Government of the Republic of Slovenia

Resolution on National Development Projects for the Period 2007-2023

GOVERNMENT OFFICE FOR GROWTH

RESOLUTION ON NATIONAL
DEVELOPMENT PROJECTS FOR THE PERIOD 2007-2023

Responsible: Government Office for Growth
Published by: Government PR and Media Office
Editor: Dr. Andrej Horvat
Technical editors: Hermina Golob and Tamara Mavko MA
Revision group: Marko Hren, Andreja Jenko MA, Franci Kluzer, Urša Jerše Jan, Jana Poljak, Jurij Kobal, Katja Lautar MA
Language revision: Secretariat-General of the Government of the Republic of Slovenia, Translation, Interpretation and Revising Service
Design by: Pristop, d.o.o.
Printed by: Eurograf, podjetje za grafično dejavnost, poslovne storitve in trgovino d.o.o.
Print run: 1,000
Ljubljana, December 2006

CIP - Kataložni zapis o publikaciji
Narodna in univerzitetna knjižnica, Ljubljana

316.42(497.4)"2007/2023"

RESOLUTION on National Development Projects for the Period 2007-2023 / [editor Andrej Horvat]. - Ljubljana : Urad Vlade RS za informiranje, 2006

Prevod dela: Resolucija o nacionalnih razvojnih projektih za obdobje 2007-2023

ISBN-10 961-6435-35-3
ISBN-13 978-961-6435-35-2
1. Horvat, Andrej, 9.4.1966-
230130176

REPUBLIC OF SLOVENIA

GOVERNMENT OFFICE FOR GROWTH

Resolution on National Development Projects for the Period 2007-2023

Adopted by Slovenia's Government on 12 October 2006

Foreword

Each programming document of a developmental nature adopted by the Government signifies an end and a beginning at the same time: the end of intersectoral and partnership coordination, along with political and interest-related harmonisation, followed by the start of the document's implementation. Thus, every development programmer can take a break, while every development operator indeed has to roll up his/her sleeves and get to work. This is also true of the Resolution on National Development Projects 2007–2023.

On the one hand, the Resolution presents programming in detail at the project level; on the other hand, it introduces certain novelties and unknowns, and consequently a good deal of mistrust within the Slovenian environment. One of the novelties is undoubtedly that the Government has succeeded in clearly drawing a red line around development, which is possibly a category too abstract for the ordinary citizen to understand at the level of the country's strategic documents. It involves a clear linkage between the Slovenia's Development Strategy, the Strategy of Spatial Development, the National Development Plan, national sectoral strategies, operational programmes for securing EU funds and, at the project level, the present Resolution. The Resolution indeed only includes selected key development investments and by no means intends to cover "all development". Quite the contrary: the emphasis is laid upon a concentration of funds and focuses on what will provide the greatest possibilities for the developmental advancement of the Slovenia's economy.

The biggest unknown contained in the Resolution is certainly the platform for its implementation, meaning that in encouraging and designing development, the public administration must tackle the function of "public management" and indeed perform this, while civil servants have to be aware that they can only be successful if they act as "public managers". There are a number of projects that require a so-called "transfer grip", for example the cooperation of the commercial sector, higher education institutions and spatial development, as well as governmental bodies, with future regions, municipalities and the civil society in the broadest sense of the word. There is joy and at the same time also some mistrust deriving from the fact that the success of individual projects will demand the substantial participation of private capital.

The implementation of the Resolution on National Development Projects for the Period 2007–2023 envisages the urgently required partnership between public and private, as well as between governmental and municipal factors. This is why the project is in essence the central point of this document, with project management being the guiding method, while public and private managers are key factors in the project's efficient implementation.

The Resolution, as it is, therefore marks just the beginning.

Dr Andrej Horvat

State Secretary
Head of the Government Office of the Republic of Slovenia for Growth

Table of contents:

Introduction

Since gaining independence until the present day, Slovenia has made important progress in economic development and a higher standard of living. Since 1993, economic growth has amounted, on average, to around 4% per year while Gross Domestic product (GDP) growth in 2005 increased by 56% compared to 1991. Economic growth was pursued in a stable macroeconomic environment whilst the main factors of economic growth were high exports and investment activities, the latter particularly in the nineties. Thus, Slovenia managed to reduce the gap behind the EU average, since GDP per capita in purchasing power parities, which amounted to 68% of the EU average in 1995, is estimated to have already attained 80% in 2005. Slovenia thus ranked 16th among all the EU Member States.

Table 1: Comparison of macroeconomic indicators in 1991 and 2005

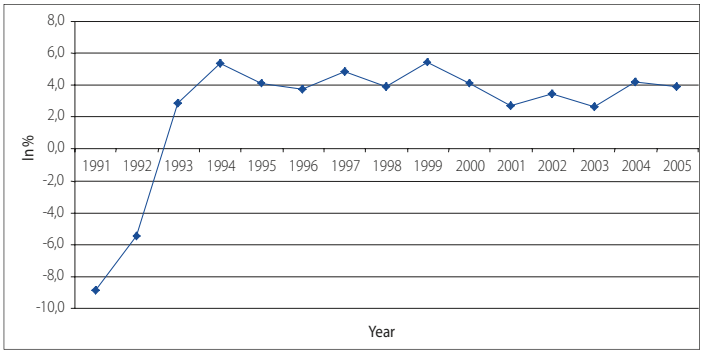
Real growth rates, in %

	1991	2005
Gross domestic product	-8,9	3,9
Exports of goods and services	-20,1	9,2
Imports of goods and services	-22,4	5,3
Private consumption	-10,9	3,3
General government consumption	-0,3	3
Fixed capital formation	-11,5	3,7
Employment (growth, in %)	-4,5*	0,7
Unemployment rate by ILO definition, in %	9,1**	6,5
Productivity, growth in %	-0,7*	3,1
Inflation, in %	117,7	2,5

Source: Statistical Office of the Republic of Slovenia (SORS), Institute of macroeconomic analisys and development (IMAD), Spring report 2006
Note: *data for 1992 (first available data), **data for 1993 (first available data)

Slovenia's economic growth was among the most stable of the countries in transition, since it was achieved without any significant imbalances and while maintaining social stability, which is shown in the attained below-average unemployment and poverty compared to other EU countries.

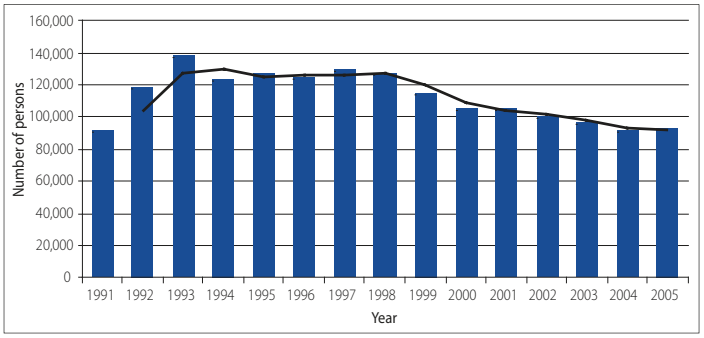
Diagram 1: Real growth rates of GDP in Slovenia in the period 1991-2005



Source: SORS

The number of unemployed persons, which rapidly grew during the early nineties (more than 137,000 in 1993), decreased after 1997, so that there were on average close to 92,000 unemployed in 2005.

Diagram 2: The number of registered unemployed persons in the period of 1991-2005 (as at 31 December).



Source: Employment Service of Slovenia

From 1991 until 2005, average monthly net salaries increased by 57.2% in real terms, while a higher standard of living is also evident from the fact that in the last ten to fifteen years the amount of working time necessary for the average net salaried worker to obtain most consumer goods has dropped. The educational structure of the population has improved and is gradually approaching the EU average in terms of the share of employed persons with tertiary education, who have attained an even higher employment rate in Slovenia than the average in the EU.

Table 2: Comparison of consumer goods in Slovenia, EU-15 and EU-25

	Slovenia	EU-15	EU-25
Households having a TV set in % (in 2005)	96	-	-
Number of mobile telephone subscribers per 100 inhabitants (in 2003)	87	85	81
Number of passenger cars per 1000 inhabitants (in 2003)	446	495	465
Number of passenger cars per 1000 inhabitants (in 2005)	471	-	-
Internet users (16-74 years old) (in 2005)[1)]	625.004	-	-
Internet users (16-74 years old) (in 2005)[1)]	40	46	43
Companies with internet access (in 2005)[2)]	5.511	-	-
Companies with internet access - % (in 2005)[2)]	96	92	91
Households with internet access (in 2005)	309.238	-	-
Households with internet access - % (in 2005)	48	53	48

Source: SORS
Notes: 1) Regular internet users (at least once a week)
2) Enterprises with ten or more employees
- data not available

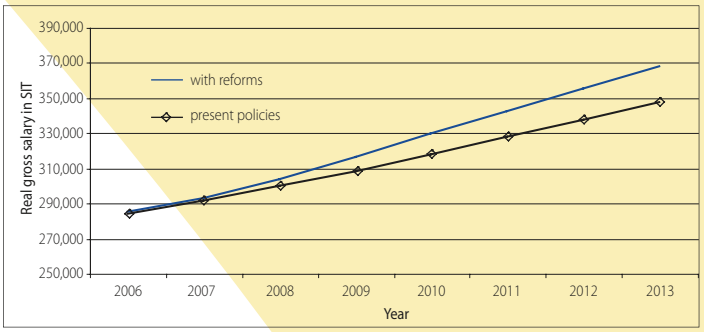
Although in Slovenia regional disparities are relatively small in comparison with European Union countries, they are nevertheless an obstacle to Slovenia's development. The disparities, measured in GDP per capita, are slowly increasing, but it should be emphasised that this owes mainly to the faster strengthening of the Central Slovenia region. In unemployment, the reduction of interregional differences first evident in 2002 has continued, while regional disparities in income (measured as personal income tax base per capita) have remained unchanged since 1995.

The macroenomic and social stability achieved in the last fifteen years resulted from economic policy measures characterised by a gradual and cautious approach, which was essential for transition and EU accession. However, the price of maintaining this stability was sacrificing development and social dynamics, which is reflected in the unsatisfactory current level of development in Slovenia in the areas of competitiveness and promoting entrepreneurial development. In comparison with the European average, Slovenia lags behind in a number of areas that are of key importance for further economic development, and it ranks among the bottom of the EU in commercial innovation, entrepreneurship, tax and administrative burdens and liberalisation of capital flows. The main reason for this lag is a slow restructuring as indicated by the maintenance of a high share of labour-intensive industry, excessively low technical intensity of exports, and sluggish growth of market services and financial intermediary services. The situation in the labour market raises concern, particularly as regards the low employment rate among the elderly and the high youth unemployment rate; consequently the situation in terms of employment is not yet satisfactory, although some progress has been made. Another important reason for Slovenia's gap in the these areas is the fact that a number of regulations have accumulated in the years of relatively stable development, and these make business and ordinary life more complicated. Therefore the entrepreneurial sector, which could gradually replace old low-technology industry and boost the development of the most dynamic, knowledge-based services by creating new firms and stimulating their growth, is still poorly developed. The estimates made by international institutions (WEF, IMD, EBRD, World Bank) identify Slovenia's weakness regarding competitiveness and entrepreneurship particularly in the following areas: efficiency of firms, infrastructure, quality of the national business environment, state ownership in the corporate sector, legal certainty, the tax burden and in particular labour costs.

The results of development thus far indicate that it will not be possible to provide rapid development of the country in the future by proceeding in the manner used to date, and that the economic development objective of exceeding the average level of economic development in the European Union by 2013 will not be attained if the present trends of development continue. If Slovenia continues to develop at the same pace, it will only achieve 94% of the European average in 2013 instead of exceeding the average development level of the European Union as set by the Slovenia's Development Strategy. In 2000-2005, Slovenia's average economic growth exceeded the average growth in the EU-15 by 1.6 p.p., while calculations indicate that it should have exceeded it by twice as much if the set strategic objective is to be met.

In order to achieve these large-scale goals and a breakthrough to a higher level of development Slovenia needs to carry out modernisation and/or deliver sweeping structural reforms and upgrade its existing development pattern. A step in this direction in response to changes that need to be performed in Slovenia, in the EU or elsewhere in the world is to identify key national projects that might accelerate the growth of competitiveness and productivity and facilitate the desired breakthrough.

Diagram 3: Comparison of real gross salary with and without the implementation of reforms



Source: IMAD

The increasingly accelerated integration of markets in the European Union increases the need for quality and effective infrastructure that will reduce production costs and thus improve the productivity and competitive position of market activities. The key factor for enhancing competitiveness is boosting investments in traditional and technological infrastructure where the technological and economic structure encompasses research and development, education and training in addition to traditional infrastructure services. Since the market system cannot provide the necessary scope of supporting infrastructure services that enterprises need for their successful performance in an increasingly globalised market, the cooperation of the state with a significant share of private capital is necessary for their development.

