

# Coronavirus response in 2021: building back better

## Update on Slovenia (06 December 2021)



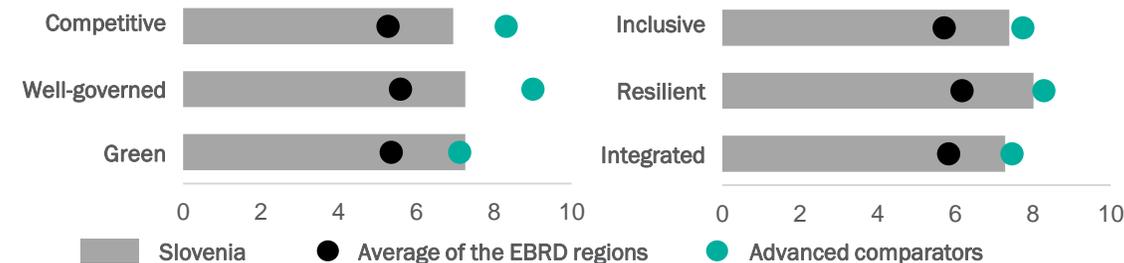
### Covid-19: Policy response

- **The authorities maintained fiscal support for businesses and workers in 2021.** In 2020, the key support measures were furlough payments, short-time work and credit guarantee schemes, fixed-cost coverage and financial support for the self-employed and part-time workers. Most of these measures were extended until at least mid-2021. Still, only half of the support announced at the beginning of the pandemic has been used to date, due to the country's relatively stable level of liquidity. An eighth support package worth €320 million was adopted in May 2021, extending the furlough scheme and subsidies to firms to compensate for the higher minimum wage.
- **European Union (EU) recovery funds require a targeted approach.** Under the National Recovery and Resilience Plan (NRRP), Slovenia will receive €1.8 billion in grants from the EU Recovery Facility (below the EU average as a share of gross domestic product) and €700 million in loans.

### Macroeconomic indicators (per cent)

	2018	2019	2020	
GDP growth	4.4	3.3	-4.2	<b>Short-term indicators</b> <b>EBRD GDP growth forecast (Nov. 2021)</b> <b>2021: 6%; 2022: 4.5%</b> Quarterly GDP growth: +1.3% q/q (sa), +5.0% y/y (Q3 2021) Economic sentiment: 102.2 (Nov. 2021) Industrial production (ex. construction): 7.7% y/y, ca (September 2021) Retail sales: 45.3% y/y, ca (Oct. 2021) Annual inflation: 4.9% (Nov. 2021) Unemployment rate: 4.8% (Oct. 2021)
Annual inflation (average)	1.7	1.6	0.0	
Government balance/GDP	0.7	0.4	-7.7	
Current account balance/GDP	6.0	6.0	7.4	
Net FDI/GDP	-2.0	-1.6	0.6	
Public debt/GDP	70.3	65.6	79.8	
Unemployment rate (year end)	4.4	4.0	5.3	

### EBRD Assessment of transition qualities (ATQs), 2021<sup>1</sup>



### Building back better: key ongoing initiatives

#### Competitive

- The government plans significant public investment this year, while the NRRP is focusing on enhancing research and development capacity and skills.

#### Green

- The green transition is the largest pillar of the NRRP. It focuses on addressing flood risk, green transport, improving the power network and the energy efficiency of buildings.
- The government announced plans to issue a green bond to finance certain green projects.

#### Inclusive

- A bill on long-term care passed in June 2021, which will shape reform of the system.
- Tax relief has been brought in at lower income levels to reduce the labour tax wedge.
- NRRP reforms and investment aim to improve long-term care and social housing, as well as to modernise the healthcare system.

#### Integrated

- Most mobility projects envisaged in the NRRP cover rail infrastructure.

#### Digital

- The digitalisation of public services has advanced with the Electronic Identification and Trust Services Act.
- The digitalisation component of the NRRP focuses on modernising existing e-governance systems, enhancing civil servants' skills and boosting cybersecurity. Further digitalisation of education is also envisaged.

### Key short-term priorities

- EU funds should be directed at boosting productivity growth.
- A renewed commitment to fiscal consolidation is needed.
- Governance-related structural reforms should continue.

To learn more about EBRD's support to Slovenia visit: <https://www.ebrd.com/slovenia.html>.

<sup>1</sup> For more details on ATQs, see EBRD (2021), *Transition Report 2021-22: System Upgrade: Delivering the Digital Dividend*, London.