fund, Chile

Chile's National Regional Development Fund (*Fondo Nacional de Desarrollo Regional*) is the primary mechanism for funding territorial development and is managed by the Undersecretary for Regional and Administrative Development (*Subsecretaría de Desarrollo Regional y Administratívo*). It was created in 1974 to support subnational public investment for regional development and ensure territorial compensation. Funds are distributed to Chile's regions according to socio-economic and territorial characteristics, and can also be allocated for emergency situations. Regional governments receive an envelope of funds which they then attribute to selected projects presented by municipalities and municipal corporations.

National Fund for Planning and Territorial Development, France

Established by law in 1995, France's National Fund for Planning and Territorial Development (*Fonds National d'Aménagement et de Développement du Territoire*) was created to support projects contributing to local economic development, urban and rural planning, transportation, cultural heritage preservation, social inclusion and environmental protection. The initiative receives funding from the French national government, regional authorities and EU Cohesion Policy funds, and can help regions meet obligations established in national-regional contracts – e.g. *Contrats de plan État-Région* (CPER)

2021-2027 and *Contrats de plan interrégionaux* (CPIER). The fund focuses on projects relating to engineering, promoting employment and increasing territorial attractiveness, as well as supporting innovative or experimental actions in planning sustainable development and territorial cohesion. Funds are distributed based on eligibility criteria and annually established use and distribution rules. Potential beneficiaries include natural or legal persons under private law (e.g. associations, firms, trade unions) and public bodies (e.g. local authorities, public interest groups).

Account for Developing Underdeveloped Areas, Korea

Korea's Regional Development Assistance Act allows provincial governors and heads of cities and counties to establish a special account for developing underdeveloped areas. These accounts are composed of funds transferred from the national general account, government subsidies, individual and corporate donations and other revenues. Funds from the account can be used to conduct ex ante analysis of regional development project plans, provide subsidies or loans to underdeveloped areas, or for other matters according to municipal ordinances.

Regional Infrastructure Fund, New Zealand

In New Zealand, the national government allocates funds for regional development projects through the Regional Infrastructure Fund. Significantly, it aims to boost regional growth and productivity outside of metropolitan areas. Auckland, Wellington and Christchurch, New Zealand's three largest cities, are not eligible for the fund. Regional and local councils can apply for competitively awarded project funding that aligns with their region's strategic priorities.

Shared Prosperity Fund, United Kingdom

In the United Kingdom, the Shared Prosperity Fund replaced EU funds for regional development post-Brexit. In an innovation compared to the EU system, conditional funding is distributed directly to lead local authorities (i.e. Combined Mayoral Authorities and the Greater London Authority). These local authorities are afforded a wide berth of flexibility to design and implement investment plans that meet their local needs and objectives, as long as these plans are consistent with the fund's three investment priorities: (i) business support; (ii) communities and place; and (iii) people and skills.

Sources: (OECD, 2023[39]; UK Government, 2025[40]; NZ Government, 2025[41]; OECD, 2017[42]; Government of Korea, 2014[43]; Normandie Prefecture, n.d.[44]).

A third option would be to work closely with the existing Slovenian Regional Development Fund. This publicly owned fund grants long-term loans at preferential interest rates to municipalities, NGOs and private-sector actors (e.g. entrepreneurs, co-operatives, farmers and agricultural holdings). In addition to subsidised loans, it offers loan guarantees, equity products, capital investments and pre-financing. Finally, the fund is a certifying authority for cross-border projects. At the end of 2024, the fund had an outstanding guarantee volume of about EUR 125 000 (OECD, 2025[10]). Working with the Fund to identify ways it can further increase its impact – potentially through an expanded mandate or additional resources, could be a third way to boost regional development funding for local and private sector actors (OECD, 2024[45]).

Strengthening municipal capacity to invest in regional – and local – development

Stronger public investment capacity by municipalities would also contribute to meeting regional and local development aims. Yet municipal capacity to finance public investment appears tight in Slovenia. Subnational public investment as a percentage of total public investment in Slovenia is rather low at 37.3%, compared to the OECD average for public investment by local governments alone (44.2%) and the overall OECD (55.1%) and EU (54.9%) averages for subnational governments (OECD, 2025[25]). Building local investment capacity, which can help diversify and target funding sources for investing in regional and local development, will partly depend on increasing municipal financial autonomy, for example through stronger municipal own-source revenue generation (Box 3.5). It could also mean building capacity to manage other types of investment funding, including borrowing on capital markets and entering into PPPs.

Box 3.5. The Local Autonomy Index and financial autonomy among Slovenia's municipalities

The Local Autonomy Index measures seven dimensions of local autonomy.[5] One of these is financial autonomy, which is composed of three elements:

- Financial self-reliance looks at the share of revenues that subnational governments derive through own-source revenues. Locally levied taxes, as well as user charges and fees, provide subnational governments with vital resources which – ideally – can be channelled towards projects that address important local priorities.
- Fiscal autonomy considers the extent to which subnational governments can set the base and rate of different taxes – which, depending on the tax-sharing arrangements and own-source revenues, could also help fund their development priorities.
- Borrowing autonomy considers the rules under which subnational governments can take on debt to finance capital projects.

Of the 57 countries in the Local Authority Index, Slovenia's mean Local Autonomy score for 2015-2020 was 53.20 out of 100 points, roughly on par with the overall mean of 57.16.[6] However, when considering financial autonomy,[7] Slovenia scored 29.76 points, significantly lower than the 2015-2020 overall mean of 53.48. Among EU Member States, this places it on a par with Hungary (also at 29.76), with only Latvia scoring lower (15.48) (European Commission, 2022[46]). In all three components of the Local Autonomy Index' financial autonomy indicator, Slovenia's municipal performance is muted, scoring well below the country average for each. Given this limited level of financial autonomy, creating new opportunities for municipalities to generate revenue could strengthen their ability to invest in their local and regional development needs. For example, municipal revenues could be diversified through new fiscal decentralisation arrangements, such as devolving current national taxes or considering new, locally levied taxes.

Source: (European Commission, 2022[46]).

Slovenia's municipal funding system ensures that municipalities receive the revenue needed to provide core public services, including during times of crisis, when income tax revenues may decrease significantly (OECD, 2025[10]). The majority of this revenue – 77.4% – comes from grants and transfers from the national government,[8] significantly higher than the OECD (39.7%) and EU (46.0%) averages (OECD, 2025[25]).[9] According to the OECD method of classification, taxes represent 5.2% of Slovenian municipal revenue – significantly lower than the OECD (43.3%) and EU (39.9%) averages. Own-source revenues – i.e. income generated and kept by the municipality itself – are most often generated through taxes, user charges and fees. A large share of municipal own-source revenue comes from building land use (4.7% of subnational revenue) and property tax (91.5%), together with user charges and fees (OECD, 2025[25]). In this latter category, Slovenia performs strongly, with 15.6% of municipal revenues derived from other local taxes, tariffs and fees,[10] compared to the OECD (13.7%) and EU (10.7%) averages (OECD, 2025[25]). Overall, however, actual own-source revenue appears limited among Slovenia's municipalities, affecting their ability to determine when, how and how much to invest in order to realise their unique territorial development priorities.

Slovenian local governments have borrowing rights, another way of financing their capital expenditures. Borrowing typically targets specific areas (such as "soft" investment European projects and some infrastructure, including water, sewage and housing) and requires prior consent from the Ministry of Finance (OECD/UCLG, 2022[12]). Municipal borrowing reached 2.7% of GDP in 2023, compared to 1.5% in 2010. While this is on par with or higher than some of the benchmark countries, it is lower than OECD (21.5%) and EU (11.4%) averages. It is also lower than the average for OECD local governments alone (5.1%) (OECD, 2025[25]).

To reinforce the investment capacity of its municipalities, Slovenia could consider helping them build their financial autonomy. One way to this end would be to consider devolving some existing environmental taxes and fees to local authorities. Of the EU countries, Slovenia had the fourth-highest share of environmental taxes as a percentage of GDP in 2022 (2.9%, compared to an EU average of 2%) and the sixth-highest share of environmental taxes in total tax revenue (7.6%, compared to an EU average of 4.9%) (Srdelić, 2024[47]). While Slovenia's direct and indirect environmental taxes target transport, energy production and pollution,[11] the government might also wish to consider local taxes or fees on landfill use, on the environmental damage caused by businesses, or on the sale of disposable plastic products, for example. Italy and Sweden have adopted new taxes on the sale of disposable plastic products, which support local government budgets (Normattiva, 2023[48]) (OECD, 2024[49]). Expanding the revenue-generating power of municipalities could help them further diversify their revenue stream while advancing environmental and green transition policy aims. Any adjustments to Slovenia's subnational taxes, however, require a careful and detailed assessment of how any changes to the tax system would affect the financial/fiscal capacity of individuals and firms.

Subnational PPPs are another pathway for Slovenia's municipalities to finance investment. Local authorities are more likely to use PPPs for specific sectors or services, such as waste and water management and kindergartens. To promote the use of PPPs at the subnational level, Slovenia's Ministry of Finance created a council of experts to advise municipalities on negotiating and implementing PPPs (OECD/UCLG, 2022[12]). Under the right conditions, PPPs can enable subnational governments to leverage private-sector expertise, innovation and resources to deliver projects more efficiently and effectively. This can be particularly beneficial for infrastructure projects that require significant upfront investment, such as transportation networks, energy systems and medical centres. Ordinarily, however, only larger cities have the fiscal and institutional capacities necessary to make PPPs work, and several partnerships have been entered into by the Municipality of Ljubljana (Municipality of Ljubljana, n.d.[50]). This means that PPPs are generally not appropriate for small local governments. They are typically also not appropriate for small projects, where value for money can be limited and commercial viability is questionable (OECD, 2024[49]). Some countries, such as the United Kingdom, manage this challenge by bundling PPPs or involving multiple levels of government in order to encourage economies of scale (Box 3.6).

Box 3.6. Batched projects in the United Kingdom

In the United Kingdom, strategic partnering models have included the Local Improvement Finance Trust scheme, which aggregates smaller health projects into larger schemes undertaken via a joint venture involving the central government (Partnerships for Health), the local health body and a private partner. A similar model was put in place for schools. The Building Schools for the Future programme similarly involved aggregating school projects via a joint venture (a local education partnership) that brought together the central government (Partnerships for Schools), the local authority and a private partner to develop and deliver school projects via private-finance initiatives (PFIs) or traditional design-build contracts.

At the local level, multi-authority procurement has involved different local authorities either jointly procuring an asset and separately contracting for services, or jointly procuring both the asset and services. Such joint procurement was encouraged by the central government and the local government association as a way to increase procurement efficiency.

Source: (OECD, 2018[51]).

Exploring opportunities to bundle subnational PPPs could be valuable in Slovenia due to the high level of territorial fragmentation. If there are capacity concerns, the government could offer support and guidance to ensure that subnational governments are well-informed regarding the potential benefits and risks of PPPs, as well as the relevant legal and regulatory provisions. Latvia has developed a PPP risk-sharing tool for local authorities highlighting 16 types of investment risks across different infrastructure projects. Local officials can identify specific risks; the tool generates corresponding advice and a template for contracts (OECD, unpublished[52]). The government could also build the capacity of subnational authorities to administer PPPs and deliver investment projects effectively while managing risks. This could include providing information and training to local governments on how to assess the value-added of PPPs, how to manage partnerships with the private sector, and how to establish a transparent system that can track the use of public funding of PPPs and ensure their effectiveness.

Realistically, however, without strict control mechanisms, PPPs can lead to regulatory capture, conflicts of interest and corruption, potentially resulting in long-term impacts on governments' fiscal capacity and trust in government. In sum, PPPs – especially at the subnational level – should be used only when they can produce greater value for money than would be provided by the delivery of public services or investment through traditional means. In practice, this means that they should primarily be directed towards large-scale projects in priority infrastructure sectors (OECD, 2022[20]).

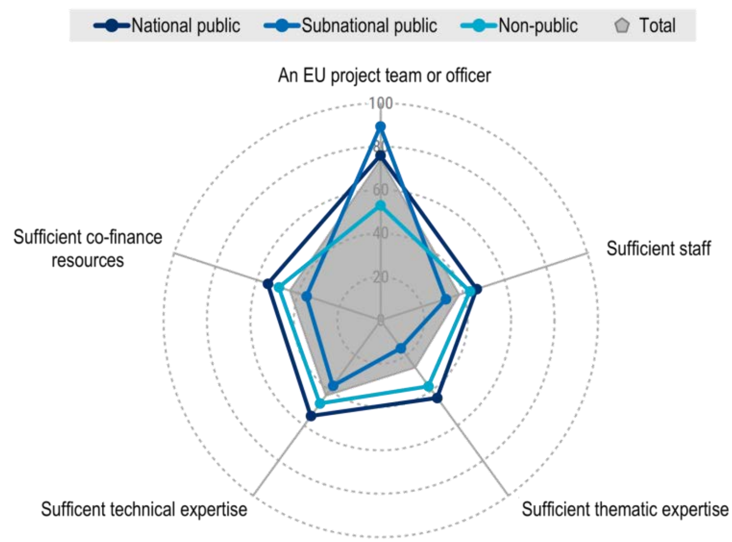
Building subnational capacity to access and manage investment resources

Implementing the national regional development strategy will not only depend on EU investment resources but on the ability of subnational actors in the public, private and not-for-profit sectors to identify, access and manage these and other investment resources efficiently. This includes using investment programming and support mechanisms established at the EU level (e.g. integrated territorial investments, community-led local development initiatives, Interreg programmes); sectoral initiatives at the national level; and regional development programmes and regional development agreements at the regional and local levels. In Slovenia, municipalities, the private and not-for-profit sectors, and RDAs are all important beneficiaries of investment resources (OECD, 2024[4]). Yet the small size of many of Slovenia's municipalities and businesses – almost all firms are classified as SMEs (Republic of Slovenia, 2024[32]) – could mean limited administrative capacity to access, compete for and implement investment funds. This is another reason why addressing municipal fragmentation and creating fiscal space is fundamental. Ensuring that Slovenian subnational institutions have sufficient resources and capacity to design, implement and co-finance development initiatives is a necessary pre-condition for effectively managing EU funds and meeting strategic objectives.