The answer to these challenges is the Resolution on National Development Projects for the Period 2007-2023, representing implementation of the Framework of Economic and Social Reforms, namely, the proposal of measures for more effective use of EU funds for faster development (Measure 16: Preparation and selection of criteria for preparation of a group of major projects, and Measure 18: Indicative group of project ideas for further elaboration into major projects). Since it outlines the ambitious and concentrated planning of investments with more sectoral effects and gives special weight to the so-called key projects, it is of key importance for providing a stronger economic impetus and attaining economic development objectives. Moreover, Slovenia must concentrate its assets into those development projects that will bring faster economic growth in the long run, strengthen the competitiveness of the economy and social environment and through development, provide new and quality jobs and welfare. The priority projects have a vision, they multiplicatively provide a better business environment and create possibilities for growth and development. By focusing on the management and implementation of priority projects the effects will be better monitored and the possibility of complications or non-timely implementation will be smaller.

The list of projects enables faster identification of capacity to use funds at the level of individual programmes in ministries and at the same time the funds of regions, municipalities and private sectors will be transferred more rapidly to those projects where the tapping of funds is found to be more efficient and rapid. The Slovenian Government is fully aware here of the significance of timely preparation of the new financial perspective, preparation of the National Development Plan and amendments to the draft budget for 2007 and the draft budget for 2008. The Resolution forms a coherent whole, into which the national development documents have been integrated on a very concrete operational level for the first time.

1 Content and purpose of the Resolution

1.1 Starting points for drafting the Resolution and its harmonisation with existing development documents

The Resolution on National Development Projects for the Period 2007-2023 is based on the *Slovenia's Development Strategy* (hereinafter referred to as SDS) adopted by the Government of the Republic of Slovenia (the Government) on 23 June 2005. The SDS sets out the vision and objectives of national development and paves the ways to achieving national objectives sustainably and in line with the common European Regulations, policies and strategies, particularly the revised Lisbon Strategy. It provides an answer to the question of how to speed up economic development, raise employment, ensure the necessary social security, improve the environment, conserve nature and use natural resources in a sustainable way within the European Union. Achieving these goals will enable the greater material and spiritual well-being of Slovenia's citizens and a higher quality of life for its present-day and future generations. Slovenia made a commitment to observe the *Reform Programme for Achieving the Lisbon Strategy Goals* which responds to the challenges of the Lisbon Strategy through measures aimed at restructuring the economy, stimulating further economic liberalisation and enhancing competitiveness, improving government efficiency and enhancing both economic and employment growth (adopted by the Government in October 2005).

The concrete short-term measures for attaining the SDS goals and the Lisbon Strategy are defined in the *Framework of Economic and Social Reforms for Increasing the Welfare in Slovenia* (adopted by the Government on 3 November 2005). For the purpose of the next financial perspective of the European Union it is of the utmost importance to observe Measure 18: "Indicative group of project ideas for further elaboration into major projects" which attached particular importance to what are called large key projects. Slovenia must concentrate its assets in those development projects that will bring faster economic growth, strengthen the competitiveness of the economy and social environment and, through development, provide new and quality jobs and welfare in the long run. These projects will facilitate larger-scale and more concentrated investment planning with more sectoral effects. The resolution, which includes services and infrastructure investments, represents the more detailed division of the decision.

The SDS development priorities are the basis of the programmes and measures of the *National Development Plan* (hereinafter referred to as the NDP) and/or *National Strategic Reference Framework* (the NSRF) and relevant *Operational Programmes* (OP). The NDP, to be adopted by the end of 2006, represents a tool for the implementation of the SDS in connection with development-investment programmes and projects, while the NSRF and OP represent its subtool, taking account of the fact that it is of key importance to ensure a strategic approach through clear and consistently prepared programmes and instruments. The NDP includes all those development and investment programmes and projects in Slovenia in the period 2007-2013 that will be financed or co-financed from the national and municipality budgets, while the NSRF and OP include those programmes and projects that will be co-financed from the European budget and will fulfil the criteria of new EU Regulations in the area of cohesion policy for the period 2007-2013. The development-investment priorities of the NDP are therefore the same as the presented five SDS development priorities, while the structure of the operational programmes and their development priorities also takes into consideration the logic and developmental priorities of the cohesion policy and the EU in general.

A number of national programmes have been drawn up in Slovenia in addition to these key strategic documents. They include various long-term tasks of the state in the areas of transport, higher education, research and development, environment protection, culture, adult education, road transport safety, labour market development and employment. The national programmes are the basis of Slovenia's development policy in a certain economic or social activity or in a certain horizontal area and represent the development frameworks of the country as a whole.

The Resolution on National Development Projects for the Period 2007-2023 includes key (large-scale) development investment projects in the realisation of which the state will participate. It concerns those projects whose implementation will concentrate initiatives and funds on the national as well as regional level by means of which the country as a whole will achieve a development breakthrough. The purpose of the resolution is to provide a faster achievement of the SDS and NDP goals by clearly setting out priority national development projects from 2007 to 2023.

The Resolution on National Development Projects provides *orientation and tools for planning public finances* on the one hand and sectoral programmes and strategies on the other. In this way, it provides a basis for the implementation of long-term development policies and long-term budget planning (towards the development restructuring of the budget). In addition, it gives a clear signal to regions, local communities and development partnerships in which the state intends to invest preferentially at the project level in the next medium-term period. It involves a *partnership development plan*, drawn up on the basis of development initiatives of individual ministries (top-down) on the one hand and on the basis of initiatives of regional and local development partnerships and other stakeholders (bottom-up) on the other.

The Resolution plans the funds for the implementation of individual projects and lays down their timescale, which places the achievement of quality results within a real time and financial framework. At the same time, it provides a basis for programme financing of implementing projects whose preparation requires more time and funds, and which cannot be exposed to any risk because of their national significance. *By including the programmes in Slovenian legislation* the Resolution *goes beyond the division of projects into annual plans and individual sector processes and thus represents a multi-annual work programme of ministries.*

This development signal will stimulate the preparation of projects at the implementation level as well as the concentration

of dispersed funds on those areas that will produce a stronger effect and development breakthrough. Under the measures of the Framework of Social and Economic Reforms, the Resolution will stimulate *faster preparation of projects and their implementation, which will increase the effectiveness of using funds (Structural Funds and Cohesion Fund) from the European Union*.

Within this framework, implementation priority will be given to the projects with appropriately prepared documentation and analysis of costs and benefits. With regard to the actual timetable for the preparation of projects in the coming years, the Government will propose amendments to the Resolution when necessary, if there are such differences that would prevent the execution of an individual project in the documents on which the Resolution is based, or if there are other reasonable grounds for proposing amendments. After careful consideration of the effects, certain projects could be mutually alternative projects (substitutes) in whole or in part and consequently, they will be specially marked with "*possible substituting". In the long run, the Resolution on National Development Projects for the Period 2007-2023 *will create a number of development synergies at the national, regional and local levels, it will increase public-private partnership and thus create possibilities for the long-term implementation of development strategies.*

1.2 Integration of Resolution projects into the Slovenia's Development Strategy

The SDS is the key national development document. It presents a conceptual framework for development in the next EU financial perspective for the period 2007-2013. At the forefront of the SDS is the overall welfare of citizens. The SDS therefore focuses not only on economic issues but also on social, environmental, political, legal and cultural relations. Given such a prioritisation of objectives, the SDS also serves as a Slovenia's strategy of sustainable development. The four stategic SDS objectives that Slovenia should attain in the coming programme period are as follows:

- *The economic development objective* is to exceed the average level of the EU's economic development level (measured by GDP per capita in PPP) and to increase employment in line with the Lisbon Strategy goals.
- *The objective in the area of social development* is to improve the quality of living and the welfare of all individuals, measured by the indicators of human development, health, social risks and social cohesion, inclusion and trust.
- *The objective in the area of intergenerational and sustainable development* is to enforce the sustainability principle as the fundamental quality measure in all areas of development. According to the principle of sustainability, the needs of present-day generations must be fulfilled in such a way as not to limit the possibilities of future generations in fulfilling their needs to at least the same extent.
- *The Slovenia's development objective* in the international environment is to employ its distinct development pattern, cultural identity and active engagement in the international community so as to evolve into a recognisable and distinguished country around the world. Slovenia should become a global crossroads, while its national identity should act as the backbone supporting its confident participation in global integrations.

In order for Slovenia to achieve these ambitious goals it needs to prepare and deliver thorough structural reforms that should be based on the new development pattern. The SDS defines five Slovenia's development priorities. They coherently combine measures from different ministries that can be implemented swiftly and can contribute most to achieving the Strategy's overall objectives in the short term. Focusing on the common development priorities will enable a higher degree of government coordination needed to press ahead with the necessary structural shifts in development policy.

Accordingly, the Resolution lists selected development-investment projects that:

- are in compliance with the five development priorities of the SDS,
- include the proposals of Slovenia's central national projects within the Framework of Economic and Social Reforms for Increasing the Welfare in Slovenia,
- are coherently included in the NDP and relevant NSRF and OP for the implementation of structural funds,
- show the planned financing relationships in the coming financial perspective (2007-2013) and in the decade after it (2014-2023) from the development part of the Slovenian budget, EU resources and planned private funds in the projects to be implemented on the basis of public private partnership.

Table 3: Integration of development projects with key development priorities of the SDS

Key SDS development priorities supported by the project	National development projects
1. A competitive economy and faster economic growth	Economic growth centres National broadband network Larger tourism infrastructure projects (Slovenian Adriatic Island, Megalaxia Amusement Park, Goriška Tourist Centre) Large sports infrastructure projects (Planica Nordic Centre, Leon Štukelj Sports and Business Centre, Synergy of natural and cultural potentials of the Karst)..
2. Effective generation, two-way flow and application of the knowledge needed for economic development and quality jobs	Jože Plečnik National and University Library Poles of tertiary and higher education (Ljubljana Polytechnic and Maribor University Medical Centre)
3. An efficient and less costly state	e-Health e-Justice
4. A modern social state and higher employment	Human resources development fund and scholarship scheme A new University Medical Centre in Ljubljana Network of Emergency Medical Centres

Key SDS development priorities supported by the project National development projects	National development projects
5. Integration of measures to achieve sustainable development Sustainable mobility	Modernisation of the railway network Modernisation of national road network on priority development axes Additional highway programme Sustainable energy and the hydrogen economy Modernisation of electric power supply network Building of new electric power production facilities (Building of new Lower Sava electric power production facility, Šoštanj Thermal Power Plant 6, Construction of unit 2 of Krško Nuclear Power Plant, Pumped storage hydroelectric power station Kozjak) Gas storage facility

The following development-investment projects were included in the Resolution:
- whose value exceeds EUR 50 million,
- whose effects extend beyond the boundaries of a single region,
- whose effects will be felt in different areas,
- that are capable of concentrating the substance and orientations of several sectors.

1.3 Integration of Resolution projects into the Framework of Economic and Social Reforms

The main development-investment projects in the Resolution focus on the following key areas:

a) Sloveni's development network
b) synergy of natural and cultural resources
c) efficient environmental management and sustainable energy policy
d) mobility to support economic development
e) institutional and administrative capacity

a) Slovenia's development network. This is the first area of key projects. It is essentially a network of incubators, technology parks and business zones that will be able, together and in synergy with expertise and development, to offer to the economy the services that the economy needs most on different levels of its development – from the idea to create a company to the phase of development of high technologies, new materials and similar. Development infrastructure will be decentralised and channelled into those areas where the concentration of business events will make possible a rapid start up of the network and thus provide rapid effects. In this context a decentralisation of the tertiary education sphere is proposed as well, i.e. the creation of university centres that will promote and take advantage of development opportunities in centres of regional development. In addition to the decentralisation of tertiary education, a great deal of attention will be attributed to the development of those services in lifelong learning and the labour market that will enable people to create higher added value and adapt to it. This is the reason for the inclusion of a series of digitalisation projects aimed at increasing the availability and efficient provision of electronic material and services on the web, and on lifelong learning, which is the basis of a knowledge-based society and a competitive and economically sound country.

b) Synergy of natural and cultural resources. In this area, Slovenia wishes to make the most of the diversity and richness of its natural and cultural patrimony. This patrimony represents a huge economic and social development potential that has not been sufficiently exploited. The creation of a network of natural and cultural potentials for economic use and with a view to sustainable protection of the natural and cultural heritage is important from at least two viewpoints:
- a quality living environment is the prerequisite for a quality life in this country and therefore for the competitiveness of its economy,
- there must be a commitment to reach a synergy within the areas of culture and environmental protection, between these two areas and in their connection with other development areas, which means that the civil society and private capital will be asked to participate in order to develop a partnership between the public and the private sphere. If we understand culture and environment as two factors of progress that - horizontally and sustainably - enter the activities of other sectors, their synergy will enable the advancement of culture and environmental improvement, and promote development in other sectors, especially in the commercial sector (through service activities in tourism and information technology) and the social sector (expanding employment possibilities and investments in knowledge).

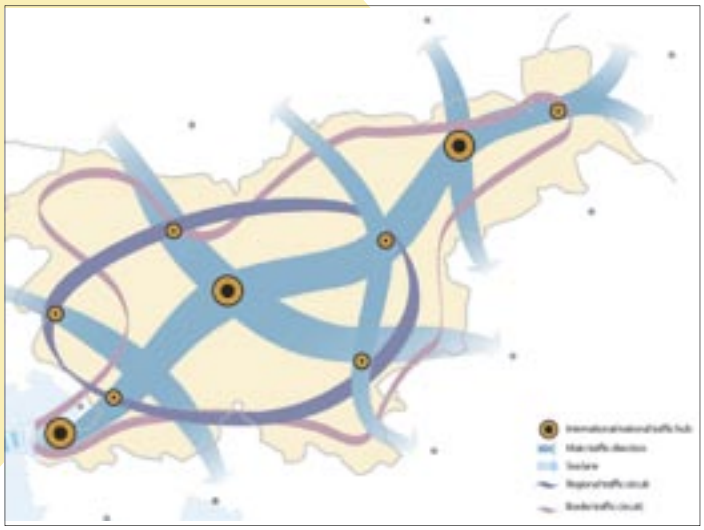
This area covers two central thrusts, one of them linking natural and cultural heritage and contemporary cultural creativity with business projects (artistic residential centres - tourism - cultural events - sports and leisure activities), whereas the other seeks to connect these areas with markets by means of developing tourist infrastructure and management of tourist destinations. In this context, programmes that will be interesting for the market will be developed, increasing tourist spending and extending stays in tourist areas, and making Slovenia more recognisable and attractive to foreign and domestic investors.

c) Efficient environmental management and sustainable energy policy. A series of strategic actions will be developed in the area of energy policy and passenger transport that take into consideration technological development trends and respond to the demands and orientations of EU Regulations and the Kyoto agreement. The implementation of efficient and diversified use of all available primary energy sources together with timely introduction and adoption of new technologies can drastically reduce Slovenia's dependency on imports of primary energy resources and ensure quality and efficient provision of energy for the economy, households and transport. Parallel and harmonised implementation of these long-term strategic projects may bring about consistent savings for both the national budget and households, especially in transport.

d) Mobility to support economic development. This area includes a series of investment activities in different sectors that aim to provide Slovenia with an efficient transport infrastructure. Most activities target the public passenger transport infrastructure.

In all transport subsections, the larger part of investment is thus planned for public passenger transport infrastructure and services. The aim is to construct an adequate infrastructure and improve the quality of public passenger transport. An important part of the investments in this area will be devoted to road infrastructure, especially in the key development axes that represent the transversal links between different points in Slovenia's motorway network.
In the coming years, public passenger transport will be the subject of urgent national development activity. Every day public passenger transportation by road is losing out, although it is the only alternative for improving the quality of city life and ensuring greater mobility of people and growth of competitiveness in line with development strategy goals. Furthermore, increased private road transport immensely increases costs connected with the public health of city dwellers, or with the deterioration of buildings and cultural heritage due to excessive emissions. Delays due to traffic congestion cause economic damage and lower the quality of life of commuters, resulting in lower mobility and lower competitiveness.
Regarding the funding of transport infrastructure, the need for funds greatly exceeds the amount of funds that Slovenia is able to provide from public funding sources. Therefore, the funds for the whole project of mobility supporting economic development will also be provided from public-private partnership.

Figure 1: Plan of transport connections



Source: Ministry of the Environment and Spatial Planning

The maritime border is indicated in compliance with the Agreement on the state border between Slovenia and Croatia (Annex I) agreed by the two Governments on 19 July 2001 and initialled by heads of negotiating groups on 20 July 2001.

e) Institutional and administrative capacity. In this area, actions will be directed towards assuring the efficient operation of Slovenia's public administration and judicial system. This concerns for the most part urgently needed investments in a thorough overhaul and modernisation of procedures (assessment of effects of regulations, elimination of administrative barriers, optimisation of processes, simplification of jurisdiction, standardisation of administrative and judicial procedures) and the completion of the information-communication technology (ICT) infrastructure necessary for efficient public administration. Improvement and modernisation of procedures requires proper education and training. The programme thus includes actions necessary to ensure an efficient infrastructure for the public administration, support of projects involving the modernisation of the judiciary, e-health. The programme further includes actions focused on education and thus implementation of cooperation among social partners and non-governmental institutions.

Table 4: Value of national development projects in EUR million

Key Resolution projects	Total by 2023
1. Slovenia's development network (**economic growth centres, knowledge, national broadband network**)	2.492
2. Synergy of natural and cultural resources (**sports and tourist infrastructure**)	1.534
3. Efficient environmental management (**sustainable mobility, sustainable energy**)	4.434
3.1 Energy facilities (**NEK II, TEŠ, Network, Pumped storage hydroelectric power station Kozjak, network, gas storage facility**)	3.290
4. Mobility to promote economic development, (**road and railway transport infrastructure**)	11.692
5. Institutional and administrative capacity (**modernisation of health service and the administration of justice**)	478
TOTAL (EUR million)	**23.920**

2 Analysis of development status in Slovenia [1]

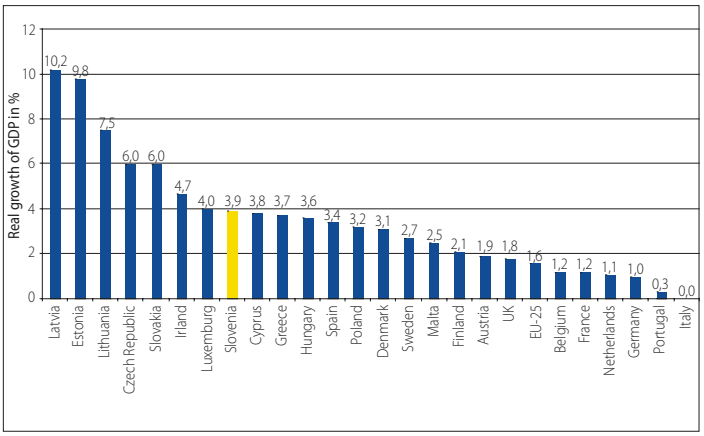
The analysis of the development status in Slovenia under the SDS is indicated in the following set of relevant issues (in compliance with key development priorities): (a) a competitive economy and faster economic growth, (b) effective generation, two-way flow and aplication of the knowledge needed for economic development and quality jobs, (c) an efficient and less costly state, (d) modern social state and higher employment, (e) integration of measures to achieve sustainable development. Only those key issues that have stimulated the selection of individual projects within a development priority are indicated.

2.1 A competitive economy and faster economic growth

After three relatively modest years Slovenia's economic growth again increased to 4.2% in 2004, and was 3.9% in 2005. Such growth rates place Slovenia above the EU-25 average (1.6% in 2005) but behind the Baltic countries, the Czech Republic, Slovakia and Luxembourg. It currently achieves 80% percent of the average per capita GDP for the EU, measured in purchasing power, which is the best result of all the new members, except Cyprus. According to Eurostat, in 2007 Slovenia will attain 84% of the EU average and will share 15th place with Cyprus. On 1 January 2007, it will join the economic and monetary union (EMU). In comparison with other members of the EMU in 2005, Slovenia was 3rd in terms of real GDP growth rate and 12th in terms of per capita GDP measured in purchasing power.

The competitiveness of the Slovenian economy is increasing, but a more rapid harmonisation with the EU is not possible without thorough structural reforms. Therefore we will continue to focus on those aspects of competitiveness that will gain through the realisation of projects envisaged in the Resolution. These are the areas of entrepreneurship, internationalisation and development of services, tourism and infrastructure.

Diagram 4: Real growth of GDP, 2005



Source: SORS

Dynamic entrepreneurship is crucial if we want to increase competitiveness. Internationally, Slovenia ranks poorly in terms of rate of entrepreneurship initiatives as well as the accessibility of sources of finance. In 1999-2004, the number of companies in the business sector increased only by 2.6%, and the rate of early entrepreneurial activity decreased from 4.6% (2002) to 2.6% (2004). In 2005 it rose to 4.4%, which is the fourth lowest rate among the EU members. At the same time, a high failure rate of emerging companies is typical of Slovenia.

Internationalisation of the Slovenian economy is being effected mainly through export trade flows, and much less through foreign direct investments (FDI). Low direct foreign investment show that Slovenia is not a competitive investment location and is unable to use the development potential offered by FDI. In the period 2000-2004, the share of FDI in GDP was constantly below the EU-25 average by ten p. p. in input FDI and more than 30 p. p. in output FDI.

It has only recently been possible to ensure *a more intense development of services*. In 2004 services generated 62.3% of value added in the Slovenian economy and provided jobs

Table 5: Comparison of macroeconomic indicators in EMU member states and in Slovenia

	Austria	Belgium	Finland	France	Greece	Ireland	Italy	Luxemburg	Germany	Netherlands	Portugal	Spain	Slovenia
GDP rates in real terms (%, y. 2005)	2.0 7th position	1.2 8th position	2.9 6th position	1.2 8th position	3.7 4th position	4.7 1st position	0.0 13th position	4.0 2th position	1.0 11th position	1.1 10th position	0.4 12th position	3.4 5th position	3.9 3th position
GDP per capita in PPS (y. 2005)	28,700 4th position	27,600 5th position	26,600 6th position	25,500 8th position	19,200 11th position	32,100 2nd position	24,100 9th position	58,000 1th position	25,700 7th position	28,900 3th position	16,700 13th position	23,100 10th position	18,700 12th position
GDP per capita in PPS (EU-25= 100)	122.5 4th position	117.6 5th position	113.4 6th position	108.8 8th position	82.0 11th position	136,9 [1)] 2nd position	102.7 9th position	247,4 [1)] 1th position	109.7 7th position	123.3 3th position	71,3 [1)] 13. mesto	98.5 10th position	79.8 12th position
Export of goods and services in GDP (in %, 2005)	54.3 6th position	87.1 2nd position	41.8 7th position	26.1 11th position	20.8 13th position	79.4 3rd position	26.3 10th position	158.1 1th position	40.1 8th position	71.2 4th position	28.5 9. mesto	25.4 12th position	64.8 5th position
Inflation (annual average, y. 2005)	2.1 5th position	2.5 9th position	0.8 1st position	1.9 3rd position	3.5 12th position	2.2 7th position	2.2 7th position	3.8 13th position	1.9 3th position	1.5 2th position	2.1 5th position	3.4 11th position	2.5 9th position
Deficit or surplus of government sector (in % GDP, 2005)	-1.5 6th position	0.1 4th position	2.6 1st position	-2.9 9th position	-4.5 12th position	1.0 3rd position	-4.1 11th position	-1.9 8th position	-3.3 10th position	-0.3 5th position	-6.0 13th position	1.1 2th position	-1.8 7th position
Unemployment rate according to ILO (in %, y. 2005), 4. quarter of a year	5.1 4th position	8.4 9th position	7.6 6th position	9.6 11th position	9.7 12th position	4.4 1st position	8.0 7th position	4.5 3th position	10.8 13th position	4.4 1th position	8.0 7th position	8.7 10th position	7.2 5th position
Government sector debt (in % GDP, y. 2005)	62.9 7th position	93.3 11th position	41.1 4th position	66.8 9th position	107.5 13th position	27.6 2nd position	106.4 12th position	6.2 1th position	67.7 10th position	52.9 6th position	63.9 8th position	43.2 5th position	29.1 3th position
Labour productivity rates in real terms (in %, y. 2005)	1.4 7th position	0.7 10th position	2.6 4th position	0.6 11th position	3.5 1st position	2.5 5th position	-0.6 13th position	3.4 2th position	1.0 8th position	0.9 9th position	-0.2 12th position	1.7 6th position	3.1 3th position
Gross investments in fixed assets (in % GDP, 2005)	20.5 7th position	19.9 9th position	18.8 12th position	19.7 10th position	23.7 4th position	27.0 2nd position	20.6 6th position	20.3 8th position	17.1 13th position	19.5 11th position	21.6 5th position	29.4 1th position	24.8 3th position

Source: Statistical Office of the RS

[1] According to the IMAD Spring report 2006 and Development report 2006. Analyses published in the draft on National Strategic Reference Framework 2007-2013 and papers of individual ministries.

for 53.8% of the total labour force, which is below the EU-25 average. In 1995-2004, their share in value added increased by only 1.8 structural points, and in employment by 7.9 structural points. The key problem is the low competitiveness of Slovenian services on international markets and insufficient dynamism of Slovenia's service companies in the field of innovation. Moreover, Slovenia has considerable catching up to do in the field of developed financial services.