Recent work by the OECD on building the administrative capacity of managing authorities and beneficiaries of EU Cohesion Policy funding found a series of persistent institutional capacity gaps (OECD, 2025[34]) (OECD, 2020[33]). These include internal limitations on technical and planning expertise, as well as human and financial resource challenges. The OECD analysis found that beneficiaries who reported a lack of technical expertise (e.g. in financial management, public procurement, data analysis) were more likely to perceive EU project implementation as challenging. The link between this gap and implementation challenges suggests a need to further strengthen beneficiaries' technical capacity. Underlying weaknesses in financial and human resources among subnational public beneficiaries (Figure 3.3) could also stem from structural factors, such as restricted fiscal autonomy or difficulty in attracting and retaining skilled staff (OECD, 2025[34]). A perceived shortage of thematic expertise (e.g. in social innovation and green transition), together with administrative burden and procedural complexity, were additional capacity constraints. About 84% of surveyed subnational public beneficiaries cited the challenge of lacking thematic expertise, while administrative complexity – pertinent to all – was a particularly pressing issue for non-public beneficiaries (OECD, 2025[34]).

Figure 3.3. Institutional capacity gaps across different beneficiary groups

% of survey beneficiaries who reported having the following experts/resources in their organisations to design and implement EU-funded projects



Note: Total respondents = 1 058. National public (88). Subnational public (555). Non-public (private, civil society organisation, universities, etc.) (415).
Source: (OECD, 2025[34]).

The OECD survey did not include Slovenian beneficiaries, and an in-depth analysis of beneficiary capacity in Slovenia is outside of the scope of this report. Nevertheless, insights from the study can be valuable for building beneficiary capacity in Slovenia – particularly when absorption capacity for Cohesion Policy funds is either low or concentrated at the very end of the programming period, as appears to be the case in many EU Member States, including Slovenia[12] (European Commission, 2025[53]). Mapping subnational beneficiary capacity gaps in Slovenia and addressing these through targeted policy interventions will be critical. The OECD's Managing Authority Toolkit for Beneficiary Capacity Building under Cohesion Policy can be of some assistance (OECD, 2025[54]). Such interventions could include investing in building subnational fiscal capacity by encouraging continuous training, upskilling programmes and experience sharing in investment topics related to Cohesion Policy (OECD, 2023[1]; OECD, 2025[34]). In addition, filling these institutional capacity gaps requires incremental and long-term effort with commitment from all levels of government and the public-sector workforce to continually develop their skills (OECD, 2023[1]; OECD, 2025[34]).

Strengthening the role of RDAs to advance national and subnational regional development goals

OECD Member countries are increasingly relying on RDAs to contribute to the design and implementation of national and regional development programmes, and support the co-ordination of public investment for regional development (OECD, 2019[55]). One advantage of RDAs is their ability to proactively implement a regional development and investment agenda "on the ground". In Ireland or the Netherlands, for example, RDAs invest mainly in innovative and fast-growing regional companies (Dutch Government, 2025[56]). Another advantage is their ability to foster greater understanding and stronger working relationships among governmental and non-governmental actors. They can also help generate international ties and expand markets for businesses of all sizes (OECD, 2016[57]). There is no standard form or service set for RDAs, and they differ based on country and need. Overall, however, they have strong potential for advancing national and subnational regional development goals, and can help co-ordinate development activity from the bottom up (Box 3.7).

Box 3.7. RDAs in OECD countries

RDAs perform diverse functions. They can serve as networks to organise national interventions for regional development within a decentralised context, or to help national and subnational actors join up policy initiatives or actions across sectors in a same region. They can also help entrepreneurs and SMEs promote innovation, develop clusters and attract investment, while acting as a one-stop-shop for firms to obtain information on programmes and support in accessing project funding. Many RDAs also support territorial strategic planning, either through direct responsibility for such plans or by supporting the development of more specialised plans, such as sectoral strategies or territorial promotion strategies. Finally, they can work with regional partners to advance development objectives.

Canadian RDAs (Canada)

The seven Canadian RDAs are part of the government's Innovation and Skills Plan, and help address economic challenges in Canada's provinces. Their work includes building on regional and local economic assets and strengths; supporting business growth, productivity and innovation; helping SMEs effectively compete globally; and ensuring that regional growth strategies eliminate regional gaps and align with federal government objectives.

Centres for Economic Development, Transport and the Environment (ELY Centres, Finland)

Finland's 15 ELY Centres are a form of cross-sectoral, decentralised national action to support regional competitiveness, well-being and sustainable development. They cover a range of issues, from business and industry support (i.e. labour force and skills), transport and infrastructure, to the environment and natural resources.

Enterprise Ireland (Ireland)

Enterprise Ireland is a government entity with responsibility for developing and growing Irish enterprise globally. It works with regions to build business scale, innovate and expand their reach, as well as navigate trade disruptions and diversify exports. It is also dedicated to promoting balanced regional development, ensuring growth and investment throughout the country. Specific Enterprise Ireland activities include making direct investments in early-stage Irish companies and working with Irish businesses to support skill development and bolster firms' entry into international export markets.

Sources: (OECD, 2020[2]; Enterprise Ireland, 2025[58]).

Slovenia's RDAs are an important resource for the national government, local authorities, local and regional firms, and other regional development stakeholders. They carry out strategic planning-related tasks, such as supporting the design, monitoring and evaluation of regional development programmes (Official Gazette of Slovenia, 2023[17]). They also design and implement territorial projects in development regions and work to assist other actors within the regional ecosystem, such as municipalities and the private sector, with their own territorial initiatives (OECD, 2024[4]). Furthermore, they provide certain market-based services, such as consulting and advisory services for private-sector clients, complementing the work of national and/or regional innovation agencies (OECD, 2024[4]). Strengthening the effectiveness of RDAs goes hand-in-hand with the regionalisation approach adopted by Slovenia. Doing so, however, would mean addressing the resource constraints they face.

Providing additional financial sustainability for RDAs

Slovenia's RDAs would benefit from an increased ability to allocate sufficient resources to their full range of regional development responsibilities. In response to an OECD project questionnaire, all but one of the surveyed RDAs identified a lack of financial resources as a leading challenge to fulfilling their tasks and responsibilities (OECD, 2024[45]). As of 2024, over half (56%) of RDA revenues, on average, came from responding to EU Cohesion Policy project calls, which, logically, are earmarked for implementing relevant projects. This is not at all atypical for EU countries, where RDAs often rely significantly on EU funding to support their initiatives, especially in research and innovation (OECD, unpublished[59]). Yet given the regional governance model being pursued, ensuring that such resources can be secured should be a priority, particularly if RDAs are expected to play a leading role in advancing territorial development efforts at a regional scale.

RDAs' access to and experience with EU funds generates a significant amount of internal capacity to implement territorial development projects in their regions. It also provides RDAs with a high level of expertise in navigating competitive EU funding mechanisms. This benefits other regional actors when RDAs can help them access and manage EU funds more effectively (OECD, 2024[4]). Furthermore, given their experience in designing and implementing EU-funded projects, RDAs are ideally positioned to help link national strategic objectives with EU funding opportunities while taking a place-based, regionally driven approach. This is also of direct value to supporting the implementation of the national regional development strategy.

The heavy focus of RDAs on securing and maintaining EU project funding for their own operations, however, risks limiting their ability to focus on other essential regional development tasks. For example, their human resources' capacity to work with smaller municipalities or private-sector entities could be constrained (Government of Slovenia, 2024[60]). This is particularly important as smaller municipalities and non-public beneficiaries may lack the thematic expertise or knowledge of EU calls; they may also have limited strategic capacity to design high-quality EU project proposals, or administrative capacity to take on complex or burdensome application and management processes (OECD, 2025[37]). Over time, this carries a that RDAs will no longer be able to contribute to the development needs and priorities of potential public- and private-sector beneficiaries because they are too busy with their own projects.

Boosting the financial sustainability of its RDAs may be crucial to the success of the regional model in place and to channelling public investment to achieve the aims of the national regional development strategy. Currently, RDAs are responsible for any combination (generally all) of the following: developing and co-ordinating regional development programmes, providing market-based services, engaging in EU projects (from responding to project calls, to managing and implementing projects) and advising local authorities, firms and other stakeholders accessing EU funds. In light of resource constraints, this mandate could be streamlined to cover only co-ordination and planning for regional development. However, this is too limiting and will not permit RDAs to act as true regional development partners for the government, the regional development councils or the municipalities. The current approach is one wherein RDAs undertake general development tasks, as set out in the Law on the Promotion of Balanced Regional Development, and then undertake additional ones based on their capacity and the needs of the region (Official Gazette of Slovenia, 2015[61]). This seems a reasonable approach if the objective is broad-spectrum development assistance for actors in the regional, local, public, private and third sectors. However, RDA resources must be commensurate with both their mandates and the expectations placed on them.

One option with respect to resources would be to encourage RDAs to supplement their operational budgets through greater revenue generation from market-based services. In 2024, all but one of Slovenia's RDAs derived a portion of their revenues from market-based activities, with the share of market-based revenues ranging from 0% (RDA Savinjska) to 34% (RDA Jugovzhodna) (OECD, 2025[62]). The majority of RDAs, however, derive less than 10% of their revenues from market-based services (OECD, 2025[62]).

Bolstering market-based revenues could be done by expanding outreach to prospective private clients to raise awareness of existing paid services, or diversifying RDA service offerings to meet emerging business needs. However, any such expansion would need to be preceded by a careful market assessment, to determine whether there is sufficient demand to justify the allocation of human and financial resources towards delivering these paid services, as well as the RDAs' actual capacity to do so. Moreover, a broader challenge is the possibility that providing market-based services will detract from RDAs' core mandate of performing regional development tasks in the broader public interest (OECD, 2025[10]). For example, if market-based services were prioritised, a greater share of RDAs' activities would risk being shaped by clients' ability to pay, rather than by the specific development needs of beneficiaries within regions.

An alternative approach to bolstering the financial sustainability of RDAs would be to encourage municipalities to provide additional financial contributions. While this could help increase operational budgets and support additional staffing needs, it would also come with similar distributional drawbacks. For example, as some smaller municipalities face tighter budget constraints than large municipalities, it is unlikely that all municipalities would be able to make equal additional financial contributions (OECD, 2025[37]). There is therefore a possibility that the bulk of new RDA funding would be provided by larger municipalities and/or municipalities with greater financial autonomy. The associated risk is that any additional RDA resources become primarily allocated to support beneficiaries in higher-contributing municipalities, potentially overlooking the specific needs of other territories (OECD, 2025[37]). One way of avoiding this risk may be to enter into a formal contract or agreement with all municipalities in a region regarding the equitable allocation of additional funds.

An additional option to strengthen the financial sustainability of RDAs would be for the national government to provide additional funding to support their operations, either directly from the national budget or through a dedicated grant. When compared with the other options, this would have the significant benefit of providing RDAs with leeway to support any regional beneficiaries with specific territorial needs, rather than only those that have spare financial resources to pay for additional services or projects. This, in turn, would enhance their credibility in fulfilling their public-service mission of providing technical support to the whole region, as mandated by legislation (Official Gazette of Slovenia, 2023[17]).

Establishing a stronger mandate for regional development co-ordination

The success and longevity of Slovenia's forthcoming national regional development strategy will depend to a large degree on the institutional arrangements supporting its design and implementation. Some of these arrangements are firmly in place, particularly with respect to legislation, which not only establishes the structure and responsibilities of territorial administrations, but also creates the legal basis for regional development policies and programmes (Annex 3.B). Importantly, the legislative structure also establishes the principle of cross-sectoral and multi-level co-ordination of regional development policy. Despite this, at the national level, regional development activity is fragmented across line ministries, which can create overlap or duplication, as well as competition for scarce resources. This fragmentation and need for effective co-ordination is also highlighted in Slovenia's EU Cohesion Policy programme. While the Slovenian Cohesion Policy fund is concentrated in one programme, it covers 30 objectives and 227 different interventions. This places Slovenia at the far end of national programmes across the European Union in terms of number of specific objectives with respect to the total funding available and calls for a significant amount of cross-sectoral, cross-government co-ordination in terms of programming and implementation (OECD, 2025[34]). At the subnational level, opportunities for the subnational voice to be clearly heard appear restrained. In light of this, there is also room to reinforce inter-ministerial and multi-level co-ordination mechanisms for regional development. Doing so could help reduce the policy fragmentation that currently characterises regional development in Slovenia.

Building regional development co-ordination at the national level

Beyond a strong legislative foundation for regional development, governments also rely on a variety of mechanisms to co-ordinate inter-institutional relations, policy priorities, actions and resources. At the national level, these can range from "harder" arrangements – such as laws and regulations, standards and inter-ministerial agreements – to "softer" ones, such as inter-ministerial co-ordination or other dialogue bodies (OECD, 2020[2]). Regardless of their type, a mix of these arrangements is essential for ensuring coherent action among line ministries that contribute to regional development.

Regional development in Slovenia faces difficulties with cross-sectoral co-ordination, which can affect policy alignment and outcomes. First, line ministries with sectoral activities supporting regional development (e.g. economy, education, environment, transport) primarily focus on their sectors and national sectoral objectives. A mechanism to encourage these ministries to consider the territorially specific impact of sectoral policies and programmes appears to be lacking (OECD, 2024[4]). This can lead to a "place-blind" rather than place-based approach to regional development. A place-blind approach is problematic in Slovenia, because despite the country's small population and territorial size, regions face markedly different development challenges that require tailored, place-based policy responses (Chapter 2).

Second – and significantly for the forthcoming national regional development strategy – there appears to be difficulty in ensuring alignment between a cross-sectoral strategy, such as Slovenia 2030 (the country's national development strategy) and sectoral strategies. Despite the legal requirement for all strategic documents to align with Slovenia 2030, actual alignment is inconsistent. For example, Slovenia 2030 and the National Energy and Climate Plan (developed after Slovenia 2030) put forward different objectives relating to the reduction of greenhouse gas emissions by 2030. There exists no clarification on how the energy and climate strategy relates to, complements or supersedes the earlier publication (Government of Slovenia, 2017[63]; Ministry of the Environment, Climate and Energy, 2020[64]). Further, while Slovenia's Research and Innovation Strategy 2030 references Slovenia 2030, it does so only once, and without specifying how its proposed objectives and measures link to the national goals and metrics (Government of Slovenia, 2017[63]; Ministry of the Economy, Tourism and Sport, 2022[65]).