Tourism represents for Slovenia an opportunity to become more recognisable worldwide. It accounts for 5.5% of value added in the Slovenia's economy. Despite the positive development of this activity in the recent years, Slovenia's tourism still has not overcome weaknesses such as: Slovenia and Slovenia's tourism services are still not recognisable worldwide, these services are diffuse and uncoordinated, Slovenia lacks a clear development strategy in individual areas, infrastructure is inadequate, there are insufficient accommodation facilities and so on.

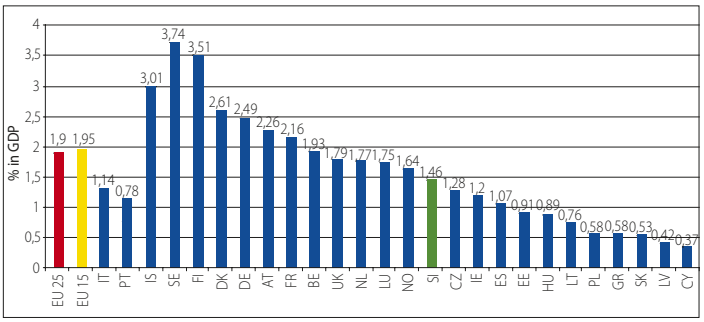
Transport infrastructure development in some areas paralleled the development of the whole economy (priority investments in road infrastructure, but delays as regards the financing of reconstructions and construction of regional and local connections, and particularly the railway network). Mobility is thus hampered and results in lower competitiveness of services and the economy as a whole. Slovenian road transport of goods is increasing and accounts for 72.2% of all land transport, but still remains under the EU average, which is 78.6%. The railway network is obsolete and unable to offer adequate transport services and ensure sufficient capacities to meet future Slovenian transport needs (interoperability etc.). The general status of the national motorway network is also quite poor; 43% of the network is in bad or even alarming condition, which hampers considerably the possibility of harmonious regional development. Each year the Port of Koper has shown an increase in the volume of cargo transhipments. This is of particular importance for development, as the port is an important point of entrance and exit for central European countries. Air traffic is also increasing. Again, obsolete airport infrastructure is a hampering factor.

2.2 Effective generation, two-way flow and aplication of the knowledge needed for economic development and quality jobs

Future development in Slovenia will be mostly defined by knowledge. The factors of a knowledge-based society are being further strengthened, although progress within these factors varies. The common indicator of investment in knowledge (investment in tertiary education, R&D activities and software) for 2002 indicates that Slovenia was below the EU-15 average (the share of Slovenian investments in knowledge is 3.0% of GDP, against 3.8% in the EU-15). This gap is particularly evident in comparison with the Scandinavian countries, while compared with the Mediterranean EU Member States and most new Member States Slovenia is doing relatively well.

The educational structure of the population is improving and is slowly approaching the EU average (in 2005, the proportion of employees with tertiary education in Slovenia was 20.0%, against 22.2% in the EU). Total expenditure on education in Slovenia is quite high (6% of GDP), but within this framework, there is a series of problems that need to be solved, particularly in tertiary education: (a) expenditure per participant in this type of education is not high enough, and the ratio of students to teachers is not satisfactory, (b) the structure of graduates is inadequate – with 8.2 graduates in mathematics, natural sciences and technology per 1000 inhabitants aged 20 - 29 we are far below the EU-15 average of 11.9, as well as below the EU-25 average of 10.9 (Eurostat data for 2001); the lack of graduates from these professional areas is already visible in the labour market, (c) we are faced with an extensive potential (and permanent) drain abroad of senior-year undergraduate students, particularly those studying technical and natural-mathematical sciences. These profiles are critical for Slovenia in terms of labour market needs and in terms of the availability of these professionals in comparison to other countries.

Diagram 5: Gross domestic expenditure on research and development (GERD) in GDP, 2004

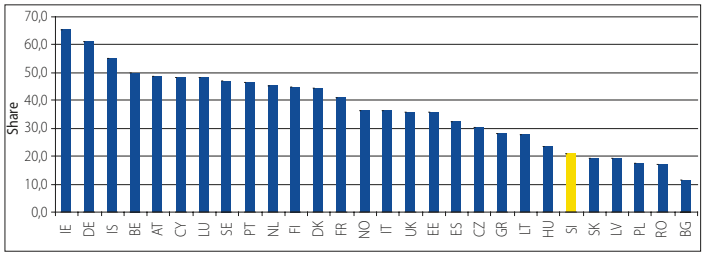


Source: SORS

In 2004, the share of investment in research and development increased to 1.61%, which is still 0.29 p.p. behind the EU-25 average. Still, this indicator puts Slovenia ahead of all new Member States of the EU-25 and also ahead of the Mediterranean EU Member States. The Government share in the structure of sources of financing is 35.3%; but the fact that the business sector is increasing its expenditure on research and development is encouraging. Unfortunately, the pace of growth of R&D expenditure in the business sector is slowing down (from 11.5% in 1998-2002 to 6.9% in 2002-2004). Such growth is not yet sufficient for Slovenia as a member of EU-25 to reach the Barcelona goal by 2010.

Slovenia's share of innovation-intensive businesses is 21%, which puts it in the lower quarter of the list of EU countries. The situation as regards innovations is also discouraging when measured by the *number of patent applications filed at the European Patent Office* per million inhabitants; in 2003 there were 21.9 in Slovenia against the EU-25 average of 133.6 (2002). Changes in the institutional structure of R&D are necessary to close this gap. Poor cooperation between the business sector and public research institutions remains a problem, as does the insufficient financial support to small and medium-sized businesses for increased innovation intensity and the total absence of any systematic evaluation of the effects of adopted measures.

Diagram 6: Share of innovation-active businesses, Slovenia and European countries



Source: SORS

In recent years, Slovenia's *investment in ICT* has been in decline, representing only 5.2% of GDP in 2004, while in the EU-25 this averaged 6.4%. In Slovenia, there are positive trends in the *use of the Internet*. The share of users increased to 47% in 2005 compared to 37% in the previous year. Thus, Slovenia reduced its lag behind the EU, which has a 51% share.

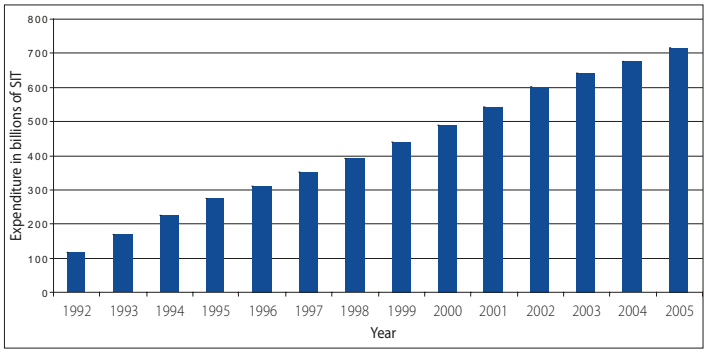
2.3 An efficient and less costly state, (d) modern social state and higher employment

Inefficiency of the state is one of the strongest reasons for the poorer placing of Slovenia on various global competitiveness scales, which calls for urgent measures in this area. The main focus of concern should be on the level and structure of public expenditure, the business environment in which companies operate and the inefficiency of the judicial system. Recently, the issue of health care inefficiency has been increasingly often pointed out. The breakthroughs in this area are important if Slovenia is to provide a more reliable, friendly, effective and developmentally stimulating environment.

In the past two years, the share of *expenditures of the general government* in GDP has fallen; in 2005 they represented 47.3% of GDP, which is slightly above the EU-25 average, which in 2004 amounted to 47.1%. A decrease in this share was partly achieved through increased state economies and through the pension scheme reform, and partly by reducing investment expenditures. In spite of the nominal increase in spending on pensions, in recent years the pension reform has contributed to the fact that the amount of expenditure for this purpose has been increasing at a lower rate. In Slovenia, the share of what is called "productive expenditure" of the state[2] in GDP that most significantly contributes to economic growth represented 16.1% in 2004, which is less than the 16.8% in the EU-15 in 2003. Considering the high expenditure on education and health care (5.8% on education in Slovenia and 5.4% in EU-25; 6.6% on health care in Slovenia and 6.4% in EU-25), the reason for Slovenia's lag is the low level of expenditure on housing and public utility services and the reduction in expenditure on economic activities. The majority of Slovenian state aid allocated for the economy is still channelled into sectoral instead of horizontal objectives, and into saving and restructuring companies in difficulties. A comparison of Slovenia's public spending structure with the structure that should contribute to the achievement of Lisbon Strategy objectives shows that some adjustments are needed in this structure.

A positive difference has been reached in particular by the share of expenditure for instance on "state-building activities" and social protection, however we are lagging behind in the share of spending on economic affairs and housing and public utility services.

Diagram 7: Level of expenditure allocated for pensions (Pension and Disability Insurance Institute of the Republic of Slovenia (PPII)) in the period 1992-2005, in billions of SIT



Source: Public Expenditure Bulletin, Ministry of Finance (MF), June 2006
Note: Transfers of pension and disability insurance (pensions) to individuals and households

In Slovenia, the *institutional environment* is one of the least stimulative for economic development and competitiveness. The major weaknesses can be found in taxation, the business environment and the burden of rules, liberalisation and regulation of network activities, privatisation, the labour market and rule of law. According to the assessment of the EBRD and the World Bank, the institutional competitiveness of Slovenia in the period of 2002–2005 even fell slightly (the assessment is based on the opinions of Slovenian companies). According to the index of operational simplicity, in 2005 Slovenia was positioned in 20th place in a list of 22 EU Member States (excluding Luxembourg, Cyprus and Malta) and in 63rd place in a list of all countries covered by the analysis (World Bank).

The efficiency of the judicial system is of crucial importance for the creation of an environment facilitating development. The reduction in *court backlogs* has continued while the issue of enforcement remains critical. A significant hindrance to better efficiency of the courts is the rules that lengthen the continuation of proceedings. The two most frequent causes for lengthy proceedings – excluding criminal and insolvency cases – are suspension and/or stay of the proceedings as well as the passivity of clients and/or waiting for the opinions of experts.

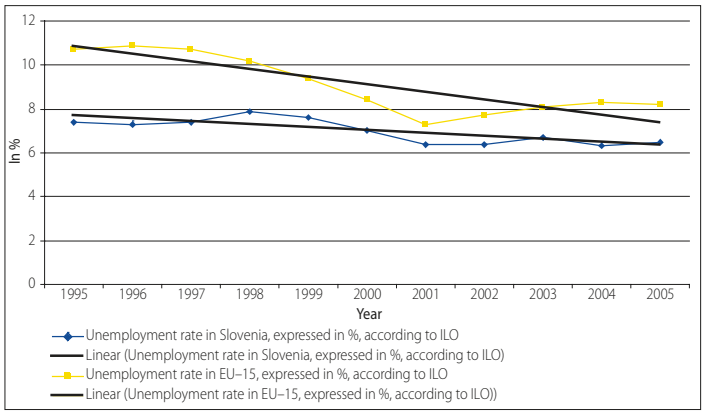
In health care systems, information and communication technologies represent basic tools, which together with organisational changes and the development of new skills, contribute to more efficient development, higher efficiency and productivity, better accessibility and promotion of quality improvement. Information and communication technologies should provide better and more easily accessible health care services to citizens, and for medical experts they should simplify work and provide quicker access to the necessary information. These technologies must become a connector of the clinical process and all subjects of the health care system (users, providers and managers) and thus ensure easier management of the whole health care system.

[2] On the basis of several international analyses, which included expenditure on education, economic activities, research and development, investments, housing and spatial development and health care.

2.4 Modern social state and higher employment

The basic economic development goals of the SDS and the Lisbon Strategy are an increase in the economic development level as well as an increase in employment and quality job creation. In Slovenia, the level of employment and/or activity rate of the population aged from 15 to 64 increased by 4.3 p. p. in the period 1996–2005. By age groups, in this period a decrease in employment of young people aged 15–24 was recorded, connected with the increase in their inclusion in education, while in other age groups an increase in this rate was indicated. However, the extremely low rate of employment of older people aged 55-64 stands out, resulting from the abandonment of mass early retirement dating back to the early nineties and from the implementation of pension reform. Compared to other countries, Slovenia has a low rate of employment in particular of young people aged 15-24 and older people aged 55-64.

Diagram 8: Unemployment trends in Slovenia and EU-15 during the period 1995-2005 according to the ILO



Source: Statistical Office of the RS, Note: ILO data on the unemployment rate for Slovenia are given as from 1993 and for EU-15 as from 1995

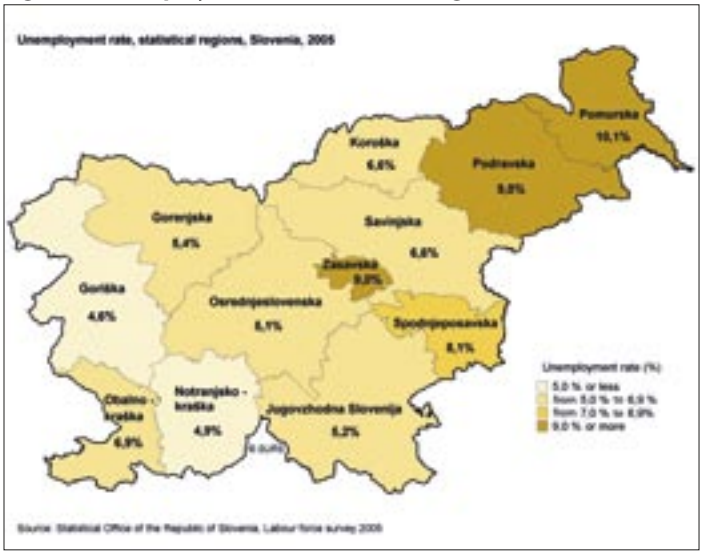
Analysis of *employment* trends in Slovenia shows in particular the following key structural characteristics that are important in steering economic policy in the coming years:

- Education is an important factor in employment opportunities. In the period 1996-2005, the employment of people with higher education increased most, the employment rate of people with low education was sluggish and the employment rate of people with secondary education decreased slightly. In Slovenia, the employment rate of people with low education is far below the EU average, which is related to the low rate of employment of older people and unsatisfactory development of the service sector. In Slovenia, the employment rate of people with higher education is above the EU average.
- According to Eurostat data, in 2004 Slovenia with its 17% of the adult population included in education and training ranked high above the EU average (9%). The results of the survey by the Slovenian Adult Education Centre show considerably slower progress in adult education.

In the period 1995–2005 the average number of years of education of the active working population in Slovenia increased from 11.0 to 11.8 years. The increase resulted in the greater inclusion of the young and adult population in formal education (secondary, post-secondary vocational and higher).

- In Slovenia the share of the population aged 15–24 included in education at various levels increased from 52.6% to 66.9% and our position in the period 1998–2003, in comparison with the other European countries, improved significantly. The structure of youth education in numerous secondary schools also changed significantly; the share of lower vocational programmes and vocational schools decreased while the shares of technical and general secondary schools increased.
- In the period 1995-2005 the sectoral structure of employment in Slovenia changed relatively slowly in favour of the service industry. In comparison with the EU, Slovenia still has very high proportions of its population active in agriculture and processing industries as well as a low proportion in service industries. In the period 1995-2005 the proportion of the active population in services increased most in business services (from 3.7% to 6.4%), public administration and education.

Figure 2: Unemployment rate, statistical regions of Slovenia, 2005



Source: SORS

In the second quarter of 1995, the *unemployment rate according to the survey* stood at 7.4% and it fell to 6.5% by 2005. The unemployment rate of young people aged 15–24 fell most, but remains relatively high (16.0% in 2005). The long-term unemployment rate, which is an indicator of labour market problems, increased in the period 1996–2000 and in 2000 reached its peak at 4.1%; after that it decreased and in 2004 amounted to 3.2%, which is slightly below that of 1996. In the second quarter of 2005, the share of long-term unemployed (population aged 15–64) in the group of the unemployed represented 51.0%, which is even slightly more than in 1996. The problem of long-term unemployment in the young generation (aged 15–24) and middle generation (aged 25-49) groups has been slightly reduced while in the older generation it increased over the last ten years. Unemployed register data show that long-term unemployment is most frequent in cases where old age and poor education are combined and where there are other considerable employment obstacles (disability for example). In recent years the proportion of long-term unemployed first-time job seekers has increased. In Slovenia, the problem of long-term unemployment has therefore not in fact been reduced, and for this reason the active employment policy measures should be increasingly oriented towards the reduction and prevention of long-term unemployment.

For the *active employment policy* Slovenia allocates approximately 0.4% of GDP (in 2004 and 2005 0.34% of GDP), which is considerably less than countries such as Denmark (1.79% of GDP), Finland (1.72%), Sweden (1.63%), Germany (1.62%) and the Netherlands (1.4%). The difference in the structure of expenditure allocated for active employment policy is also important; for training programmes Sweden allocates around 46% of all funds and Denmark 30%, while Slovenia allocates only 10–15% of all funds.

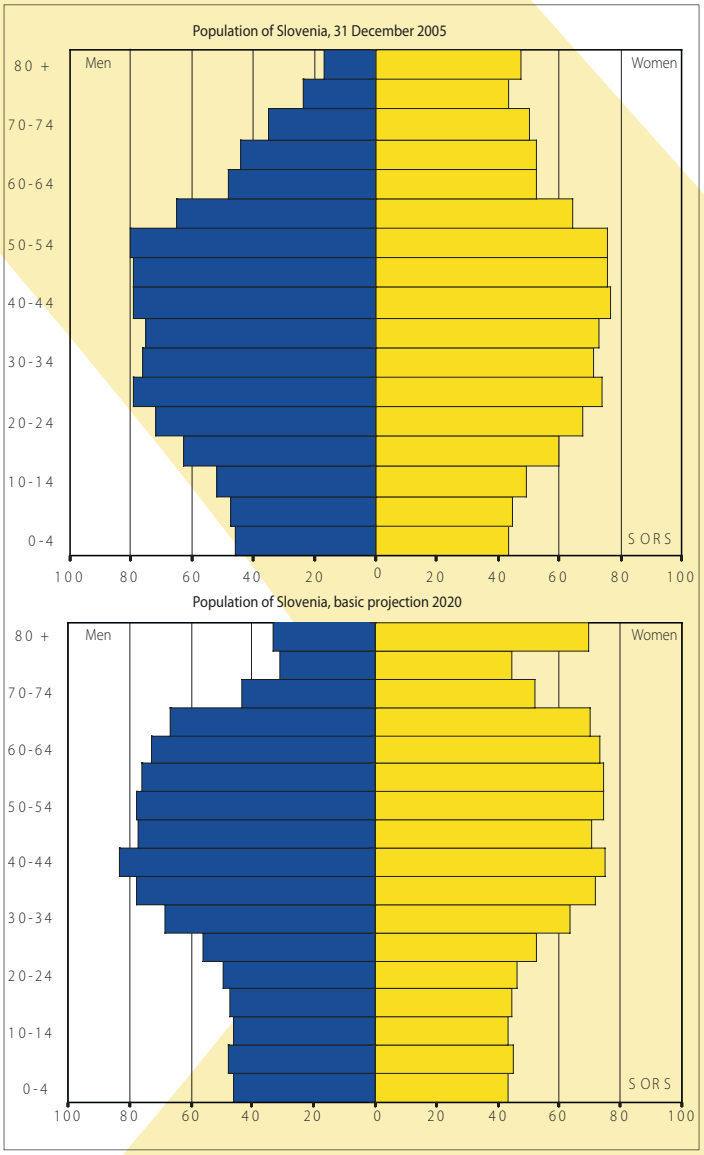
The standard of living has been rising: according to the Human Development Index (HDI) Slovenia has been constantly improving its ranking compared to other countries – thus in Slovenia, the HDI value in 2003 for the first time exceeded the limit value of 0.90 (0.904) marking a significant level of development (the average HDI value for EU-25 in 2003 totalled 0.907 and in EU-10 0.865). The risk of poverty rate and income inequality has been decreasing and rank among the lowest in the EU-25. In 2003, 10% of the Slovenian population lived below the risk of poverty threshold if money and non-cash income are taken into account. Since 1997, the poverty risk has been falling (in the period 1997 – 2003 it fell by 1.7 p. p.).

2.5 Integration of measures to achieve sustainable development

Achievement of sustainable development involves the issue of sustainable reproduction of the population, spatial management and a set of questions that are in their narrower or broader sense connected with environment pollution and cultural infrastructure and services.

With regard to the *sustainable reproduction of the population,* demographic trends in Slovenia indicate a reduction in the fertility rate and a slowing down of the mortality rate, which are also the general characteristics of other EU countries. According to the basic variant projection prepared by the Statistical Office of the European Communities, Slovenia's population will increase up to 2015 and then slowly decrease. A more intensive decline in the population should be expected following 2025. Slovenia will be faced with an even more intensive ageing of its population than it is now. The share of population aged 65 or over will supposedly increase from 15.6% (in 2005) to 20.4% in 2020.

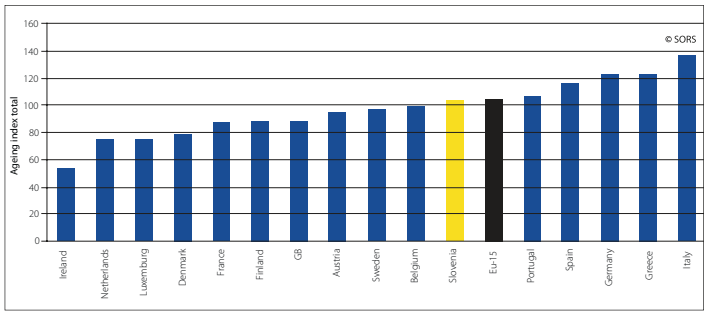
Diagram 9: Age pyramid of the population of Slovenia at the end of 2005 and according to the population projection for the year 2020



Source: SORS

With an ageing index of 103 at the beginning of 2004 (ageing index is the ratio between the old population - age 65 and over - and the young population - age 0-14 multiplied by 100); Slovenia ranks among the European countries with an unfavourable age structure. According to the projections (Kraigher, 2005; Eurostat, 2005; 2006 Development Report), the ratio between the working-age population (aged 15-64) and the old-age population (aged 65 and more) will deteriorate from the current ratio of 5 : 1 to the ratio of 4 : 1 by 2013. Following 2020 it will be less than 3 : 1 and following 2040 less than 2 : 1.

Diagram 10: Ageing index, Slovenia and EU-15, 1 January 2004



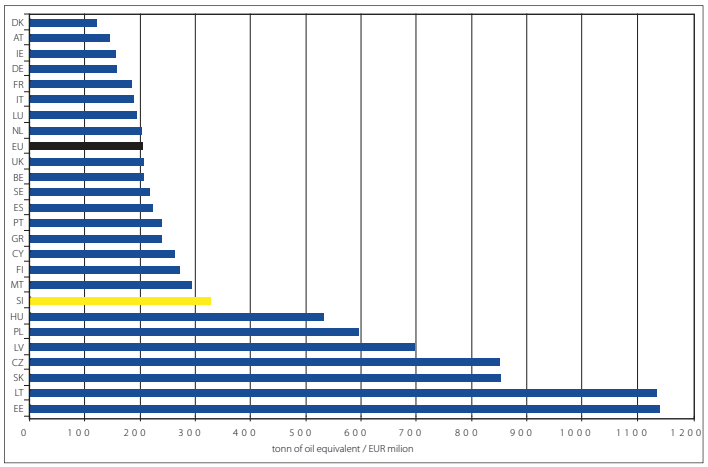
Source: SORS

With regard to *spatial management* there are several indicators of positive changes. However, the fact is that there are several substantial obstacles in the supply of developed land as well as in the operation of the real estate market, which more developed European countries do not face. In addition to improvements in the supply of developed land, development of the land market is necessary, since the obstacles on this market impact the supply and prices of land. This will require an improvement of real estate records and an improvement in directing development via spatial planning documents. The spatial developmental role has increased, since the surface area of buildings for which building permit applications have been lodged has been increasing.

Areas connected with *environmental pollution* are in particular the following:

- After 1986, greenhouse gas emissions started to decline, in 1991–1992 reached their lowest point and then again started to increase and stabilised in the period from 1998 to 2000. Following 2000, emissions have been increasing again, in particular in the energy sector, which contributes approximately one third of all greenhouse gas emissions and a third of emissions polluting the air. Another problem to deal with is the rapid increase in the proportion of road freight. However, its share in total goods traffic in Slovenia is below the EU average for goods traffic. Over the past three years it has remained at the same level (65.8%).
- Slovenia ranks among the *relatively energy inefficient* countries. In 2004 Slovenian energy use per GDP unit was 60% higher than the EU-25 average. Only seven new Eastern European members use more energy per GDP unit. In the period from 1995–2004 Slovenian energy intensity fell by 17%, however in the latter years of this period the reduction stopped. The relatively high energy intensity in Slovenia could be partially explained by the considerably lower GDP per capita than the EU average and partially by the high share of industry in the economy. Regarding pressure on the environment, in addition to energy intensity the *structure of sources of primary energy* is also important.