To a large degree, the success of the forthcoming national regional development strategy will depend on improved co-ordination – and ideally co-operation – among Slovenian ministries. This could better ensure that sectoral policies and programmes are consistent with the national regional development aims, are coherent with each other in their regional development interventions, and are designed and delivered by applying a regional lens. To do so, Slovenia will need to strengthen co-ordination arrangements for regional development across the government. This includes revisiting the co-ordination structures and mix of co-ordination mechanisms, as well as the incentive structures for ministries to work together in meeting territorial aims. This section addresses each of these issues in turn.

Providing a clear mandate for the co-ordination of regional development policy across government

Slovenian legislation supporting regional development clearly assigns responsibility for regional development to the MCRD, including formulating regional development policies, reaching regional development agreements with municipalities and supporting the work of RDAs (Official Gazette of Slovenia, 2023[17]). Unfortunately, it does not clearly assign responsibility for the co-ordination of regional development across sectors, despite its being a multi-sector endeavour. The policies and programmes of Slovenia's other 18 line ministries will most likely have a regional impact, for example in infrastructure provision, healthcare, education and innovation services (OECD, 2024[4]). The lack of a clear mandate for a single actor to lead the national-level co-ordination of regional development limits the ability to ensure that the aims and actions of sector ministries align with the forthcoming national regional development strategy and its goals. This can present a challenge to the strategy's implementation, as well as to other sectoral policies and initiatives supporting it.

A fully empowered steward for regional development could help ensure that Slovenia successfully delivers on the objectives of the national regional development strategy. A steward's role is to supervise and manage all the elements placed in its care, guiding and co-ordinating – not directing and controlling – the other actors (OECD, 2011[66]). This does not mean that line ministries are no longer responsible for the regional impact of their policies or programmes, or that they are no longer responsible for developing policies and programmes with a regional dimension. What it does mean is that a specific national-level actor is identified to help them better realise their objectives at a territorial scale, ensure coherent action, support cross-sector collaboration, and ideally serve as a bridge between national sectoral interests and subnational development needs. It is important that such an actor have cabinet (political) support and a formally recognised mandate (ideally with statutory underpinnings) to co-ordinate all the actors. Without such stewardship, policy complementarities can be lost, policy coherence limited, and resources not optimised. This challenge is particularly important given that current co-operation between the MCRD and other line ministries on regional development issues is often limited, with individual ministries operating in siloes (Government of Slovenia, 2024[67]).

The Government of Slovenia could consider at least two possibilities to address the question of stewardship in regional development matters. The first would be to establish a high-level political body responsible for co-ordinating national-level regional development priorities overall. The body could be a council for regional development and competitiveness, chaired by the Prime Minister or a Deputy Prime Minister, with the Minster for Regional Development as a vice-chair, and populated with a short list of ministers whose portfolios most actively contribute to regional development, including through the National Regional Partnership Plan for 2028-2034. Other ministers could be invited on an ad hoc basis. In addition, the council could – and should – consult with other stakeholders (e.g. RDA directors, chambers of commerce, municipal associations).

The council could focus on guiding the overall direction of regional development, and overseeing the design and implementation of the national regional development strategy and its supporting policies. It could also guide resourcing for regional development, and ensure that the regional-level operations and investments of line ministries are coherent and aligned. This would help reduce policy fragmentation and provide a forum to ensure that different policy sectors are systematically considering their regional impact, and that regional considerations are incorporated into national-level strategic planning and budgeting. Such a body could be supported by an inter-ministerial working group entrusted with overseeing the implementation of the council's decisions. Working group representatives could, for example, be the relevant state secretaries from the line ministries populating the council.

Another possibility is to bestow a co-ordination mandate on a single institution or actor (rather than a council as identified above). This actor could be the Prime Minister's Office or a dedicated line ministry, like the MCRD. There are trade-offs involved in each of these options (Box 3.8). While co-ordination led by the Prime Minister's Office can help elevate the status of regional development, co-ordination by a dedicated line ministry can ensure that territorial interventions across the government are better informed by regional expertise and relationships with subnational actors. Given Slovenia's history of institutional churn, where ministries are frequently reorganised following changes in government, one approach could be to assign formal legal responsibility for co-ordinating regional development policy across government to the Prime Minister's Office. The Prime Minister's Office could then delegate this mandate to the institution designated as responsible for regional development (e.g. the MCRD) as a matter of practice, given its specialised expertise and in-depth knowledge of regional development issues.

Box 3.8. Cross-ministerial co-ordination of regional development policy in OECD Member countries: Models in the United Kingdom and France

OECD Member countries have adopted two common approaches to cross-ministerial co-ordination, each with different trade-offs.

In some countries, the Prime Minister's Office plays an important role in promoting the regional development agenda across government and ensuring policy coherence. In the United Kingdom for example, the Cabinet Office (which supports the delivery of the prime minister's agenda) is given formal authority to help ensure that cross-departmental initiatives and resources align with regional development goals. The benefit of this approach is that the regional development agenda can gain greater prominence across government when it is attached to the prime minister's own political capital. At the same time, the Prime Minister's Office may lack the specific policy expertise to guide substantive regional development interventions.

In other countries, such as France, a dedicated line ministry with regional development responsibilities is responsible for the inter-governmental co-ordination of regional development. While this approach can help ensure that policy delivery across government is better informed by regional expertise and relationships with subnational actors, the co-ordinating line ministry may sometimes lack the political clout to steer ministries to a unified territorial purpose.

Source: Based on (OECD, 2017[68]; McKee, Pope and Coggins, 2023[69]; French Government, 2025[70]).

Slovenia may wish to consider both mechanisms. First, it could establish a high-level political council as the political body focused on ensuring that regional development objectives are met in a manner that is place-based and consistent with the aims of the national regional development strategy, and promoting strategic investment decisions that also optimise resources. Second, it could confer to a single institution the mandate for day-to-day co-ordination of regional development policy and programming among line ministries. This institution would work with the council, any associated working group, and other national and subnational regional development actors to ensure that council decisions and the national regional development strategy are being implemented.

Ensuring appropriate institutional mechanisms for the national co-ordination of regional development

Meeting the objectives set forth in Slovenia's forthcoming national regional development strategy will also require strengthening institutional mechanisms to co-ordinate national-level strategies, policies and programmes supporting territorial development (OECD, 2025[23]). This will be important to help ensure that sectoral policies, programmes and public investments are aligned with and mutually supportive of shared regional development objectives, rather than fragmented across competing or misaligned sectoral priorities.

According to the legislation, strategic plans prepared by Slovenian line ministries in the field of regional development are meant to be consistent in their objectives and priorities (Official Gazette of Slovenia, 2025[71]). As noted, however, ensuring cross-sectoral alignment between line ministerial strategies remains a significant challenge across government (OECD, 2024[4]). Moreover, the institutional mechanisms to ensure that these documents reflect cross-sectoral priorities – such as regional development – are limited.

The strategic planning teams in each ministry comprise one means to help align priorities. These teams support the design of a wide range of sectoral programming documents and should play a strong role in ensuring the necessary cross-sectoral coherence. However, government officials report that limited guidance exists on how strategic planning teams are meant to reflect cross-sectoral priorities, such as regional development (OECD, 2024[4]).

Creating a set of standards or guidelines on how regional development should be addressed in strategic planning exercises is one option that could help overcome the real or perceived lack of guidance. In OECD countries such as Mexico, for example, a dedicated line ministry develops online resources to help both national and subnational policymakers ensure that cross-cutting issues, such as regional development, are systematically taken into account in programming documents across government (Box 3.9).

Box 3.9. Mexico's approach to integrating cross-cutting priorities into national-level planning documents

Mexico's federal planning law mandates the formulation of development programmes at various government levels. All of these must align with the overarching National Development Plan, which spans a six-year term coinciding with the presidential administration. The plan sets the country's long-term objectives, strategies and priorities across economic, social, cultural and environmental spheres. Specifically, it requires the development of various programmes, as follows:

- Institutional programmes are developed by each of the national-level public bodies. They highlight organisational improvements and specific actions each public body will undertake to contribute to national objectives.
- Sectoral programmes are developed by various sectors of the public administration (e.g. health, education, energy). They outline the objectives, strategies and actions to be undertaken within these specific sectors.
- Special programmes focus on specific thematic areas or target particular social, economic or environmental issues that cannot be addressed by individual public bodies and instead require cross-sectoral collaboration.
- Regional programmes address the development needs and priorities of specific geographic areas (that go beyond the administrative boundaries of federal states) within the country.

In 2019, the Ministry of Finance and Public Funds organised a series of meetings for the planning staff of Mexico's national-level public bodies to guide them through the programme-design process. The meetings included workshops on how to integrate various cross-cutting priorities (e.g. sustainable development, equality and non-discrimination, territorial development, interculturality, gender, the natural environment) into all institutional, sectoral, special and regional programmes.

With the support of different national government bodies and international organisations, the Ministry of Finance and Public Funds also created a website that enables policymakers to access supporting material on the different cross-cutting issues and how to integrate them into the different national-level planning instruments. This material includes factsheets on a series of key economic, social, environmental and governance indicators (e.g. education, healthcare, insecurity) that reveal relevant development gaps across population groups and regions, and are meant to be used to help design the diagnostic for each programme.

Source: (OECD, 2024[49]).

In Slovenia, the MCRD could be encouraged to develop similar guidance to help strategic planning teams better understand how to reflect the priorities of the national regional development strategy in their own sector strategies, and ensure that a place-sensitive lens is applied to sector programming and implementation.

In tandem, if the MCRD receives a mandate to co-ordinate regional development among line ministries (as discussed in the previous section), strategic planning teams in line ministries could be required to share relevant strategy and programming documents with the MCRD. The aim would be to ensure that sectoral objectives and priorities align with – or at a minimum are complementary to – those contained in the national regional development strategy. In addition to verifying the alignment of these documents with the government's regional development priorities, the MCRD could also provide guidance on how to apply a stronger place-based lens. For instance, the MCRD could draw on the evidence-based diagnostic being developed for the national regional development strategy to identify sector-specific territorial needs in each region and work with line ministries to determine how sectoral programming documents can support such specificities. This could help promote a place-sensitive approach across policy areas and enhance the policy coherence of national-level regional development activities.

Croatia has taken a similar approach, through its Law on the System of Strategic Planning and Development Management (OECD, 2024[49]). The law establishes a network of strategic planning co-ordinators in each line ministry, who regularly report to the Ministry for Regional Development and EU Funds – the co-ordinating ministry for regional development – on the design, implementation, monitoring and evaluation of strategic planning documents. The Ministry for Regional Development and EU Funds, in turn, provides structured feedback to strategic planning co-ordinators, in order to ensure policy coherence for regional development across government (OECD, 2024[49]).

Using explicit agreements for inter-ministerial co-operation in regional development is another option to help generate greater co-ordination among Slovenia's line ministries. The MCRD could enter into formal agreements or contractual arrangements with other ministries to establish how they will work towards achieving the aims set out in the national regional development strategy. In France, agreements among ministries serve as precursors to the CPER ("State-Region planning contracts", see the discussion in the next section) which define regional investment projects carried out by the government, subnational authorities and other actors. As part of the development of these CPER, ministries enter into agreements that give shape to the national government's regional strategy, which sets out how the national strategy will be adapted to reach region's specific context. This stage, led by a prefect representing the central government at the regional level, serves as a pre-contractual phase before the actual negotiation of the CPER (OECD, 2007[72]; Charbit and Romano, 2017[26]).

Expanding avenues for multi-level dialogue for regional development

Effective co-ordination of regional development among a country's different levels of government is also needed to achieve territorial development objectives and address unique regional and local needs. In Slovenia, the Working Group on Local Self-government and "regional managers" are two institutional mechanisms supporting multi-level dialogue and exchange (OECD, 2024[4]). In addition, regular meetings are held between the MCRD and RDAs on various topics related to regional development (OECD, 2025[23]). In practice, co-ordination on regional development issues between different levels of government remains limited, like the resources available to support it. Expanding the spectrum of co-ordination mechanisms employed would be valuable; the right mix will greatly depend on need and institutional culture.

Strengthening the Working Group on Local Self-government

Slovenia's main multi-level dialogue body is the ad hoc Working Group on Local Self-government. This working group was established by the MCRD and the Ministry of Public Administration, which alternate in convening and chairing its meetings. Its purpose is to help align objectives and priorities among national and subnational levels of government, and to identify and address territorial challenges (OECD, 2024[4]). The working group is composed of state secretaries and other representatives from the MCRD and the Ministry of Public Administration, as well as representatives from the three municipal associations (Association of Municipalities, Community of Municipalities and Association of Urban Municipalities). Line ministries responsible for policy areas that also contribute to regional development (e.g. the ministries of economy, tourism and sport; environment, climate and energy; national resources and spatial planning; and agriculture) are not part of the working group (Government of Slovenia, 2024[73]), which can significantly impede its role in promoting multi-level co-ordination.

The lack of diverse representation limits the ability of national actors to highlight their priorities and work with the subnational level on identifying how to meet these priorities based on regional needs, capacities and realities. It also limits the ability of subnational actors to communicate and discuss regional or community development challenges and priorities with the line ministry (or ministries) responsible for developing relevant policies and programmes, who are best positioned to discuss their concerns. In such instances, subnational actors either need to depend on the MCRD or the Ministry of Public Administration to communicate their message to colleagues in other ministries, or they need to have a separate conversation with representatives of the relevant line ministries – which may or may not be within their capacity (OECD, 2024[4]). This, in turn, can have two consequences. First, it can increase the possibility of place-blind policymaking – i.e. policy that does not meet the territorially differentiated needs of Slovenian communities – in certain sectors. Second, it can generate or expand policy gaps – i.e. incoherence between subnational policy needs and national policy initiatives.

At the subnational level, participation by the three municipal associations represents the voice of local authorities within the multi-level dialogue and exchange (Government of Slovenia, 2024[73]). As regards the voice of development regions, however, no actor is present to provide an explicitly regional perspective. This creates a risk that discussions centred on territorial issues may have an excessively local focus, ignoring wider regional needs (OECD, 2024[4]).

To make the most out of what the working group has to offer, adjusting its composition may be useful. In particular, the working group could include ministers and/or state secretaries from line ministries whose sectors actively contribute to regional development, as well as representatives from all RDAs and municipal associations. Line ministry participation could be regular or *ad hoc*, based on the agenda and topic(s) for discussion. This could help better ensure that territorial development issues identified by subnational actors are being considered by different line ministries. It would also enable sectoral perspectives on regional development to be shared with the subnational level.

The inclusion of regional representatives (such as RDAs) who have unique knowledge of territorial challenges and needs at a regional scale would help ensure that regional perspectives – in addition to local perspectives, via the municipal associations – are being shared regularly with representatives from a wide range of relevant line ministries. This could complement the regular meetings that are already being held between the MCRD and RDAs on various topics related to regional development (OECD, 2025[23]). For example, it could enable RDAs to discuss place-specific barriers to their regions' international competitiveness with other relevant line ministries (e.g. the Ministry of Economic Development and Technology; the Ministry of Labour, Family, Social Affairs and Equal Opportunities; and the Ministry of Infrastructure). These line ministries would then be able to consider these barriers when developing relevant sectoral policies and programmes.

A further challenge in vertical co-ordination is the limited set of arrangements to ensure that territorial development issues are not only discussed, but also resolved in an effective and timely manner (OECD, 2024[4]). For instance, the current working group provides a forum for initial discussion on regional or local development issues. However, it could be supported by more technical "sub-working groups" discussing specific technical questions related to the design and implementation of the regional development strategy, or sectoral policies to be considered in detail by public actors, the private sector and experts. The activities of the working group could also be supported by a secretariat function allowing public actors to track progress on agreed actions to support regional development.

The government could strengthen the working group's role in bridging any policy gaps that might arise, particularly with respect to implementing the upcoming national regional development strategy. First, technical sub-working groups, composed of line ministerial representatives, RDAs and municipal associations, as well as other relevant non-governmental actors (e.g. academic experts, representatives from the Chamber of Commerce and Industry of Slovenia, private-sector actors), could be established to support the working group's activities. They could for instance collaboratively assess technical questions, such as how to improve the design of regional development funding mechanisms, or the monitoring and evaluation of regional development policy. Findings from technical sub-working groups could then be shared at the meetings of the working group, contributing to the evidence basis for decision making. Second, the MCRD, given its responsibility for regional development, could be responsible for securing the participation of relevant line ministries in meetings, recording meeting outcomes, and following up with relevant actors to ensure implementation. Taken together, these steps could help ensure that multi-level dialogue on regional needs is being translated into concrete actions that benefit local communities.

OECD Member countries, such as Poland and Sweden, have developed strong dialogue bodies with a range of national and subnational actors to support the design and implementation of regional development policies, programmes and investments (Box 3.10).

Box 3.10. Multi-level dialogue bodies in Poland and Sweden

Poland and the Joint Central Government and Local Government Committee

Poland's Joint Central Government and Local Government Committee supports co-ordination, consultation and negotiation among levels of government. It is composed of the minister responsible for public administration and 11 representatives appointed by the prime minister, together with representatives of national organisations of local government units (e.g. regions, counties, cities, metropolitan areas). National and local-level representatives work together in 11 "problem teams" and 3 thematic working groups, supported by expert analysis.

Key tasks performed by the committee include:

- developing a common position between national and local governments on subnational-level economic and social priorities
- conducting reviews and assessments of the legal and financial conditions underpinning local government
- analysing information about draft legal acts, documents and government programmes regarding local government issues, in particular, the expected financial consequences
- giving opinions on draft legislation, strategic and other government programming documents that affect local governments.

Sweden and the Forum for Sustainable Regional Development 2022-2030

In Sweden, it is the job of regional development policymakers to convince other ministries that they should apply their "territorial lenses" when planning and designing sectoral policies. The Forum for Sustainable Regional Development 2022-2030 is one important co-ordination platform supporting this objective. It is positioned to support the implementation of the National Strategy for Sustainable Regional Development throughout Sweden 2021-2030. The Ministry of Rural Affairs and Infrastructure, which manages regional development, is responsible for organising the forum.

The forum is divided into two groups: one that promotes dialogue between national and regional-level politicians, and one that fosters dialogue among national and regional-level civil servants. There are about 50 regular participants at the political level, who convene 4 times per year. Additional participants, such as ministers, state secretaries and directors within state agencies, can be invited on an *ad hoc* basis, depending on the agenda. The civil servant meeting, which brings together regional-level civil servants at the director level, occurs three times a year.

Source: (OECD, 2025[28]).

Making the most of "regional managers"

Slovenia's 12 "regional managers" (one for each development region) are an additional multi-level co-ordination mechanism. The regional managers sit within the MCRD and function as contact points between the ministry and their development region. They relay information, assist with the co-ordination of regional development policy implementation and accumulate expertise on the challenges specifically affecting their region of responsibility. They also help monitor the implementation of regional development agreements and programmes (OECD, 2024[4]).

In principle, the role and expertise of regional managers should leave them well-placed to support regular downward communication from line ministries to regions and local governments about sectoral issues with a territorial dimension (i.e. changes to laws, regulations, policies, programmes or funding opportunities). They should also be useful in facilitating upward communication, particularly by conveying information about subnational needs and priorities to line ministries.

In practice, however, the effectiveness of regional managers in performing these tasks is limited by resource capacity. Typically, while regional managers are considered to have good knowledge of and relations with RDAs and municipal associations, they also have other responsibilities within the MCRD (OECD, 2024[4]). As such, they are unable to allocate sufficient time to providing the information and guidance needed to support subnational actors within their region. Interviews suggested that, although 'regional managers' are willing to devote greater attention to supporting subnational actors, their existing workload does not permit this in practice (OECD, 2024[4]). One way to build resource capacity for the regional managers is to adjust their tasks and responsibilities. It would be ideal to have 12 full time regional managers; however, this may not be possible owing to staff and budget limitations.

Reinforcing performance measurement practices to support regional development

There is scope in Slovenia to strengthen monitoring, evaluation and reporting processes, to better understand how and when regional development objectives are met (Box 3.11). At the national level, greater consistency is needed in monitoring and reporting on sectoral strategies and programmes, to ensure progress towards territorial development objectives can be systematically tracked across government (OECD, 2025[74]). The current evaluation of projects and programmes is typically tied to EU requirements, rather than serving as a holistic assessment of their effect on regional development outcomes (OECD, 2025[74]). At the subnational level, certain indicator gaps in the monitoring frameworks of regional development programmes undermine their ability to measure progress. Moreover, evaluation tends to be carried out irregularly (OECD, 2024[45]). At both the national and subnational levels, there is room to use performance data more systematically to inform policy learning and future decision-making (OECD, 2024[45]).

Box 3.11. Monitoring, evaluation and policy learning

Monitoring and evaluation are distinct but complementary processes, and are fundamental contributors to policy learning.

- **Monitoring** involves the systematic collection of performance data to assess the progress and achievement of objectives against set targets. It helps identify and address implementation bottlenecks.
- **Evaluation** involves a structured and objective assessment of the design, implementation and/or results of an ongoing or completed policy intervention. It helps understand what is or is not working, and why.
- **Policy learning** comes with regular, transparent, accessible and easy-to-understand reporting on the results of monitoring and evaluation processes to actors involved in implementation. It supports policy learning – which can be used to strengthen performance – and also generates greater accountability for results.

Source: (OECD, 2024[49]).

In the context of the forthcoming national regional development strategy, gaps in performance measurement could undermine policymakers' ability to assess the effectiveness of policy interventions, learn from what does or does not work, and improve their territorial development performance. This section considers each of these issues in turn, as well as the operational challenges hindering them.

Gaps in performance measurement processes in Slovenia

Monitoring, evaluation and reporting processes in Slovenia have room for improvement. At the national level, external contractors prepared a monitoring report for the 2018-2022 period that assessed progress towards Slovenia's previous national regional development objectives, based on a range of territorial development indicators (Government of Slovenia, 2023[75]). However, line ministries themselves do not systematically report on the implementation of their sectoral strategies and programmes (OECD, 2025[74]). Given that territorial development is inherently cross-sectoral, the absence of consistent monitoring across line ministries risks creating blind spots which could undermine the ability of the national government to assess comprehensively the progress made towards its regional development priorities.

At the subnational level, gaps in monitoring processes are also notable. RDAs produce annual monitoring reports to track progress on the implementation of regional development programmes, as well as specific projects (OECD, 2024[4]). At the same time, the monitoring frameworks of regional development programmes are often not sufficiently comprehensive to track progress towards their territorial objectives. For example, the Primorsko-Notranjska regional development programme (RDP) identifies "creating an inclusive and attractive region" as a strategic priority. However, this objective is only supported by a single performance indicator – the "risk of social exclusion" index (Government of Slovenia, 2022[76]). While useful, this indicator does not capture the dimension of the objective related to regional attractiveness. Complementary indicators that help capture different aspects of regional attractiveness (i.e. cultural or visitor appeal, economic attractiveness, resident well-being) would be needed to ensure more holistic performance tracking (OECD, 2025[77]).

With regard to national-level evaluation processes in Slovenia, only large-scale regional programmes and projects are typically subject to rigorous and comprehensive scrutiny. Such projects are most often implemented through EU funding programmes (particularly Cohesion Policy funds), and evaluation focuses on the project's outcomes. In these cases, the projects are subject to regular updates and postimplementation evaluation as a condition of support, as well as well-developed cost-benefit analysis methodologies – particularly for large-scale infrastructure projects (OECD, 2024[4]). What is missing in Slovenia's performance measurement system is monitoring and evaluating the impact of regional development initiatives on a set of regional development objectives, whether set nationally or for each sector. In particular, it is important to evaluate which regional initiatives are contributing to the achievement of regional development objectives, and to understand the reasons for their success or failure in doing so. Such evaluation will also be foundational to understanding the success of the forthcoming strategy. At the subnational level, some project evaluations are carried out by RDAs. However, these activities are often ad hoc (OECD, 2024[4]).

A final performance measurement challenge confronting public actors in Slovenia relates to how the results are being used. At the national level, for example, previous performance data are rarely considered as an input to identify implementation bottlenecks, understand the reasons behind policy failures and ensure these can be addressed in the future. This shortcoming is mirrored at the subnational level. Even when evaluations are conducted, they are seldom used to inform future project design or improve implementation practices (OECD, 2024[45]). The following sub-sections consider how improving subnational data collection and management, and enhancing human resource capacity for performance measurement in Slovenia can help address these issues.

Strengthening subnational data collection and management for regional development

The dearth of subnational-level data is a major obstacle inhibiting the ability of Slovenia's line ministries, municipalities and RDAs to identify their regional development priorities and carry out monitoring and evaluation tasks. A variety of indicators concerning development are available at the corresponding subnational levels and used in reporting, including some indicators in the Regional Innovation Strategy and indicators pertaining to the shares of foreign direct investment. However, other indicators that are relevant for measuring territorial development performance, including a number of indicators related to innovation, the green transition and mining, are not broken down by region or municipality (OECD, 2024[4]). A lack of territorially disaggregated investment data undermines the ability of national and subnational actors to assess how capital inflows are being distributed among regions over time and understand the implications of this distribution for regional economic development (OECD, 2024[4]).

Ensuring that progress towards the objectives of the national regional development strategy and regional development programmes can be comprehensively tracked will involve plugging these and other subnational-level data gaps. To do this, the MCRD and the Statistical Office of Slovenia could consider first mapping the existing data situation to identify what exists, what is useful (or being used), and what is missing. This could be done by convening periodic meetings (e.g. annually) with line ministries, RDAs and municipal associations to: (i) identify their respective data needs; and (ii) explore practical approaches for collecting, processing and sharing the relevant data. Based on the outcomes of these consultations, the government could then consider whether there is merit in investing in the development of new, relevant datasets. In several OECD countries, including Canada and the Netherlands, public actors have adopted a partnership approach to expanding the production of regional and local statistics (OECD, 2024[49]). In Canada, Statistics Canada regularly collaborates with the Federation of Canadian Municipalities to help fill municipal data gaps (Box 3.12).

Box 3.12. Canada's multi-level statistics partnership

Statistics Canada regularly collaborates with the Federation of Canadian Municipalities, a local government association, to improve the availability and accessibility of subnational data. On the one hand, Statistics Canada periodically consults with the Federation of Canadian Municipalities to identify subnational data gaps related to local economic development and well-being, which it then works to address. On the other, Statistics Canada shares relevant information with the Federation of Canadian Municipalities about existing local datasets to improve local governments' awareness of these data.

Source: (Statistics Canada, n.d.[78]).

Data accessibility is a further obstacle to performance measurement for regional development in Slovenia, as indicated by approximately half of RDAs responding to an OECD survey (OECD, 2024[45]). Several factors contribute to this challenge. One is the limited public access to certain regional data collected by government. For customised breakdowns, such as statistics at levels below the development regions, payment may be required – including by RDAs – which undermines the ability to monitor and evaluate regional development programmes, or benchmark the performance of different territories (OECD, 2024[4]). Even EU-funded project data, which may be located within the development region represented by an RDA, are not automatically provided to RDAs (European Commission, Directorate-General for Economic and Financial Affairs, 2023[79]). Moreover, data at the regional level are not easily accessible for non-technical users. For example, there is no centrally co-ordinated process for the distribution of regional indicators, or online database containing typical indicators that are likely to be relevant to regional analysis (OECD, 2024[4]). Finally, there is limited guidance from ministries on how to request and access existing data (OECD, 2024[4]).

Ensuring the regional development policy can be monitored and evaluated effectively will require all public actors responsible for its implementation to have greater access to territorial development datasets. The government can consider different options in this regard. As an initial step, it could ensure that RDAs can access all national-level databases with territorial development indicators at no cost. This is critical to strengthen the monitoring and evaluation of regional development programmes. It will also be fundamental to tracking progress in meeting the aims set out in the national regional development strategy, whose success ultimately depends on the effective implementation of those programmes.

Second, Slovenia should consider investing in developing a single, unified and publicly accessible data portal, where public actors can easily access and download various categories of regional and local data. Several OECD Member countries have developed centralised subnational data portals to support the work of regional development actors in relation to strategic planning, service delivery, and monitoring and evaluation. For instance, Norway's KOSTRA portal provides a wide range of comparable regional and local-level data, including on population size, subnational financial health and service-delivery performance (Statistics Norway, 2025[80]). Sweden's Kolada portal includes easily accessible and comparable subnational data for over 6 000 key performance indicators (Box 3.13).