Diagram 11: Energy intensity of the economy



Source: SORS

- The prevailing share of fossil fuels has remained unchanged, whereas the share of solid fuels has increased and the share of liquid fuels has decreased. The positive side of this is that the share of renewable energy sources in Slovenia is twice the EU average (2004: 11.7%), which results mainly from a high share of hydroelectric energy.
- In the value-added of processing industries, the share of *"dirty" industries,* i.e. those industries with the largest shares in polluting emissions per product, has been increasing since 1999, and it increased particularly in 2003.
- In view of its *biological diversity*, Slovenia is an outstanding European country. Through the Decree on special protection areas, on 29 April 2004 the Government defined protected Natura 2000 areas in Slovenia; 286 areas were defined, covering 35.5% of Slovenia's surface. The protected areas total 25% of the surface of the Natura 2000 areas.
- Slovenia ranks among the most forest-covered European countries, and the *share of woodland* has continued to increase as a consequence of the overgrowing of cultivated land. In Slovenia, the management of forests as a rare natural resource yields poor results due to the intensity level of wood–cutting, which has been too low, particularly in managed felling, which is most important for forest development. Compared to the EU, Slovenia is lagging behind in the production of forest products.
- *Soil pollution*. Authorised limit values laid down for heavy metals have been exceeded in the surroundings of industrial centres. According to findings thus far, there are no areas where agriculture would excessively increase the concentration of heavy metals in soil via the use of manures and fertilizers.
- With regard to waters, in the period from 1992–2000 the quality of watercourses noticeably improved. In this field, construction of treatment plants and sewage systems has been carried out according to the programme. In recent years, the intensity of Slovenian agriculture has been decreasing, which is positive for environmental protection and food safety.
- In 2004, systems for *drinking water supplied* 92% of the Slovenian population. In Slovenia, the majority of fresh water is pumped from underground sources, which makes efforts for the maintenance of sufficient quantities of underground

water and its quality even more important. Water losses caused by deteriorated pipelines have been gradually decreasing.

- In connection with the *air*, a drop in SO_2 emissions is most noticeable; they have fallen by 47% since 1990, mostly in the energy sector, which produces most emissions. Due to the thinning of the ozone layer a major abandonment of chlorofluorocarbons began in 1995. Slovenia does not produce substances harmful to the ozone layer, and use of ozone-depleting substances was reduced by approximately 90% (from 1989–2000).
- *Noise* in the natural and living environment has been increasing. Road traffic noise is the most important factor in environmental noise.

There is 1.7 million tons of *waste* or 873 kg per capita per year produced in industry. In Slovenia, approximately 450 kg of municipal waste per capita are produced per year (500 kg/ per capita/per year in EU–15), and the quantities have been constantly increasing. The share of the population included in the system of regular collection and removal of municipal waste increased from 76% in 1995 to 94% in 2001. Up to the present, separate waste collection has been carried out by 70% of public service providers responsible for municipal waste treatment.

In Slovenia, distribution of *cultural infrastructure and services* is similar to that in other EU countries, with public as well as private funding increasing, and according to the assessment, funding is slightly higher than the EU-25 average. Household private expenditure on culture is relatively high (in 2003 the share of funds spent by households represented 3.65%); 60% of all funds allocated by Slovenian households for the purchase of cultural goods and services were used for media including printed media as well as radio and television. In 2003 the share of household expenditure allocated for recreation and culture (9.5%) in Slovenia was similar to the EU-25 average (9.6%), and a year later, Slovenia surpassed the EU-25 average by 0.4 p. p..

3 Presentation of Resolution projects

3.1 Presentation of projects for the achievement of the first development priority goals of the Slovenia's Development Strategy: a competitive economy and faster economic growth.

By means of the proposed projects we wish to promote economic competitiveness and the achievement of higher growth levels. The aim is also to encourage faster development of entrepreneurship and small and medium-sized enterprises (SMEs), to create a more supportive business environment and to increase inflows of development-promoting domestic and foreign investment. The main project themes are therefore oriented towards entrepreneurship development (business and industrial zones, business incubators), technological economic development (technological parks, business-related education centres), information technology development and its accessibility to people, logistics centres and tourist infrastructure. The projects are decentralised and horizontal. This means that they are spatially distributed across regional centres or larger towns in all Slovenian regions and that each project links several of the above-mentioned themes with the objective of exploiting all opportunities for coordinated cooperation. The network of development centres provides a highly-skilled labour force, more intensive investment in research and development, closer co-operation with public research and the education sector, efficient operation of supporting institutions and intermediaries, adequate ICT infrastructure and increased innovation. It is only through the establishment of all the above-mentioned parts that Slovenia will be able to become a nation grounded on knowledge and innovation.

Table 6: Activities of the SDS and the Resolution within the framework of the first development priority: a competitive economy and faster economic growth

Fostering entrepreneurial development and increasing competitiveness
- *apply measures aimed at fostering technological development,*
  education and training to detect and promote those areas where Slovenia has competitive advantages and allow the development of new, potentially successful areas;
- *encourage development-oriented investments and strategic projects that via networking produce positive effects at the regional and international levels;*
- *encourage business networking in key sectors of the economy (electronic communications and information technologies, pharmaceuticals, chemical industry, electrical and optical equipment, logistics);*
- *accelerate the development of the leading service industries (tourism, business, financial and information services, high-tech services);*
- *develop instruments for the government's and the private sector's joint investment in infrastructure building through concession agreements;*
- *create a supportive entrepreneurial environment and culture; and*
- *stimulate and develop an innovative environment and innovation.*

Increasing inflows of development-promoting domestic and foreign investment
- *create industrial/technological estates on attractive sites to eliminate the problem of land (availability and price) and administrative restrictions for domestic and foreign investors, and to foster development in specific regions;*
- *encourage the expansion of existing foreign enterprises in Slovenia and the integration of foreign-owned enterprises with the Slovenian economy;*
- *promote foreign direct investment (FDI) in high-tech and medium-high-tech industries and quality jobs; and*
- *ensure the conditions for the promotion of greenfield FDI.*

3.1.1 Construction of the economic growth centre of South-Eastern Slovenia

Project theme
- Higher education development in the field of natural and technical sciences and the construction of a university centre with accompanying structures
- Construction of a science and technology park
- Regional business incubator network
- Business and industrial zone in Novo mesto

Project objectives
Enable the economic advancement of the region by concentrating educational institutions and a supportive environment for entrepreneurship.

Opportunities created and problems eliminated through this project
Characteristic of the economy of South Eastern Slovenia is the concentration of industry around Novo mesto. All the economic indicators of this region show an economically efficient region with a healthy industrial core which represents the driving force of the economy. Although strong industry is an advantage for the region, it also represents a certain shortcoming. Compared with other regions, there are less small enterprises in this region on average; this is why this area needs to be stimulated in order to prevent commercial risks for the region. Higher education in the region is at the beginning of its development and there are no technology parks or business incubators in operation. The majority of research work is carried out in export-oriented companies. An additional problem of the region lies in the fact that large enterprises could, if they decided to leave the region, cause not only regional but national economic problems as well, as such a decision could result in high unemployment.

In what way does the project eliminate identified problems or exploit available opportunities
There is a great lack of knowledge in the region in the field of natural and technical sciences and there is no infrastructure in the region which would enable the development of higher education institutions and high-tech enterprises within the framework of a technology park. Therefore the development of entrepreneurship must be greatly encouraged, especially through the development of the regional network incubator. The region also needs an adequately large business and industrial zone which will enable the arrival of Slovenian and foreign enterprises.

Project impact
The development of the science and technology park and the network business incubator will – alongside a gradual development of high-tech enterprises and the construction of adequate business zones – contribute to the higher added value, technological breakthrough and global competitiveness of the region. As a result, approximately 1,300 new jobs will be created. The development of a concentrated business environment will also have positive consequences for the regional development of Slovenia, for instance, for people in rural areas and in generating faster economic development in Bela krajina and the Kočevsko-ribniška sub-region (subcontractors in the supply chain).

3.1.2 Construction of the economic growth centre PHOENIX in the Posavje region

Project theme
- Development of Cerklje ob Krki Airport through the construction of a civil airport
- Development of business, industrial and logistics regions in the immediate vicinity of Cerklje Airport

Project objectives
Establish one of the main development centres in this part of Europe through the development of business zones and the use of transport routes through the region.

Opportunities created or problems eliminated through this project
The region has defined logistics, the energy sector and tourism as priority development areas. The development of these activities requires an increased educational level in the region. The Faculty of Logistics in Krško is already fully operational, while the Faculty of Energy Engineering and the Faculty of Tourism in Brežice are in the process of being established. A number of highly technically and technologically developed enterprises that are explicitly export-oriented have been established and are operational. The construction of the central logistics centre of the Slovenian Railways has been foreseen in the region; moreover, there are plans for the development of processing facilities in co-operation with foreign partners, the Slovenian Railways and the Italian and French Railways. In this way Posavje as a region has already identified and justified the entire technological infrastructural platform which, in addition to faculties, also includes a technology park, regional network business incubators, networks of high-tech production and service companies and a large business, industrial and logistics zone which will attract investments.

In what way does the project eliminate identified problems or exploit available opportunities
The hub of the business, development and logistics centre in the Posavje region will be built in the area of Cerklje ob Krki Airport. Over 400 hectares of infrastructurally equipped space has been envisaged for its construction. There is a motorway (10th corridor), a railway and an airport in this area which enables optimum performance of logistic activities. The immediate vicinity of the border with neighbouring Croatia – which is also the Schengen border – represents an additional opportunity.

Project impact
2,000 new quality jobs will be created in the region. Owing to its position, the business, development and logistics centre will be a bridge between the European Union and South-Eastern Europe and through the latter to Asia. The centre as such will be the most important indicator of the development of the whole South-Eastern region of Slovenia and will make use of all features of the region and enable its real development. The Posavje development centre may, in such way, significantly contribute to the visibility of Slovenia as a progressive community that is rich in knowledge, is highly technically and technologically oriented and is, at the same time, a kind and hospitable community.

3.1.3 Construction of the economic growth centre in the Gorenjska region

Project theme
- Kranj ICT Technology Park
- Golnik Medical Technology Park
- Regional network business incubator in Kranj, Jesenice, Tržič and Škofja Loka
- Brnik Business and Logistics Zone
- Network of business and industrial zones
- University of Gorenjska or Scientific Higher Education Centre (HEC)
- Škofja Loka Business Centre

Project objectives
The concentration of educational institutions will bring about the advancement of the Gorenjska region. Nearly 200,000 people or 9.9% of the Slovenian population live in the Gorenjska region. The economic activity of the inhabitants is below average, with 70,000 economically active people. In 2003, the Gorenjska region achieved 86.9% of the average Slovenia's per capita GDP (in 2000, this share stood at 87.4%). The region has some global enterprises and sufficient technical know-how, but there is also high unemployment and a weak entrepreneurial culture. The region stands out greatly in the field of tourism since a fifth of all overnight stays are made there. Kranj is the largest town in the region and represents an industrial and higher education centre. The central lowland part of the region has a good transport infrastructure. Kranj with its surroundings also represents a very important transport centre. With industrial restructuring in the area of former companies such as Tekstilindus, Savska loka, Inteks and Planika, industrial structures and areas are becoming vacated. New activities are being introduced in the area (trade, sport (a ski jump), wellness park, the Izbruhov Museum youth cultural establishment etc.) while there is limited available space for industry. The Škofja Loka Business Centre supplements the business centre by concentrating educational institutions and a supportive environment for entrepreneurship for the purpose of achieving the economic advancement of the Škofja Loka region. The use of ICT infrastructure has significant effects on all levels of economic activities, employment and the general organisation of the region, therefore the Gorenjska region will become a pilot e-region, since one of the largest and most successful global companies from the field of telecommunications operates in this region, and together with other companies and know-how provided by faculties for the introduction and development of the information society, it will facilitate e-region development.

In what way does the project eliminate identified problems or exploit available opportunities
The Gorenjska region has rather dispersed development opportunities which are based on four locations: Kranj, Jesenice, Škofja Loka and Tržič. The area of Kranj with its surroundings can guarantee an adequate critical mass of knowledge, population, enterprises and areas. Educational institutions in the field of science and technology studies must be established for the purpose of developing the general technological park in Kranj. At the moment only the critical mass for the economy in the field of ICT technologies and the related thematic ICT technology park is guaranteed. There are opportunities for economic growth in the region which should be wisely exploited, for instance by establishing adequate industrial zones which will be network integrated into a whole, such as the Škofja Loka Business Centre which will carry out personnel training and development through the University of Kranj - Gorenjska University.

Project impact
Around 2,200 new jobs related to the project will be created through this project in the Gorenjska region, and this is of exceptional importance for the preservation of general prosperity in the region. The increase in economic growth of the entire region and the establishment of new industrial facilities based on knowledge and advanced technologies are very important for the Gorenjska region, as this will enable sustainable economic growth for the region. The opportunities of the region will encourage the additional arrival of foreign investors to the area, especially in view of to its strategic location and connections.

3.1.4 Construction of the economic growth centre PERSPEKTIVA in the Notranjska region

Project theme
- Postojna Business and Commercial Centre
- Postojna Karst Visitor Park (the area of the town of Postojna with the Pivka and the Nanoščica River basins and Postojna Cave)
- Commercial public infrastructure (the establishment of an efficient internal network of public commercial infrastructure and the provision of adequate access to the Perspektiva business centre from other regional business centres)
- Veliki otok Business Zone
- Studenec Business Zone with public utility infrastructure and the establishment of a technology park
- Prestranek Industrial and Artisanal Zone
- Logistics Centre near Pivka

Project objectives
Build a central commercial centre and traffic hub for the region and develop other supply, service, administrative, social, educational and other activities which are necessary for the development of a regional centre of national importance where economic development will be concentrated.