Box 3.13. Territorial development data portals in Norway and Sweden

In Norway and Sweden, territorial development data portals are used to aid performance measurement. They also support the benchmarking of subnational governments against their peers.

KOSTRA portal, Norway

Norway's KOSTRA portal is used for performance monitoring and benchmarking at the subnational level. It provides regularly updated input and output indicators on subnational public services and finances, integrating data from local government accounts, service statistics and population statistics. The portal covers indicators related to production, service coverage, needs, quality and efficiency.

Its user-friendly online platform makes this information easily accessible, enabling detailed comparisons of subnational government performance. KOSTRA data are widely used by municipalities, as well as by the media and academic researchers, to assess subnational government effectiveness and inform public debate.

Kolada portal, Sweden

Kolada is a free and publicly available database developed and maintained by the Council for the Promotion of Municipal Analyses, a non-profit organisation supported by the Government of Sweden and the Swedish Association of Local Authorities and Regions. It serves as a comprehensive repository of over 6 000 key performance indicators related to various aspects of regional and local-level performance. The primary aim of Kolada is to support analysis, comparisons and follow-up activities in municipalities and regions, facilitating data-driven decision-making processes.

Kolada's data are primarily based on official statistics. In addition to data on population, budgets and economic development, it offers extensive insights into the cost, scope and quality of different types of public services within regions and municipalities. Its user-friendly interface allows users to access a range of analytical and visualisation tools, including tables, maps and diagrams, in order to support evidence-based decision making, monitoring and evaluation.

Sources: (Statistics Norway, 2025[80]; RKA, 2025[81]; Kolada, n.d.[82]).

In Slovenia's case, developing a territorial data portal would offer several benefits. In particular, it would reduce the time spent by policymakers on identifying relevant performance data, by consolidating datasets that are currently dispersed across different public websites into a single, central hub. This would improve efficiency in gathering the evidence needed to monitor and evaluate regional development performance, freeing up additional time to focus on other tasks (such as project implementation). This is particularly relevant in the current context, given that monitoring and evaluation tasks consume a disproportionate share of policymakers' time (OECD, 2024[4]). Moreover, developing a user-friendly interface that allows non-technical users to easily access and compare data would further simplify the process of performance benchmarking of regions and municipalities in different policy areas. In turn, this evidence base could support more targeted, territorially aligned and responsive policy interventions by all levels of government.

At the same time, it is important to recognise when developing a territorial data portal that managing a very large amount of performance indicators can result in a substantial amount of work for policymakers (OECD, 2024[4]). The challenge therefore lies in balancing human resource constraints in performance measurement with the requirement for comprehensiveness and accountability. For Slovenia, the priority when developing a territorial data portal should be to focus on a concise set of easily measurable performance indicators that enable clear tracking of progress against well-defined regional development objectives.

Building human resource capacity for performance measurement in Slovenia

Human resource capacity gaps at the national and subnational levels also frustrate policymakers' ability to conduct monitoring and evaluation tasks in Slovenia. A particular challenge reported by line ministries is their insufficient ability to evaluate plans and programmes that are technically and methodologically sound, and use the results in a way that supports decision-making processes (OECD, 2024[45]; OECD, 2024[4]). Skill gaps have often resulted in line ministries calling on outside expertise to support their performance measurement activities. However, resorting to outside expertise for such activities is not always possible.

At the subnational level, RDAs also report significant human resource capacity challenges related to monitoring and evaluation. Nearly half of RDAs (46%) reported that they lacked the necessary human resources and expertise to develop and monitor regional development indicators and/or undertake monitoring and evaluation exercises (OECD, 2024[45]). Key skill gaps include challenges in developing measurable targets that are matched with the strategic and operational objectives of their RDPs, and a lack of experience in applying monitoring and evaluation data to support policy learning.

Slovenia could strengthen human resource capacity for monitoring and evaluation in a variety of ways. An initial step could be to develop practical, action-oriented methodological guidelines to steer performance measurement. Such guidelines could serve as a reference tool to guide both national and subnational monitoring and evaluation activities in Slovenia, including those related to regional development. In particular, they could set minimum standards to ensure such exercises are both technically robust (i.e. using sound data collection and rigorous analytical methods) and well-governed (i.e. conducted in a way that is both independent and able to support an effective use of results to ensure policy learning and impact in decision-making processes) (OECD, 2024[49]). By setting clear expectations for practitioners, guidelines would help build a shared understanding of what constitutes effective performance measurement, reduce inconsistencies in current approaches, and help embed monitoring and evaluation practices more deeply within Slovenia's public administration. A number of OECD countries have developed clear methodological guidelines to demystify monitoring and evaluation. In the United Kingdom, for example, HM Treasury provides guidance in the form of action-oriented booklets, including the Green, Magenta and Aqua books (Box 3.14).

Box 3.14. HM Treasury's Green, Magenta and Aqua books

In the United Kingdom, HM Treasury publishes a number of resources that aim to provide comprehensive, practical guidance to all policymakers on different strands of monitoring and evaluation.

- **The Green Book** offers guidance on the appraisal and evaluation of policies, programmes and projects. It also provides established cross-governmental definitions of monitoring and evaluation, and comprehensive guidelines for the design and use of monitoring and evaluation activities before, during and after implementation.
- **The Magenta Book** provides guidance on evaluation methods. It includes material on the evolving approaches and methods used in evaluation, and emphasises the value of evaluation in generating evidence for the design, implementation and review stages of the public-policy cycle.
- **The Aqua Book** focuses on the development of transparent, objective and evidence-based appraisal, evaluation and design of proposals to inform public decision making.

Sources: (HM Treasury, 2024 (updated)[83]; OECD, 2024[49])

In Slovenia, guidelines could be developed through a dedicated task force led by the MCRD, composed of representatives from line ministries with previous experience in conducting monitoring and/or evaluation, representatives from RDAs and other actors with familiarity with Slovenia's performance measurement challenges. This task force could meet periodically, initially to collaboratively draft the guidelines. International monitoring and evaluation practitioners could also be invited to provide feedback on the draft guidelines and suggest areas for refinement. The MCRD could incorporate their feedback into a revised draft, which could be presented to the task force for approval.

In tandem with developing methodological guidelines, the government could organise targeted trainings to strengthen the monitoring and evaluation capacity of national and subnational officials in areas where they may lack relevant knowledge or skills. This would likely involve conducting an assessment of training needs to identify specific gaps in the technical or analytical competencies of relevant national and subnational actors with regard to monitoring and evaluation. This assessment could involve disseminating a short questionnaire to staff responsible for performance measurement, as well as a review of recent monitoring and evaluation activities to identify where support is most needed. Based on the results of the needs assessment, tailored training opportunities could be developed and delivered through in-person capacity-building workshops or peer-to-peer learning opportunities.

Furthermore, capacity-building plans could be developed to identify which actors could be mobilised to deliver practical training sessions, and which actors should receive these training sessions. It would be ideal if the sessions drew on real-life examples and case studies from Slovenia and other OECD countries. Furthermore, the capacity-building plans could identify possible partnerships with academic institutions or international organisations with recognised expertise in public-sector monitoring and evaluation. For example, experts from the University of Ljubljana's School of Public Administration, which provides courses on the evaluation of public policies and programmes, could be mobilised to provide training (University of Ljubljana, n.d.[84]). In addition, peer-to-peer learning opportunities could be organised between Slovenian RDAs and RDAs in other European countries, with initial contacts brokered through the European Association of Development Agencies.

An additional capacity-building step that could enhance the ability of national and subnational actors to use monitoring and evaluation results effectively would be to establish performance dialogues. Performance dialogues are institutionalised fora where evidence is systematically reviewed to support learning and guide decision-making. They typically involve periodic structured meetings between different public actors, such as line ministries, RDAs and other implementing bodies, to assess progress towards strategic objectives, identify implementation challenges and determine the necessary adjustments.

In the context of the forthcoming national regional development strategy, annual performance dialogues could be convened between the MCRD and line ministries, as well as between the MCRD and RDAs. These meetings would provide a space for public actors to exchange on progress towards the implementation of their respective plans and programmes, assess territorial-level outcomes, and identify any implementation challenges and resource constraints. Such exchanges would facilitate timely problem-solving and adaptive responses, helping to ensure that regional development efforts across and among levels of government remain on course.

Conclusion

This chapter has laid out ways in which the Government of Slovenia has been working to better support place-based regional development efforts at different levels of government. Particular achievements include the government's commitment to developing a national regional development strategy which can help address policy fragmentation, and steps towards addressing the challenge of territorial fragmentation (e.g. promoting successful inter-municipal co-operation arrangements and options for regional-level activity).

At the same time, the chapter identifies several areas where policymakers could further enhance Slovenia's regional development governance. One of these is strengthening subnational capacity to plan and invest in regional development, including by considering adjustments to Slovenia's territorial-development funding mix and reinforcing the capacity of RDAs to lead implementation efforts at a regional scale.

It will also be important to ensure a stronger mandate – and appropriate institutional mechanisms – to address gaps in existing multi-level governance arrangements that have led to policy fragmentation, and to ensure more effectively the co-ordination of regional development policy across and among levels of government. Finally, improvements to performance measurement, particularly in terms of data availability and accessibility, and human resource capacity, will be essential to ensure that national and subnational-level regional development objectives are achieved in full.

Box 3.15. Recommendations to help ensure the successful implementation of Slovenia's national regional development strategy

To overcome territorial fragmentation and help subnational authorities build the scale required for effective territorial policy, service and investment action, Slovenia could:

- Develop standardised local-level data on the cost, quality and accessibility of municipal services: this will help local governments better assess their inter-municipal co-operation needs.
- Consider adjusting the mix of incentives for municipal mergers: for instance, it could offer one-time merger bonuses or introduce negative financial incentives for non-amalgamation.
- Reinforce the role of the existing development regions: this could include experimenting with national-regional contracts, backed by national-level funding, to channel territorial investment to priority development areas matching both national and regional needs.

To ensure sufficient resources to fund the national regional development strategy, Slovenia could:

- Map complementarities and gaps between EU funding sources and national and subnational regional development priorities: this is important to determine the level of the public investment that is not available through EU programming but will be required to achieve the strategy's objectives.
- Address any EU funding gaps in specific investment areas for territorial development by mobilising alternative national and subnational funding sources. Options could include:
  - requiring line ministries to channel a portion of their existing budgets to fund investment projects that clearly support regional development objectives
  - allocating additional national-level resources through a government-established fund for territorial development that provides municipal governments with competitively allocated funds for project proposals with a clear regional impact
  - strengthening the regional investment capacity of municipal governments by increasing their financial autonomy (e.g. by devolving specific national taxes to the subnational level).

To strengthen the effectiveness of RDAs in advancing national and subnational regional development objectives, and planning and implementing place-based development objectives, Slovenia could:

- Explore and identify practical options to enhance the financial sustainability of RDAs, for example by:
  - encouraging greater revenue generation from market-based services among RDAs, including by undertaking a market assessment to identify potential demand for market-

based services (i.e. what types of services, and by whom); expanding outreach to prospective private- and third-sector clients; raising awareness of existing paid services; and developing new services to meet upcoming business needs
    - identifying sources of additional (operating) funding from the national government, for example through national-level grants or a dedicated national territorial development fund, if established
    - increasing subnational-level funding (i.e. from municipalities), attributing additional operating funds – particularly those from individual municipalities – through a formal agreement to ensure equitable distribution of RDA support across the territory and avoid favouritism or conflicts of interest.

To improve regional development co-ordination at the national level, Slovenia could:

- Establish a high-level political body responsible for guiding and co-ordinating regional development priorities and resources across government.
    - This could be a council for regional development and competitiveness, chaired by the Prime Minister or a Deputy Prime Minister with the Minister for Regional Development as a Vice-Chair, and populated with a limited number of ministers whose portfolios are directly implicated in meeting the objectives of the national regional development strategy and the National Regional Partnership Plan for 2028-2034.
    - A working group of state secretaries from line ministries could be permanently represented on and support the council. Other stakeholders (e.g. RDA directors, chambers of commerce, municipal associations) could be consulted regularly by the working group and invited on an ad hoc basis.
- Assign a clear mandate for a single national-level actor (e.g. Prime Minister's Office, MCRD) to co-ordinate the day-to-day aspects of regional development across government.
- Strengthen institutional mechanisms for the co-ordination of regional development across government, including by:
    - creating a set of guidelines on how strategic planning teams within line ministries should reflect cross-sectoral priorities, such as regional development, in their own sector programming documents
    - requiring strategic planning co-ordinators in each line ministry to report to, and receive structured feedback from, the co-ordinating ministry for regional development on how to align sectoral strategies with the national regional development strategy
    - developing formal agreements or contractual arrangements between the MCRD and other line ministries which set out how they will work to achieve the aims of the national regional development strategy.

To enhance multi-level co-ordination of regional development, Slovenia could:

- Adjust the composition and operation of the Working Group on Local Self-government to help align regional priorities among levels of government and better address territorial challenges, including by:
    - ensuring the participation of ministers and/or state secretaries from line ministries whose sectors contribute to regional development, as well as RDAs
    - creating technical "sub-working groups" composed of actors from the public and private sectors, as well as experts, who could consider specific technical questions related to the design and implementation of the regional development strategy or sector policies

- establishing a secretariat function within the MCRD to help public actors track progress on agreed actions to support regional development.

To improve the quality of regional development monitoring and evaluation, Slovenia could:

- Increase subnational data availability on key topics (e.g. innovation, green transition, mining). This can be done by ensuring that municipal governments and RDAs are being systematically consulted by the MCRD and the Statistical Office of Slovenia in order to identify and address regional data needs.
- Improve the accessibility of subnational data, including by:
  - ensuring that RDAs can access all existing national-level databases with territorial development indicators at no cost
  - investing in the development of a single, unified and publicly accessible territorial data portal where policymakers can easily access and compare subnational indicators.
- Strengthen the capacity of national and subnational policymakers to conduct monitoring and evaluation tasks, and use monitoring and evaluation results effectively, including by:
  - developing practical, action-oriented methodological guidelines that can guide monitoring and evaluation activities across and among levels of government
  - organising targeted trainings to strengthen the monitoring and evaluation capacity of national and subnational officials in pre-identified areas where they may lack relevant knowledge or skills (to be identified through an assessment of training needs)
  - setting up performance dialogues between the MCRD and line ministries on the one hand, and the MCRD and RDAs on the other, to ensure monitoring and evaluation results are systematically discussed and can support policy learning.

Annex 3.A. Using contracts to empower, delegate and share

The section below provides a detailed description of different types of contracts used in OECD Member countries to support regional development, with examples of how contracts can be used to empower subnational entities, delegate new competencies or share policy responsibilities.

England's "devolution deals" are cross-government arrangements between national and subnational governments involving the devolution of powers and resources, previously controlled at the national level, to city regions and metropolitan areas. Most deals include the establishment of a mayoral combined authority, which groups multiple local authorities in wider areas which jointly negotiate the devolution of powers with the national government. The deals have been characterised as "menus with specials", since several powers, programmes and budgets have been made available to most areas, but each deal also contains unique elements. Powers and funding that have been most commonly devolved have included transport (e.g. bus franchising), local roads, business-support services, adult education, and land and housing. Most deals also transfer some revenue-raising powers to the subnational level, such as business rates and a council tax precept.

Such deals have been ongoing since the mid-2010s, when the first devolution deal was agreed between the national government and the Greater Manchester Combined Authority in November 2014. By July 2024, 22 devolution deals had been agreed upon to advance more balanced economic growth, promote better and more integrated public services, and enhance public engagement and accountability. During that time, the deals themselves also evolved, reflecting changes in government and shifting priorities, from health, employment and business to brownfield housing, net zero, heating and digital connectivity. In July 2025, a new English Devolution and Community Empowerment Bill was introduced to establish a more consistent and simpler model of devolution, signalling a further shift of powers from the central government level to local authorities (House of Commons Library, 2024[85]).

France's state-region and inter-regional state-region contracts for river and mountain areas serve as "laboratories" for co-ordinating regional development. These contracts are a national/regional mechanism to support the implementation of regional development plans, by consolidating funding for structural projects that support coherent territorial action and advance a region's strategic vision for its development. Both CPERs and CPIERs follow EU Cohesion Policy programming periods. Each generation of contracts is based on a series of guiding principles also linked to national aims (e.g. investing in ecological, digital and demographic transitions at a territorial level).

The agreements are signed by the Prime Minister and the presidents of the regional councils. Funding is provided by the national government – EUR 20 billion as a minimum commitment for 2021-2027, matched by EUR 20 billion from the regions. There is also a project co-financing component, including by local authorities. Over successive generations of the CPERs, regions have strengthened their role in interacting with subregional entities (i.e. territorial departments and municipalities) by negotiating the next round of CPERs. Through the CPERs, regions invest in new areas of competence, gaining experience in specific areas before they are allocated to them by law. Policy consistency at the regional level has also improved (Charbit and Romano, 2017[26]) (Government of France, 2023[86]).

Annex 3.B. Legislative support for regional development in Slovenia

Slovenia's legislative framework for multi-level governance establishes the country's only subnational tier – municipalities – and sets clear parameters regarding municipal size, functions, budget and service responsibilities. The framework has evolved with time as the system has matured and needs have shifted.

Annex Table 3.B.1. Main laws and regulations governing the design and implementation of regional development policy in Slovenia

Legislation	Description
1993 Law on Local Self-Government	Determines the principles for the regulation of self-governing local communities (i.e. municipalities). Defines the territory and parts of a municipality, including minimum inhabitants, their duties and functions, municipal bodies and administration, assets and financing of municipalities, and municipal public services.
1999 Law on the Promotion of Balanced Regional Development	Defines the method of mutual co-ordination between the central government and municipalities in planning regional policy and implementing regional development tasks and activities.
2006 Financing of Municipalities Law	Regulates the financing of tasks falling within municipal competence according to the principles of local self-government. Defines sources of municipal funding, eligible expenditures and co-financing from the national budget (including for municipal mergers).
2010 Regulation on Development Planning Documents and Procedures for Preparing the State Budget Proposal	Regulates how development planning documents are prepared, implemented and monitored. Defines the procedure for drawing up and amending the national budget. Defines the content and budget of the development programme plan.
2012 Regulation on Regional Development Programmes	Defines the procedure for preparing, monitoring and evaluating the effects of RDPs.
2021 Spatial Planning Act	Establishes the objectives, principles and rules of spatial planning, the relevant actors, the types of spatial-planning acts and their mandatory content.

Sources: (Official Gazette of Slovenia, 2015[61]; Official Gazette of Slovenia, 2024[8]; Official Gazette of Slovenia, 2025[11]; Official Gazette of Slovenia, 2025[71]; OECD/UCLG, 2022[5]; Official Gazette of Slovenia, 2023[17])

Slovenia's legislative framework supporting multi-level governance has several strengths, particularly in relation to regional development. First, Slovenia has enshrined regional development in its legislative texts. The Law on the Promotion of Balanced Regional Development creates a legal basis for the design and implementation of national and subnational-level regional development policies and programmes. It also stipulates that a combination of bottom-up and top-down approaches to regional development should prevail (Official Gazette of Slovenia, 2015[61]). This legislative set-up allows both national and subnational actors to tailor interventions to the distinct needs and challenges of different areas.

Second, the law identifies the different actors responsible for the design and implementation of regional development policy, along with their tasks and responsibilities. For instance, it mandates that a specific ministry be designated as responsible for leading regional development policy at the national level. Under the existing government structure, the responsible ministry is the MCRD (Government of Slovenia, 2023[87]) (OECD, 2025[23]). At the subnational level, the responsibility is shared among RDAs and decision-making bodies, namely, the regional development councils and regional councils. By clearly defining responsibilities, the law helps limit the duplication, overlap and co-ordination challenges that national and subnational actors may face during the design and implementation of regional development tasks.

Annex Table 3.B.2. Main actors involved in designing and implementing regional development policy, according to the Law on the Promotion of Balanced Regional Development

Actor	Key responsibilities
Government of Slovenia (general)	Sets objectives and guidelines for the design of RDPs, in accordance with Slovenia 2030 and the Spatial Development Strategy 2050. Defines programmes and mechanisms to support balanced regional development.
Designated ministry responsible for regional development	Ensures the law's implementation. Provides financial and human resource support to RDAs. Responsible for the management of regional development policy at the national level. Co-ordinates the development of regional development agreements. Provides financial incentives to support balanced regional development.
Regional development councils (including local government representatives, business leaders and NGOs)	Adopt the regional development programme. Negotiate regional development agreements with the national government. Oversee the implementation of the RDP.
Regional councils	Confirm decisions of regional development councils on the adoption of the RDP. Approve the adoption of regional development agreements.
Development councils of the Cohesion Region	Approve the content and implementation of EU programmes that affect the development of the Cohesion region.
RDAs	Lead general development tasks in the region (i.e. co-ordinating the development of the RDP).

Source: (Official Gazette of Slovenia, 2023[17]).

Third, the law establishes the principle that regional development policy should be co-ordinated across and among levels of government to be effective. Slovenia 2030 (the country's national development strategy), national-level sectoral strategies and subnational-level RDPs must all be coherent with one another (Official Gazette of Slovenia, 2015[61]). This is important for aligning regional development efforts around common goals and promoting a more efficient allocation of public resources.

Finally, other legislation establishes how national and subnational actors should organise their strategic planning activities to promote regional development (Official Gazette of Slovenia, 2015[61]) (Official Gazette of Slovenia, 2025[71]). For instance, the 2012 Regulation on Regional Development Programmes provides high-level guidance on the contents of RDPs, as well as how they should be co-ordinated, monitored, evaluated and reported upon (Official Gazette of Slovenia, 2015[61]). Such guidance helps ensure that the documents are well-structured, have clear objectives that are aligned with national priorities, and include monitoring and evaluation mechanisms to track performance.

Overall, the above-mentioned laws provide an important legislative foundation for multi-level governance and regional development in Slovenia. Clear legal mandates specifying how different actors and processes should support regional development, and delineating their roles and responsibilities, are an important pre-condition to avoid duplication of action, promote a better use of resources and foster accountability for co-ordinated territorial action.

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Notes

[1] Multi-level governance refers to the institutional and financial interactions among and across levels of government and a broad range of non-governmental stakeholders, including private actors and citizens, when designing and implementing public policies with a subnational impact. This interaction is characterised by a mutual dependence among levels of government which runs vertically (among different levels of government) and horizontally (across the same level of government), and in a networked manner with non-governmental stakeholders.

[2] Municipal responsibilities associated with local development include local roads, public transport, economic development, tourism, infrastructure for trade and industry, utilities, spatial planning, primary health care, and secondary and vocational education (OECD/UCLG, 2022[5]).

[3] Slovenia's Recovery and Resilience Facility envelope was EUR 2.2 billion (EU and national financing combined) for 2021-2026 (European Commission, n.d.[92]).

[4] In addition to the already established objectives of Cohesion Policy (e.g. a smarter Europe, a greener Europe) in the second semester of the 2021-2027 programming period, countries can further use funds to support competitiveness and decarbonisation, defence and eastern border regions, affordable housing, and water resilience and energy transition.

[5] The Local Autonomy Index measures local autonomy – an important feature in decentralised systems – according to seven broad dimensions: legal autonomy, policy scope, political discretion, financial autonomy, organisational autonomy, non-interference and access (ability to influence political decisions on a higher level).

[6] Slovenia is immediately preceded by Albania (53.68) and followed by Latvia (51.91). A score of 100 would mean full autonomy.

[7] Financial autonomy is a composite measure of fiscal autonomy, borrowing autonomy, the financial transfer system and financial self-reliance.

[8] The OECD categorises subnational government revenue by type: taxes, grants and subsidies, tariffs and fees, property income and social contributions. The 77.4% of municipal budget financing in Slovenia represents the total for grants and subsidies, based on 2023 data – the most recent data available (OECD, 2025[25]).

[9] The OECD and other international organisations classify tax revenue collected through a tax-sharing arrangement as a current grant when an amount is collected by one government (e.g. a local government) for and on behalf of another government (e.g. a national government), which has the authority to impose the tax, as well as set and vary its rate. In such cases, the local government is acting as an agent for the national government, and the tax is reassigned. Any amount retained by the collecting government as a collection charge should be treated as a payment for a service. Any other amount retained by the collecting government, for example under a tax-sharing arrangement, should be treated as a current grant. If the collecting government was delegated the authority to set and vary the rate, then the amount collected should be treated as tax revenue of that government, as Slovenian municipalities do not have authority to set or vary the rate of personal income tax in their territories. Thus, based on the international standard, the OECD does not consider personal income tax collected in Slovenia as own-source revenue (International Monetary Fund, 2014[93]) (Blöchliger, H and O. Petzold, 2009[95]; OECD, 2023[91]). The application of this international definition leads to a disparity in municipal income reporting between international organisations such as the OECD and the IMF, and Slovenia's Ministry of Finance, which indicates that personal income tax alone accounted for 50.2% of municipal budget revenues in 2024.

[10] These can include taxes on watercrafts, real estate transfers, inheritance and gifts, games winnings, other taxes that may be determined by law (e.g. tourist taxes, environmental taxes, administrative taxes and fees), contributions and additional payments from citizens for the implementation of certain programmes, self-contribution, and capital income and donations.

[11] For example, motor vehicle taxes, excise duties on energy products, carbon dioxide taxes and taxes on waste pollution.

[12] At the start of the fourth quarter of 2025, Slovenia's absorption of EU Cohesion Policy funds was 25.6% of total available funds (total cost), with 4.8% of these already spent (European Commission, 2025[53]).

4 Action plan to support regional development in Slovenia

This chapter presents an action plan to support the implementation of key recommendations set out in chapter 2 and 3. It identifies practical actions for consideration, clarifies institutional roles and responsibilities, and provides indicative timelines for implementation. The proposed actions aim to strengthen international competitiveness, skills and attractiveness in Slovenia's regions as well as strengthening the co-ordination of regional development policies at the national level.

Introduction

The action plan presented here is designed to support the Government of Slovenia with the implementation of selected recommendations from the OECD report *Building More Competitive Regions in Slovenia*. More broadly, the action plan can also support the implementation of the national regional development strategy and assist in the preparation and implementation of future National and Regional Partnership Plan. It was drafted in consultation with Slovenia's Ministry of Cohesion and Regional Development (MCRD) and other regional development stakeholders throughout the country. Specifically, the action plan has been drafted to align with current institutional, legal and policy settings in Slovenia. Further, the proposed actions have been formulated to be achievable without legislative change or major increases in the financial resources of responsible ministries and agencies.

The policy recommendations contained in chapters 2 and 3 of the report form the basis for the action plan. With a focus on a small sample of high-priority recommendations, the action plan seeks to provide guidance on how these recommendations can be enacted in practice, and which government bodies should be responsible for leading implementation. Although not all recommendations could be included in the action plan, those presented provide a good example of the complexity, risks, and opportunities associated with policy adjustments, and the planning required to ensure their long-term success. In light of the report's findings and the feedback received from Slovenian stakeholders, the action plan focuses on four policy recommendations (Table 4.1).

Priority recommendations for action and action plan methodology

Table 4.1. Priority recommendations for action

Report section	Recommendation
Chapter 2	Work with regional development agencies (RDAs) to assess major barriers to international competitiveness in each region. This could include reviewing publicly available research to develop a list of 15-20 criteria, such as infrastructure quality and workforce skills, that are critical to international business and therefore most relevant to the competitiveness of each development region. It could also entail launching a questionnaire to gather qualitative evidence from regional exporters and foreign investors to identify which of the 15-20 criteria are most present and most lacking in their region, and how their absence affects their operations; and using the information gathered to prioritise regional development projects and funding that can most directly build on existing opportunities and/or reduce or remove existing barriers to foreign investment and exports.
Chapter 2	Call for regions to undertake comprehensive assessments of their skills assets and shortages as part of future regional development programmes (RDPs), drawing on assistance from the Ministry of Labour, Family, Social Affairs and Equal Opportunities, and in consultation with regional employers. This could include establishing guidelines for the assessments, including for example the identified needs of regional employers, the most numerous occupational types and the necessary labour qualifications; as well as providing advice on ways to incorporate the short, medium- and longer-term impacts of demographic change and collaborating with the Statistical Office of the Republic of Slovenia to increase the availability and accessibility of regional skills statistics which are currently only available at the national level. This could also include consulting periodically with local businesses, unions and industry associations to understand how employer needs are evolving and ensure that the assessments are realistically linked with regional development priorities.
Chapter 2	Establish a framework for assessing the attractiveness of regions to workers and firms from within Slovenia and abroad, which could also contribute to meeting objectives in the national regional development strategy. Such a framework could consist of economic, social, well-being and other dimensions of attractiveness, and be supported by agreed-upon quantitative indicators. It could be used to measure the relative strengths and weaknesses of each region in terms of its attractiveness to workers and firms. It could also serve as a guide for regions to prioritise projects and direct funding towards those initiatives that are most likely to increase the region's appeal to potential residents, partly helping to offset future costs associated with ageing and population decline.
Chapter 3	Establish a high-level political body responsible for guiding and co-ordinating regional development priorities and resources across government: this could be a council for regional development and competitiveness, chaired by the Prime Minister or a Deputy Prime Minister, with the Minister of Regional Development as a vice-chair, and populated with a limited number of other line ministers. A working group of state secretaries from the permanently represented line ministries could support the council. Other stakeholders (RDA directors, chambers of commerce, municipal associations, etc.) could be invited on an ad hoc basis.