Opportunities created or problems eliminated through this project
Relative to Slovenia as a whole, two percent of enterprises operate in the Notranjsko-kraška region (2,113 in 2003). Sixty% of companies are service companies while slightly less than 30% of them operate in the field of industry. In 2003, companies employed 2,268 workers. The contribution of the Notranjsko-kraška region to the total Slovenian gross domestic product in 2003 was, at less than two percent, the smallest. In 2003, according to the indicator of per capita gross domestic product the Notranjsko-kraška region achieved 76.4% of the Slovenian average (EUR 9,523). Characteristic of most industries is the low added value of products, which does not facilitate development advances of the region. Yet there is an encouraging fact that in addition to the traditional industries (wood and furniture manufacturing, metal and tools manufacturing) there are now also promising activities such as electrical and electronics industries. Another relatively unexploited industrial branch is the development of tourism in the famous Karst environment with its unique Postojna Cave and other extremely well preserved and rich natural and cultural heritages. Indicators of the region's tourism activities show that one of the main shortcomings is the inability to keep visitors to Postojna Cave (approximately 500,000 visitors a year) in the area for more than 3-6 hours. There is an evident lack of any comprehensive project capable of exploiting the world-famous heritage and its exceptional concentration in a relatively small area as a competitive advantage of the region in Slovenia and the world for sustainable economic, social and environmental development.

In what way does the project eliminate identified problems or exploit available opportunities
The region will attract quality personnel who will enable the development of the region's economy. Greater integration of the economy and research institutions will be guaranteed and an adequate support environment will be created (business and industrial zones, business incubator, development of other support services, technology park etc.) in which companies will be able to develop. Most of the companies that operate in the Notranjsko-kraška region are lagging in the transition to more demanding products in terms of technology and IT. There already exists a wood manufacturing cluster in the region as well as an automotive and tools industry cluster; and this kind of cooperation will be additionally increased, which will contribute to the developmental advancement of the region. The following is of fundamental importance for the further development of Postojna Municipality and therefore also for the Notranjsko-kraška region in the field of economic infrastructure:
- further development of an adequate support environment through incentives for the establishment, development and technological advancement of existing companies;
- future development of tourism with an emphasis on equal integration of natural features, cultural heritage and supplementary tourist services;
- efficient transport network and other commercial public infrastructure.

Project impact
Owing to the natural features of the region the development of renewable energy source technologies will be promoted, which will create new jobs with high added value and strengthen tourist activities.
The following has been foreseen by 2023:
- a significant increase in the number of new companies and around 1,300 new jobs;
- establishment of a polycentric tourist network with the

provision of accommodation infrastructure for different target groups;
- organisation of transport and economic public infrastructure and other public infrastructure that is important for the economy and for tourism (supply, service, information, sports and recreational infrastructure, catering etc.).

The establishment of an adequate business, tourist and commercial public infrastructure in the region will enable the developmental advancement of companies through reorientation towards activities that enable higher added value. The number of available jobs will increase and thus the quality labour force that is now moving out of the region will stay in the region. The region is scarcely populated, has many unused areas and buildings and an exceptional variety of well preserved natural and cultural heritage which enables great opportunities for economic and tourist development.

3.1.5 Construction of the economic growth centre OKO in the Pomurje region

Project theme
- Construction of a technology centre
- Transport and logistics centre
- Higher education centre project

Project objectives
Develop an innovative environment which will provide competitive locations that will enable the promotion and increase the efficiency of the transfer of knowledge from the Slovenian and foreign environments into market products. Cooperation between research and commercial areas will be ensured, the setting-up of new companies will be promoted and there will be more creativity, innovation, competitiveness and new jobs.

Opportunities created or problems eliminated through this project
According to FDI Magazine's assessment, the Pomurje region is the most promising region for new investments in the 2006-2007 period, therefore the upgrading of the regional economic and development centre is all the more justified. It represents an important project which will be implemented in the Pomurje region as well as serving as the Slovenian technological axis. For the purpose of creating innovative and technology-oriented companies a suitable support environment must be established which will comprise two parts: the setting-up of physical infrastructure and the establishment of support services at the regional level.

In what way does the project eliminate identified problems or exploit available opportunities
Regional partners will enlarge spatial capacities, and purchase information and communication equipment and laboratory equipment for the purposes of research and development activities. All support services will serve as support for the creation of new products, services and companies. There is a network incubator (Murska Sobota, Ljutomer, Odranci) which operates in the region and whose capacities are fully exploited; therefore there are plans in the region for the upgrading of the incubator into a technology park. The Northern Artisan and Industrial Zone is already under construction and is co-financed from ERDF funds. It will cover an area of 52.5 hectares; there is also the possibility of enlarging this area by an additional 20 hectares. The Northern Artisan and Industrial Zone is a continuation of the existing zone. The industrial zone furnished with all the necessary infrastructure will enable smooth functioning for Slovenian and foreign investors. In this way a greater number of new jobs can be foreseen. Additionally, there are plans for the network extension of the business centre project to other business centres in Pomurje, for instance to Ljutomer, Lendava and Gornja Radgona. The lessons learnt from the network business incubator in Murska Sobota will be taken fully into account.

Project impact
Appropriate infrastructure will ensure the necessary conditions for the development of new entrepreneurship with high market capacities and opportunities for attracting foreign investment. Some 1,500 new jobs by 2023 could well be created as a result. The effects of the project will be reflected in increased economic competitiveness, transformation of entrepreneurial capacities, sustainable growth of prosperity for the population and the transition to a knowledge-based society. The project will contribute significantly to the creation of new jobs, the increase in competitiveness and the development of entrepreneurship with better conditions for the start-up of new companies. In addition to the geographical concentration of regional opportunities, an equalisation of work conditions with neighbouring EU regions will be achieved, which will contribute to a more balanced development of the Pomurje region within Slovenia; the emigration of entrepreneurs and the brain drain will come to a halt; human resource development will be encouraged, focal points of development and services with excellence centres will be established and costs will be reduced due to integration.

3.1.6 Construction of the economic growth centre IN PRIME in the Goriška region

Project theme
- Primorska Technology Park (Vrtojba, Ajdovščina)
- University incubator
- Network business incubator
- Technology centres and institutes, technological cores (Hidria, Iskra Avtoelektrika, Kolektor, ICIT, Gostol, Gopan, MIP, Design center etc.)
- Artisanal and business zones
- Higher education centres with accompanying structures
- Personnel incubator
- Company development programmes
- Regional development fund

Project objectives
The strategic goal is to encourage innovation and faster technological development in the commercial sector, increase global competitiveness of the region through integration and the upgrading of all key elements for knowledge generation, research-based upgrading and especially transfer to the market.

Opportunities created or problems eliminated through this project
The Northern Primorska-goriška statistical region is statistically the fourth most developed region in Slovenia. The region is trying to put forward a sustainable development model that includes spatially and regionally coherent development entailing the promotion of economic development, the creation of new jobs, the reduction of development discrepancies within the region and the preservation and increase of regional capital. The region seeks to become more attractive for economic investment and innovative personnel. There are enterprises in the region which are world leaders in their fields and which can significantly contribute to the economic development of the region. Development infrastructure, a support environment and educational and training programmes are being established for the purpose of strengthening knowledge in support of innovation and the technological advancement of the region. The region has an extremely favourable strategic location and will be connected with the whole of Europe following the upgrading of the motorway network and the fourth infrastructure axis. An alternative to labour intensive industries (textiles, shoes, furniture), which have for the most part wound up operations in the region, lies in the development of high technologies in the field of mechanical and electrical technology, which already boasts a rich tradition, and in the development of mechatronics, energy engineering and smaller innovative companies which have already become established on the global economic scale. The prerequisite for success is the integration of the commercial sector and research and scientific institutions and the development of personnel with expert and management knowledge.

In what way does the project eliminate identified problems or exploit available opportunities
The IN PRIME project is a programme of long-term innovation advancement of the Northern Primorska-Goriška statistical region which provides for investments in development infrastructure, knowledge and the creation of new quality jobs. This will be achieved by the construction of the necessary development infrastructure (higher education centres with accompanying structures, technology park, university incubator, network business incubator, technological centres, institutes and technological cores etc.). Moreover, in the 2007 – 2023 period the construction of business and economic zones with a total area of around 650 hectares will take place in the region. The IN PRIME project will support development programmes of companies that are oriented primarily towards the development of new products with high added value and the training of expert personnel (personnel incubator).
In addition to infrastructure work and development programmes of companies, the IN PRIME project also provides for the introduction of new forms of higher education through the University of Nova Gorica, the consortium for the development of higher education in the field of science and modern technologies in the Primorska region and the Higher Education and Research Centre of Primorska.
A development fund for the support of new innovative companies will be established in the region. This fund will be established on the basis of already operational funds for the development of the small business sector and a gaming concession.

Project impact
2,500 new quality jobs will be created with this project and new highly innovative companies will be established, employing skilled and development-oriented experts, especially in the field of industries that have a high level of added value and are development-oriented. By 2023, the achieved added value will be equal to that of the neighbouring Friuli-Venezia Giulia region.

3.1.7 Construction of the economic growth centre OREH in the Podravje region

Project theme
- Business incubator
- University incubator
- Science park
- Technology park
- Land-based logistics centre
- Higher education centre
- Centre for the management of light and multifunctional materials, ALUREG – Slovenska Bistrica
- Industrial zone in Ormož

Project objectives
The general objective of establishing and promoting further development of the business and research centre is to improve innovation activity and to promote the growth of new and existing technological and non-technological companies, to strengthen cooperation between companies and universities and to increase domestic and foreign investment in this part of Slovenia.

Opportunities created or problems eliminated through this project
In terms of the number of inhabitants, the Podravje region is the second largest statistical region (16.1% of the Slovenian population lives in the region) and with 2,170 km^2 comprises a good tenth of the Slovenian area, including 34 municipalities. In terms of per capita GDP, the Podravje region is, at 83% of the Slovenian average, one of the least developed. The registered unemployment rate, which has been one of the highest in the country over the last decade, remains unchanged despite positive trends in recent years (reduced by 5.8 p. p.) and still greatly exceeds the national average: according to the Employment Service of Slovenia latest data (June 2005), the rate for Slovenia is 10.2% and for the Podravje region 14.4%. According to the data provided by the Slovenian Entrepreneurship Observatory 2004, there were 12,686 companies employing 78,103 workers in 2003; of these, 49,378 were employed in small and medium-sized companies.

In what way does the project eliminate identified problems or exploit available opportunities
The Podravje region will establish an economic growth centre which will comprise the setting-up of a business incubator and a science and technology park, and further development of the university incubator and land-based logistics centre with a business and industrial zone. The Štajerska technology park, which will be located in the Pesnica Municipality, will perform the function of the regional business incubator with the task of setting-up the support environment for the growth and

development of companies. The Tovarna podjemov university incubator will build entrepreneurial spirit at the University of Maribor, carry out entrepreneurial training and consulting activities for innovative individuals and provide expert support for the establishment and construction of spin-off companies in co-operation with the University of Maribor. The science park will be established in Maribor (Tezno) where it will function as a connecting mechanism between various subjects in an innovation environment, faculties, institutes and the commercial sector, and which will be oriented towards regions in which the University of Maribor operates. These three institutions have already concluded an agreement on the coordinated construction of integrated mechanisms of an innovative environment, which define the roles and responsibilities of innovative entrepreneurial environment operators. A modern land-based logistics centre will be established in the Hoče-Slivnica Municipality, and this will also attract industry and other accompanying programmes (tourism, recreation) to the region. The centre's location lies at the intersection of transport routes (railway, airport, motorway) and is located in the vicinity of the city of Maribor. The construction of the industrial and artisanal zone in Ormož will enhance economic competitiveness and will have a positive impact on employment and, consequently, on the development of the region, which is predominantly agrarian. A substantive supplement is provided by ALUREG, which is situated in Slovenska Bistrica and is a centre for integrated management of light and multifunctional materials. A higher education centre for the development of engineering personnel, a technology park, a venture capital fund and the construction of an industrial zone have been foreseen within the framework of ALUREG.

Project impact
Guaranteed within the framework of the land-based logistics centre will be further development of the airport and the promotion of FDI in the region. 3,200 new jobs will thus be created in the region. This will significantly increase investment in research and development and strengthen links between business and the universities in the region. This will encourage innovation, which will be reflected in the creation of new technologies and services, affect growth and competitiveness of the existing and newly-founded high-tech companies and increase the R&D level at universities. New jobs with high added value will also be created through the promotion of the building and development of an entrepreneurial and innovative environment.