Action plan methodology

This action plan was developed in consultation with the MCRD, other line ministries, RDAs and representatives from business associations in four steps:

1. **Identify implementing stakeholders**: a lead institution responsible for overseeing the successful implementation of the action was identified, together with other stakeholders responsible for or involved in implementing each action. The implementing stakeholders considered were

municipalities, RDAs, ministries, research institutions, other government agencies (e.g. the Statistical Office of the Republic of Slovenia, SPIRIT Slovenia Agency), the Slovenian Research Agency, business association representatives (e.g. chambers of commerce and industry, chambers of crafts), municipal associations and civil society organisations (e.g. non-governmental organisations).

2. **Define the specific action and expected outcome**: a range of specific, tangible actions that could support the recommendation were considered for potential inclusion. These actions could include operational changes, additional investment, legislative reforms, and building new skills and capacities.
3. **Set timelines and milestones:** realistic timelines, with clear milestones, were established for each action. These timelines were designed to specify when each action should begin, its expected duration and key milestones that will mark progress. Defined timelines can help not only with preparation, but also with monitoring progress to ensure that implementation remains on track.
4. **Consider risks and opportunities:** potential risks or challenges that could hinder the successful implementation of each action were considered. Examples included resource constraints, stakeholder resistance and the need for political support. Identifying these risks in advance can help the implementing stakeholder plan for and mitigate them, improving the likelihood of success. The available opportunities (e.g. the data, know-how and expertise already present in the public sector) were also considered, to reduce duplication and ensure that actions did not conflict with existing policies and responsibilities.

Action plan to implement select recommendations from the OECD report

Recommendation 1: Work with RDAs to assess major barriers to international competitiveness in each region.

Aim of the associated action: to identify the main barriers to exports and foreign investment in each region, linking them directly to regional development priorities.

In 2023, the Osrednjeslovenska region alone accounted for 58.9% of foreign direct investment (FDI) and 51.2% of national goods exports, underscoring its dominant role in driving internationally oriented economic activity. No other region in Slovenia accounted for more than 10% of FDI or exports. However, both foreign investment and international trade can greatly accelerate economic development by creating new employment opportunities, introducing new technologies and boosting efficiency in existing firms through additional competition. Regions with low levels of international competitiveness, i.e. those that are less able to attract new investors or sell their products internationally, are therefore less likely to catch up economically.

Action 1.1. Develop evidence-based criteria to assess the barriers to international competitiveness

There exists a wide range of publicly available research, indices and other evidence documenting the strengths and weaknesses of specific jurisdictions from the perspective of international businesses and investors. These can include assessments of regulatory certainty, tax rates, infrastructure quality, labour laws and workforce skills. Some prominent examples include indices created by the International Institute for Management Development (2025[1]), the World Bank (2025[2]), the Tax Foundation (2025[3]) and the OECD (2025[4]).

The Ministry of Economy, Tourism and Sport could lead the development of a standardised list of approximately 15-20 criteria that best represent international competitiveness for Slovenian regions. These should include a balance of different elements, but should focus on the most direct barriers to export and other factors that might deter foreign investment. However, the criteria chosen should not attempt to capture all potential barriers that may be affecting international competitiveness. Instead, they should focus on the factors which, based on available evidence, are most important. For many of these criteria, such as access to suitable transport infrastructure, a simple quantitative measure is unlikely to be available. However, this should not prevent their inclusion, as qualitative assessments by business leaders with international exposure can be used very effectively to assess the criteria.

Action 1.2. Draft a questionnaire to collect qualitative evidence from regional exporters and foreign investors

Collecting qualitative data explicitly designed to measure the barriers to international competitiveness is essential, given the absence of established quantitative indicators both in Slovenia and internationally. RDAs could lead the drafting of a simple online questionnaire that can be answered by the managers of export businesses, foreign investors and other firms operating within each region. The Slovenia Chamber of Commerce and Industry should also be consulted on the questionnaire, so that the wording is clear and easily understood by business owners and managers.

The questionnaire could include general questions on the overall quality of the business environment (e.g. is region *X* a good place to start an export-oriented business, get a construction permit or ship goods internationally), as well as more specific assessments of the region's strengths (e.g. does region *X* have good internet connectivity, sufficient industrial land or good access to an international airport). In both cases, questions should be clear, structured and replicable, so that the responses of multiple businesses can be fairly compared and aggregated, and progress can be measured over time. Further, to boost participation, the questionnaire should primarily consist of simple, closed questions focused on gauging businesses' overall perspective, rather than testing their technical expertise.

Due to their strong connections with local businesses and geographic proximity, the dissemination of the questionnaire should ideally be led by RDAs, with the assistance of regional branches of the Slovenia Chamber of Commerce and Industry. The perspective of exporting businesses, as well as of firms with at least partial foreign ownership (i.e. recipients of past foreign investment) should make up the majority of interviewees. However, some large non-export-oriented and locally owned businesses should also be included in the sample and equally weighted.

Action 1.3. Rank the regional barriers in order of priority in future RDPs

With support and guidance from the Ministry of Economy, Tourism and Sport and SPIRIT Slovenia Agency, RDAs could rank their region's performance on the international competitiveness criteria established in Action 1.1. This would require a synthesis of available quantitative indicators (e.g. the total value of goods and service exports per capita), and qualitative evidence collected from the region's business community and local experts. One approach could be to rank all criteria on a scale of 6, with 6 being highly competitive (i.e. very good) and 1 indicating a significant barrier to international competitiveness. For example, an RDA might rate the road network in its region as 4 out of 6, based on considerations such as surface quality, average speed and congestion. From this exercise, RDAs could then group competitiveness criteria by score, highlighting the competitive advantages and shortcomings of their region.

Although this assessment and ranking exercise has several potential uses, such as helping line ministries allocate their resources to areas of particular need or supporting the identification of additional areas for inter-municipal co-operation, its contribution to the design of RDPs would be particularly valuable. Low scores on specific criteria would very clearly signal regional competitiveness challenges that are holding back opportunities for greater exports and foreign investment, and will need to be addressed as a priority.

In addition, regional development projects could be assessed in relation to these scores, prioritising proposals that address one or more major competitiveness weaknesses directly if funding is limited.

Recommendation 2: ***Call for regions to undertake comprehensive assessments of their skills assets and shortages as part of future RDPs, drawing on assistance from the Ministry of Labour, Family, Social Affairs and Equal Opportunities, and in consultation with regional employers.***

Aim of the associated action: to build a standardised framework for analysing regional skills needs and shortages that can strengthen the analysis section of future RDPs.

The absence of appropriate skills can significantly hold back regional development by reducing labour productivity, deterring foreign investment and reducing the quality of government services. Among the development regions and measured as a share of total population, Pomurska (17.0%) and Zasavska (18.2%) have the lowest rates of tertiary qualifications. Osrednjeslovenska, by comparison, has the country's highest rate (28.2%). An additional consideration is the uptake of digital skills, which can complement formal tertiary qualifications and boost productivity. For Slovenia overall, only 18.9% of individuals aged 16-74 recorded digital skills beyond a basic level (SiStat, 2023[5]). However, in some regions such as Posavska (9.2%) and Primorsko-notranjska (9.2%), the share of the adult population with well-developed digital skills was even lower, limiting the employability of its residents. In Osrednjeslovenska, by contrast, digital literacy was the highest, with 22.7% of the population reporting above-average digital skills.

These measures clearly show an overall disparity in the concentration of skills available in each region but provide few insights into which specific skills are needed, which skills are oversupplied, how they relate to regional employment opportunities, and what the emerging needs of regional businesses actually are. Further, they provide few insights into future skills needs, or the potential impact of demographic changes on the current workforce. A more in-depth assessment of regional skills, assisted by the Ministry of Labour, Family, Social Affairs and Equal Opportunities to ensure methodological consistency, could enable the formation of clearer links between existing skills shortages and emerging development priorities in each region.

Action 2.1. Extract and distribute regional breakdowns from national skills statistics

A wide range of indicators which are available at the national level can potentially be used to measure skill strengths and gaps within Slovenian regions. These include the number of working-age residents with specific qualifications, the quantity and types of vocational training courses available, advertised vacancies and several metrics of current labour-market conditions collected through the annual labour-force survey. In most cases, these indicators are not currently published at the regional level. However, the Ministry of Labour, Family, Social Affairs and Equal Opportunities is currently developing a "labour-market platform", which is expected to greatly increase the availability of regional employment, skills and education data (Ministry of Labour, Family, Social Affairs and Equal Opportunities, 2025[6]).

The Statistical Office of the Republic of Slovenia (SURS), in consultation with the Employment Service of the Republic of Slovenia, could lead the development of an annual standardised regional breakdown of these data. This would not involve collecting new statistics, but simply repackaging and communicating national statistics divided into regional shares. This breakdown may not be possible for some indicators owing to small sample sizes and privacy considerations, but for those that are available, it would form a valuable foundation for a subsequent regional skills assessment.

Action 2.2. Establish simplified job families to enable matching with educational qualifications

The Ministry of Labour, Family, Social Affairs and Equal Opportunities could lead the development of a simple, standardised framework of job families in Slovenia, alongside their matching qualifications, for use in RDPs. This framework could be supported by the Ministry of Education and providers of employment services. Regional development policymakers could use these or job families, approximately 10-20 in total, to better understand and monitor regional demand for skills, based on existing employment patterns, without the need for extensive training. For example, construction could be chosen as one of the job families, with the typical qualification required determined to be a three-year vocational education certificate. This “family” would represent dozens of individual roles, skills and qualifications of varying lengths.

The purpose of this exercise is not to replicate the granular analysis of labour-market skills, competencies and shortages, which is currently undertaken at the national level. Rather, it is to create a simplified framework, with terms that are easy to understand by all regional stakeholders, that can assist consultations and strengthen strategic documents without introducing unnecessary complexity.

Other examples of potential job families are public-sector workers, medical workers and technicians, all of which would presumably be classified as requiring a bachelor’s-level degree. Professions (e.g. doctors, lawyers and accountants) could potentially form another job family, but with a typical educational requirement of a master’s or relevant professional (e.g. medical) degree. Rather than attempting to measure all possible dimensions of workforce capacity, these categories should be focused on easy-to-understand profiles and educational requirements.

Action 2.3. Consult with regional employers and labour organisations

Using the data from SURS and the simplified job families with associated qualification needs developed by the Ministry of Labour, Family, Social Affairs and Equal Opportunities, RDAs should consult with regional employers, industry associations, and the Chamber of Commerce and Industry to determine how the skills of employees in their region compare with national benchmarks. For example, the construction industry in one region might report that the typical worker has skills below the national benchmark (i.e. a three-year vocational education certificate), suggesting a skills deficit. Further, these consultations could help to identify reasons why skills in the region are higher or lower than is typical throughout Slovenia. Factors such as the average salaries available, the availability of educational courses, or the attractiveness of neighbouring regions and countries could be explored to better understand the determinants of the current regional skills endowment.

Action 2.4. Quantify aggregate skills assets available in each region and link these with development priorities

RDAs should include a regional skills assessment in future RDPs that links directly to their development priorities. This assessment could include three main components. First, it could feature an analysis of regional skills, employment, demographic and education trends. Using regional breakdowns of labour-force and education statistics, it could determine which industries are growing or declining, whether the number of student enrolments and graduations are in line with employment and population growth, and what qualifications are currently available at educational institutions based in the region.

Second, the job families and associated qualifications could be reviewed and overlaid with the quantitative indicators to identify instances of skills mismatches, shortages and (potentially) oversupply. This could include matching recent employment and labour-market data with established job families and qualitative evidence from employers. Finally, these insights could be linked to development priorities. For example, if vacancy rates are high and the number of workers with appropriate qualifications is low, a specific skills deficit could be connected with a regional development objective to encourage more skilled workers to relocate to (or be trained in) the region. Other development priorities – such as boosting labour productivity, attracting foreign investment or increasing research and development – could also be linked with existing skills assets that are in strong supply throughout the region to support their practical application.

Recommendation 3: Establish a framework for assessing the attractiveness of regions to workers and firms from within Slovenia and abroad, which could also contribute to meeting objectives in the national regional development strategy.

Aim of the associated action: to introduce a methodology for measuring the regional attractiveness of Slovenian regions that is replicable, allows direct comparisons across regions and can inform project prioritisation.

The OECD Regional Attractiveness Compass was created to help compare the appeal of individual regions for investors, skilled workers and visitors (Seunga Ryu et al., 2024[7]). In Slovenia, it is available at the TL2 (cohesion region) and TL3 (development region) levels, and can help the national government and other regional development actors assess regional strengths and shortcomings. The compass also allows comparing Slovenian regions with national and international peers. For example, the health, economy and natural capital of each region, alongside 11 other dimensions, is scored against all other Slovenian regions of the same classification, as well as against all comparable regions in the European Union. The Regional Attractiveness Compass can be particularly helpful for managing demographic change, which is a looming challenge for all Slovenian regions. In particular, it can provide insight into why residents may be leaving their region, as well as highlight region-specific barriers that may be discouraging the arrival of new residents.

Action 3.1. Determine a set of regional attractiveness indicators that are most suitable for Slovenian regions

The MCRD should lead the establishment of a regional attractiveness measurement that can be used to compare development regions and help manage the demographic transition. This framework could be directly based on the OECD Regional Attractiveness Compass or use a similar methodology, adapted to Slovenian needs and specifications. For example, Slovenia may wish to adjust its approach to focus entirely on regional attractiveness to potential new workers (i.e. not investors or tourists), because it prioritises demographic challenges. However, the OECD methodology also has significant advantages as it enables international comparisons, and the compass is regularly updated and publicly available.

The first step is for the MCRD to determine what dimensions it would like to include. The OECD currently uses 14 dimensions, and each of these could be reviewed for suitability. The second step is to consider what indicators should inform the chosen dimensions. Ideally, each dimension should be supported by at least three indicators, to provide a balanced score. Finally, once chosen, the dimensions and indicators should be shared with RDAs, SURS, SPIRIT Slovenia Agency, and the Chamber of Commerce and Industry for feedback. RDAs should be specifically consulted on the relevance of the chosen dimensions and the ease of interpretation, which are the most important objectives of this consultation, and SURS should be consulted on the availability and accessibility of data.

Action 3.2. Annually update and share attractiveness scores with regional bodies and agencies

After establishing the attractiveness indicators, the MCRD should ensure that the measures of regional attractiveness are updated and communicated annually. This could entail replacing indicator values with the latest statistical releases, developing new charts and tables to allow inter-regional comparisons and publishing the attractiveness measures on the MCRD website. Most importantly, the measures should include a clear and easy-to-understand score for each region on each dimension.

Once updated, the MCRD should share the scores and underlying indicators with RDAs, Regional Councils, municipal associations and other regional development organisations. Although the updated measures of attractiveness, and the methodology supporting them, should be the primary focus, communication with the actors should also incorporate clear links between the measurements of attractiveness and the broader challenge of demographic change. Direct communication of the attractiveness findings will not only likely be of immediate interest to RDAs and other stakeholders, but will also assist in the future preparation of RDPs. In particular, greater familiarity with the measures among municipal and RDA staff will reduce misunderstandings and promote a consensus around which regional development dimensions should be prioritised in the future.

Action 3.3. Include attractiveness scores in future RDPs to help guide project prioritisation

When preparing the next RDPs, RDAs should include an analysis of the most recently available regional attractiveness scores. This could assist a broader understanding of the region's strengths and weaknesses and provide context for the subsequent analysis that follows. It can also help regions identify opportunities to enhance or advance attractiveness dimensions that would contribute to their development, as well as address areas where performance is moderate-to-poor and which may need specific policy attention.

The RDAs should also use measures of regional attractiveness to inform project prioritisation. In practical terms, this would require the RDAs to designate which dimensions of regional attractiveness should be considered as high priority, based on their own attractiveness score. For example, if a region were to score very poorly on innovation, the RDP could explicitly prioritise innovation-supporting projects. This high-priority status could also be communicated during consultation with regional representatives, as well as in the call documentation when project proposals are requested.

Finally, once project proposals have been received and assessed, the RDAs could clearly indicate which proposals they consider the most relevant to helping the region overcome its attractiveness shortcomings. For example, all proposals could be classified based on whether their implementation would provide a large, medium or small boost to the region's overall attractiveness. Further, how the proposal would directly help to attract new workers and residents could also be assessed. This would ensure that projects are not simply branded to align with priority areas, but are truly designed to ameliorate a regional weakness. However, this classification and accompanying assessment should not be the only consideration for project selection: each proposal's overall impact, practicality and affordability would also need to be evaluated.

Recommendation 4: Establish a high-level political body responsible for guiding and co-ordinating regional development priorities and resources across government.

Aim of the associated action: to institutionalise cross-sector political and technical level co-ordination mechanisms, as well as a multi-level multi-stakeholder dialogue body with a clear focus on regional development, to improve government and stakeholder co-ordination and collaboration with the aim of improving cross-sector, multi-stakeholder, multi-level co-ordination and collaboration for regional development.

Regional development in Slovenia faces difficulties with cross-sectoral co-ordination, which can affect policy alignment and outcomes. Line ministries with sectoral activities supporting regional development (e.g. education, environment and transport) are primarily focused on their sectors and their national sectoral objectives. However, a mechanism to encourage these ministries to consider the territorial impact of sectoral policies and programmes appears to be lacking (OECD, 2024[8]). In addition, multi-level, multi-stakeholder dialogue is restricted to a few core actors and spread across groups. This adds to the fragmentation characterising multi-level governance for regional development in Slovenia and affects the ability of the subnational voice to be heard in a consistent and coherent manner. A more place-based approach would be highly beneficial because, despite the country's small population and territorial size, regions face markedly different development challenges.

Action 4.1. Establish a high-level council for regional development, to be chaired and led by the Prime Minister's Office

The Prime Minister's Office should create a national-level ministerial council – for example, a council for regional development and competitiveness – to oversee regional development. This council should be focused on guiding the overall direction of regional development, and the strategy and policies supporting it. It should also guide resourcing for regional development, and ensure that the regional-level operations and investments of line ministries are coherent and aligned. The council could also include an explicit objective to enhance the competitiveness of regional economies. This could help reduce the time spent on topics that are highly important but rarely require political oversight. It would allow the council to remain focused on successfully steering regional development, and promoting new ideas and ways of working in so doing.

To enhance its decision-making capacity, the proposed council should be chaired by the Prime Minister or a Deputy Prime Minister, with the Minister of Regional Development as a Deputy Chair. It could have a small permanent membership consisting exclusively of ministers whose portfolios have a direct impact on regional development. In addition to the Prime Minister (the council chair), the council's core membership could include the Minister of Finance; the Minister of Cohesion and Regional Development; the Minister of Economy, Tourism and Sport; the Minister of Natural Resources and Spatial Planning; the Minister of Public Administration; the Minister of Infrastructure; and the Minister of Higher Education, Science and Innovation. Participation by other ministers would be ad hoc, determined by their relevance to specific aims in the national regional development strategy, the National Regional Partnership Plan and the council's specific agenda.

An inter-ministerial working group to support implementation of the council's decisions could also be established. The membership of this working group should mirror that of the council, with state secretaries from the line ministries making up the core membership. The overall objective of the working group would be to act as the operational/technical arm of the council, translating political-level decisions and strategic directions into clear actions, and ensuring cross-sectoral coherence. The working group could also communicate to the council any emerging barriers to implementation that they are encountering, providing a direct channel for bottom-up information which could assist ministers in their discussions. In addition, it should co-ordinate closely with, and when relevant include participation from, regional stakeholders on an ad hoc basis. Its most immediate focus could be to support the implementation of the national regional development strategy, as well as assist with monitoring its targets and objectives.

Action 4.2. Host regular meetings with ministers

A council secretary or small council secretariat, led by a representative from the Prime Minister's Office, could be responsible for scheduling and managing regular council meetings, which could take place monthly. The secretariat or secretary would also be responsible for developing agenda items, taking minutes and distributing council action items.

Due to the potential unavailability of the Prime Minister, the Minister of Regional Development could be designated as vice-chair to ensure council meetings can take place at regular intervals. A further benefit of this approach is that the Minister of Regional Development, whose remit overlaps most substantively with the council's objectives, would be given a central role in council leadership to help balance national considerations and regional priorities.

Action 4.3. Consider delegating authority for day-to-day cross-sectoral co-ordination of regional development to a ministry or state secretaries

To support the council and manage the day-to-day cross-sectoral co-ordination of regional development aims with sector policies, the national government could consider vesting formal authority to lead cross-departmental initiatives. For example, the Prime Minister's Office could delegate responsibility for co-ordinating regional development policy across government to the MCRD. Clearly attributing to a single body the operational dimension of cross-sectoral co-ordination for regional development could strengthen the implementation of council guidance and decisions.

A further consideration is the potential for delegation to state secretaries. Although the council should primarily consist of ministers, state secretaries could also be delegated the authority to participate in the council in their absence. This delegation would support the continuity of council meetings and reduce scheduling challenges.

Action 4.4. Reinforce multi-level, multi-stakeholder co-ordination and dialogue to support implementation of the national regional development strategy at both regional and local levels

A multi-level co-ordination and dialogue body could cast a practical and technical eye on how policies and programming can or are advancing regional development objectives. Further, this body can serve as a platform for multi-stakeholder dialogue. In addition to representatives from government ministries (e.g. those on the proposed council for regional development and competitiveness, see Action 4.1), representatives from RDAs, municipalities (either directly or through their association), and other stakeholders should also be included. Similarly to the proposed high-level council, this co-ordination body should operate with a clearly defined mandate, regular meeting schedules, a permanent chair and structured reporting mechanisms to ensure council directions and actions are implemented. This co-ordination body should become the source of "on-the-ground" information regarding the development needs in specific regions and sectors, and be a forum for discussion to coalesce subnational and national perspectives, priorities and aims. It would work closely with the proposed high-level council and working group of state secretaries, if these are established. The Working Group on Local Self-government could be expanded into such a body.

Action plan summary

Table 4.2 provides an overview of the suggested actions, the stakeholders responsible for them and the expected time required. The milestones and target end dates are to be determined by Slovenia.

Table 4.2. Summary of recommendations and actions

Recommendation	Actions	Institution responsible for implementation	Institutions supporting implementation	Time required (years)	Milestones and target dates	Target end date
Work with RDAs to assess major barriers to international competitiveness in each region. This could include reviewing publicly available research to develop a list of 15-20 criteria, such as infrastructure quality and workforce skills, that are critical to international business and therefore most relevant to the competitiveness of each development region. It could also entail launching a questionnaire to gather qualitative evidence from regional exporters and foreign investors to identify which of the 15-20 criteria are most present and most lacking in their region, and how their absence affects their operations; and using the information gathered to prioritise regional development projects and funding that can most directly build on existing opportunities and/or reduce or remove existing barriers to foreign investment and exports	Develop evidence-based criteria to assess the barriers to international competitiveness.	Ministry of Economy, Tourism and Sport		1-2		
	Draft a questionnaire to collect qualitative evidence from regional exporters and foreign investors.	RDAs	Chamber of Commerce and Industry	1-2		
	Rank the regional barriers in order of priority in future RDPs.	RDAs	Ministry of Economy, Tourism and Sport; Chamber of Commerce and Industry	3-7		
Call for regions to undertake comprehensive assessments of their skills assets and shortages as part of future regional development programmes (RDPs), drawing on assistance from the Ministry of Labour, Family, Social Affairs and Equal Opportunities, and in consultation with regional employers. This could include establishing guidelines for the assessments, including for example the identified needs of regional employers, the most numerous occupational types and the necessary labour	Extract and distribute regional breakdowns from national skills statistics.	Statistical Office of the Republic of Slovenia	Employment Service of the Republic of Slovenia; Ministry of Labour, Family, Social Affairs and Equal Opportunities	1-2		
	Establish simplified job families to enable matching with educational qualifications.	Ministry of Labour, Family, Social Affairs and Equal Opportunities	Ministry of Education	1-2		

qualifications; as well as providing advice on ways to incorporate the short, medium- and longer-term impacts of demographic change and collaborating with the Statistical Office of the Republic of Slovenia to increase the availability and accessibility of regional skills statistics which are currently only available at the national level. This could also include consulting periodically with local businesses, unions and industry associations to understand how employer needs are evolving and ensure that the assessments are realistically linked with regional development priorities.	Consult with regional employers and labour organisations.	RDAs	Chamber of Commerce and Industry	1-2		
	Quantify aggregate skills assets available in each region and link these with development priorities.	RDAs		3-7		
Establish a framework for assessing the attractiveness of regions to workers and firms from within Slovenia and abroad, which could also contribute to meeting objectives in the national regional development strategy. Such a framework could consist of economic, social, well-being and other dimensions of attractiveness, and be supported by agreed-upon quantitative indicators. It could be used to measure the relative strengths and weaknesses of each region in terms of its attractiveness to workers and firms. It could also serve as a guide for regions to prioritise projects and direct funding towards those initiatives that are most likely to increase the region's appeal to potential residents, partly helping to offset future costs associated with ageing and population decline.	Determine a set of regional attractiveness indicators that are most suitable for Slovenian regions.	MCRD	RDAs, Statistical Office of the Republic of Slovenia	1-2		
	Update annually and share attractiveness scores with regional bodies and agencies.	MCRD		3-7		
	Include attractiveness scores in future RDPs to help guide project prioritisation.	RDAs		8-10+		
Establish a high-level political body responsible for guiding and co-ordinating regional development priorities and resources across government. This could be a council for regional development and competitiveness, chaired by the Prime Minister or a Deputy Prime Minister, with the Minster for Regional Development as a vice-chair, and populated with a limited number of other line ministers. A working group of state secretaries from the permanently represented line ministries could support the council. Other stakeholders (RDA directors, chambers of commerce, municipal associations, etc.) could be invited on an ad hoc basis.	Establish a high-level council for regional development, to be chaired and led by the Prime Minister's Office.	Prime Minister's Office		1-2		
	Host regular meetings with ministers.	Prime Minister's Office	MCRD	3-7		
	Consider delegating authority for day-to-day cross-sectoral co-ordination of regional development to a ministry or state secretaries.	National government	Prime Minister's Office	3-7		
	Reinforce multi-level, multi-stakeholder co-ordination and dialogue to support implementation of the national regional development strategy at both regional and local levels.	National government	Prime Minister's Office, National government ministries, RDAs, municipal associations	3-7		

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OECD Multi-level Governance Studies

Building More Competitive Regions in Slovenia

Slovenia's economy has made impressive progress over the past decade, with real GDP growing, unemployment falling, and a strong ranking of exports as part of national output. However, not all parts of the country have benefited equally. Economic activity, foreign direct investment and employment opportunities are increasingly concentrated in and around Ljubljana, while many of Slovenia's 12 regions are experiencing lower rates of labour productivity and R&D. In addition, while quality of life in Slovenia is generally high, there are regional variations – particularly in some health, social and life satisfaction indicators – with implications for regional development. This report explores recent economic and social trends in Slovenia and considers what is driving regional inequalities, including competitiveness gaps, differences in regional attractiveness, and the uneven impacts of structural challenges, such as the transition to net zero. The report then considers Slovenia's multi-level governance system and how it could be strengthened to better support regional development and the implementation of the forthcoming national regional development strategy. The report also offers a set of policy recommendations and a plan for implementing a short set of priority actions to build more competitive regions in Slovenia.

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