3.1.8 Construction of the economic growth centre NOORDUNG in the Koroška region

- Noordung large business and development logistics zone with centres in Slovenj Gradec, Dravograd, Ravne na Koroškem and Radlje ob Dravi
- Regional network business incubators and the extension of the project into the Noordung Technology Park
- Higher education centre in Slovenj Gradec
- Technology centre in the business zone of Otiški vrh II

Project objectives
The general objective of establishing the business and development centre is to increase innovation capacity and to achieve the developmental advancement of the Koroška region.

Opportunities created or problems eliminated through this project
The Koroška region is one of the smaller statistical regions; it consists of 12 municipalities with 73,905 inhabitants or 3.7% of the total Slovenian population. The urban municipality of Slovenj Gradec is economically the strongest municipality in the Koroška region. Most of the region ranks among areas with special development problems due to a high level of registered unemployment and a large agrarian population. The number of workers employed in small and medium-sized enterprises amounted to 12,517 in 2003. Per capita GDP for the region stands at 78% of the Slovenian average. On the basis of the adopted programme of motorways and high-speed roads, intensive activities for locating the high-speed road – third development axis – in the area is already being carried out in 2006. The adopted Strategy of Spatial Development of the Republic of Slovenia envisages a district railway connection of international importance on the Dravograd-Slovenj Gradec-Velenje-Celje route, which is necessary from the point of view of successful economic development. There is an airport in the immediate vicinity of Slovenj Gradec which is in the course of obtaining the status of a public airport. The construction of ICT infrastructure for the transfer of know-how will enable the region to mitigate its marginal geographical location and will guarantee information links with the global network economy.

In what way does the project eliminate identified problems or exploit available opportunities
It is necessary to establish at least one large business and development logistics zone in the region which would connect, provide and develop regional network business incubators, a technology park, a higher education centre, an industrial and logistics zone and a technological development centre. These enlarged zones in the region would comprise around 250 hectares in the area of the municipalities of Slovenj Gradec, Ravne na Koroškem, Dravograd and Radlje ob Dravi which would make use of their border location as well as new connections within the framework of the high-speed road and railway link as well as air routes for passengers and smaller cargo. By activating the uniform business zone in all municipalities, a rationalisation of the use of the already constructed road and public utility infrastructure will be achieved. The logistical connection will be ideally organised given the fact that the zone will be entirely built in the immediate vicinity of the new high-speed road or the third development axis. The technological business incubator will ensure the long-term development of the Noordung technology park in the region. The development of the technology park depends on the critical mass of know-how or scientific and technological educational institutions in the region. This is also related to the operation of the higher education centre based in Slovenj Gradec and the technological development centre for the Koroška region in the Otiški vrh II business zone. The integration of all regional development providers will be achieved through the establishment of an adequate ICT infrastructure whose geographical location will comply with the foundations prepared by the region within the framework of special preparatory programmes for cohesion policy funds utilisation.

Project impact
At least 1,000 new jobs with high added value will be created by promoting the establishment and development of an entrepreneurial and innovative environment. The functioning of the business development centre will develop cross-border networks of commercial relations between SMEs and enable increased company investment in R&D activities. By doing so, the educational level will increase from the present 9.7% of inhabitants with post-secondary vocational and higher education to 15% by 2020. The project will contribute to the restructuring of larger industrial companies in the region, improve the level of innovation and technological complexity of production processes and products and have a positive influence on the sustainable development of the region.

3.1.9 Construction of the economic growth centre TEHNOPOLIS+ in the Savinjska region

Project theme
- Technology park
- University incubator
- Higher education centre with accompanying structures
- Regional network incubator
- Regional network of technology centres
- Network of regional business centres
- Establishment of a large business, industrial and logistics zone of national importance
- Design centre in Velenje (Gorenje)

Project objectives
Build a central integrating site for the technological development of South-Eastern Europe.

Opportunities created or problems eliminated through this project
The strategic location of the Savinjska region is undoubtedly very important for investors with a global outlook. It is located in North-Eastern Slovenia in the heart of Central Europe. The area comprises 2,384 km^2, which represents 11.8% of the country's surface area. 257,000 inhabitants live in the region, 117,000 of them are economically active, while the unemployment rate stands at 14%. Approximately 3,500 young people are looking for a first job every year. 48% of the active population works in the industrial sector and 46% in the service sector. The most prominent branch of industry in the region is the production of machinery and equipment, which employs 8% of the economically active population in the Savinjska region. The region now has 540 hectares of industrial and business zones. The Ministry of the Economy has supported the existing actors of technological development in the region (Ecoremediation Technological Centre, TECOS, Ircon Institute) through various projects and invested in the establishment of some new ones: the establishment of a spin-off incubator which will start to operate in 2006, the first phase of the construction of the technology city in which there will be spaces intended for the incubation of companies and assistance with public utility services for the IC Celje East business zone.

In what way does the project eliminate identified problems or exploit available opportunities
The Tehnopolis+ project is an interdisciplinary project whose greatest business, market and material value lies in the fact that it has an established umbrella management of the project, which enables the engineering of the development of projects related to the creation and start-up of individual programme components. The project is entirely market-oriented with the aim of creating new economic development of the region. Municipalities, banks and the region's economy are all involved in the project, and the participation of all actors is a guarantee for the project's success.

Project impact
The project will enable the establishment of 230 companies and institutions in the technology city with 2,000 new jobs. Moreover, 1,800 new jobs in business zones comprising 110 hectares of land will be created.

3.1.10 National broadband network

Project theme
- Accelerated construction of broadband networks in less developed regions, especially in rural areas and the integration of these networks with national backbone networks
- Upgrading of the existing stationary broadband network from the stationary network or wireless broadband networks on the basis of economic eligibility

Project objectives
The implementation of the programme will enable all end users in Slovenia to access the Internet via broadband connections and will lead to a more balanced spatial development of electronic communications networks and services. Target users are private end users, public institutions and the economy as a whole. By the end of 2010, it must be ensured that each citizen can connect to the Internet at a speed of at least 512 kbit/s and at least 90% of citizens at the speed of at least 2Mbit/s. The long-term objectives are to enable 90% of the population to have access to "triple play" services and a speed of at least 20 Mbit/s by 2015 and to enable them to have optical connections to their homes by 2020.

Opportunities created or problems eliminated through this project
It is very important for users to have the possibility of access to broadband networks or services provided by broadband networks and the possibility of choosing from different providers; data transmission speed is of course equally important. The requirement for the greatest maximum speed arises with users at the latest when the user is already using certain applications. Although the user already has access to the network with a lower data transmission speed, he nevertheless demands a higher quality of data transmission. In Slovenian towns with a high density of users and in the vicinity of main telecommunications service provider hubs, it is possible to choose from different providers of various kinds of broadband access. Yet competition has only been established between various kinds of access, such as xDSL, cable modems or wireless access. Competition within individual types of access is improving. Thus there are a number of xDSL service providers on the market. The situation regarding cable internet providers is better, since with one cable network provider it is possible to order access to the Internet with different providers.

The situation outside urban areas is very different. Networks are availably mainly where exists a minimum density requirement of users, which still guarantees profitability to local providers, or where companies in cooperation with local authorities have invested in their own optical infrastructure. Most widely used are telephone copper conduits, which reach almost every Slovenian household including rural areas since part of the population has, in the past, co-financed the construction of the telephone network, especially in rural areas. Yet it is not possible in every one of these areas to obtain an xDSL connection or a connection using an alternative technology.

In what way does the project eliminate identified problems or exploit available opportunities
The project envisages several measures. Networks for wireless broadband access will be built, competition will be encouraged and obstacles to the construction of broadband networks will be reduced. Measures which include the use of national and European Funds will be implemented throughout the country with an emphasis on accelerated construction of broadband networks in less developed regions and especially in rural areas. All activities will be carried out on the basis of the construction of open competitive networks, to which all network and service providers will have access, without giving advantage to certain technologies.

Project impact
The achieved project objectives, both short-term and long-term, will encourage the development of various services, increase the efficiency of public institutions and the commercial sector and enable faster access to know-how and the development of entrepreneurship with high added value including in less developed areas. There will be positive effects on economic development, which will affect developments in education, research, cultural and health care institutions. One of the positive effects will be a more balanced development of regions and rural areas. Owing to indirect effects it is possible to expect up to 400 new jobs evenly distributed all over the country and above all, greater efficiency and viability of existing jobs. At least 100 new jobs will be brought about by the mere implementation of measures.

3.1.11 Slovenian Adriatic Island

Project theme
- Construction of the Slovenian Adriatic Island

Project objectives
The purpose of the construction of an artificial island is to concentrate the benefits arising from the solution to problems related to the depositing of gravel, together with the benefits from the construction of a major tourist attraction that will offer possibilities for relaxation, entertainment and socialising.

Opportunities created or problems eliminated through this project
The tourism facilities on the Slovenian coast are varied and of a high level, which is made possible particularly by the geostrategic border location of the region with favourable natural features and development opportunities; with a long tradition of tourism, developed accommodation capacities (especially in hotels) throughout the year; developed supplementary services (trade, service activity), the variety and diversity of the facilities (sports, youth and congress tourism, gambling activities etc.) and available capacities for event organisation. But there are certain impeding factors which prevent a faster, further development of tourism such as badly arranged beaches, the lack of marinas, a lack of tourism opportunities to prolong the tourist season, poorly developed maritime transport and inadequate integration of the tourist attractions of the Karst region. Another formidable obstacle is the poorly developed road infrastructure which, during the seasonal months and on public holidays, creates intolerable traffic jams. It would be reasonable to seek solutions to the above-mentioned obstacles in the development of maritime passenger transport (a new passenger terminal, an international nautical traffic centre, connection to maritime routes), creation and development of the Mediterranean climatic sun park of Ankaran - Debeli rtič - Jernejev zaliv, the organisation and development of coastal areas and marinas, further development of passenger traffic (land, maritime and air), the integration of supplementary services in tourism etc.

In what way does the project eliminate identified problems or exploit available opportunities
The island, which will cover 30,000 m^2, will rise at least 3 metres above sea level. The island itself will comprise a variety of tourist entertainment infrastructure divided according to thematic fields, catering facilities and an adequate pier for the transport of visitors and anchorage for private vessels. The construction of the island will provide additional bathing areas, which our coast lacks. What should be particularly emphasised is the value of such a project as an attractive sightseeing spot, since this will be the only artificial island in this part of the Adriatic and will thus surely attract a considerable number of visitors.

Project impact
The positive effects of project implementation will be seen in the following fields: creation of new jobs (around 2,000 employees – directly and indirectly linked to the investment), the creation of new tourism capacities which will add additional variety to the existing tourism facilities in this region, additional opportunities for small and middle-sized enterprises, faster development of tourism in this region and indirect favourable effects on the economic development of the entire region.

3.1.12 Integration of the natural and cultural potential of the Karst

Project theme
- Construction of a European Karst Park
- Renovation of cultural heritage structures in the protected area of Lipica Stud Farm and investments in the increased quality of tourist infrastructure
- investments in the development of tourism infrastructure and facilities, and training for the conservation of natural and cultural heritage in the wider area of the Škocjan Caves
- Investments in the renovation of the village of Štanjel
- Setting-up of a regional Karst park institution and infrastructure

Project objectives
The construction of the European Karst Park as a tourist, information and educational centre and the development of related important tourist spots in the Karst region will achieve an important enrichment of the existing tourist attractions in Slovenia, making use of development potentials of the area which are unique and, at the same time, represent a comparative advantage for Slovenia in the field of tourism. Linking the existing public institutions in the wider area of the Slovenian Karst would signify a positive shift towards integrated protection and development of the Karst and more active cross-border cooperation with Italy and Slovenians living on the Italian side of the border. Activating a development-oriented Lipica, Škocjan Caves and Štanjel, with investments in the active protection of the natural and cultural Karst heritage and through the construction of the European Karst Park, activating related tourist spots. Investment in education for the conservation of the natural and cultural heritage will activate development-oriented owners who act as investors and providers, and public and private institutions as operators of programmes and projects.

Opportunities created or problems eliminated through this project
The Karst is a good example of a sub-region that is part of the rural environment and faces different development problems compared to the more developed part of the Obalno-kraška region. The Karst is the region which, with its picturesque geomorphological phenomena, has given the name to such phenomena all over the world. It is also an example of a region with a relatively high share of protected areas (Natura2000, area of national significance). There already exist dispersed tourist attractions in the region, which also includes sights of global or European importance (e.g. the Škocjan Caves, Lipica Stud Farm) yet nevertheless tourism does not achieve significant economic results due to its disconnected character. The investment in the European Karst Park, which will play the role of a tourist and information centre with a modern presentation of karstic phenomena, will considerably enrich the existing tourist facilities, while simultaneous investments in the most important "pearls" of this region will contribute to the creation of integrated tourism products which will significantly supplement those of the wider region. An integrated approach to the development and marketing of this region based on natural and cultural features will create an example of good practice which will also be applicable to other parts of Slovenia; it will also attract private investors under the public-private partnership principle. The project will significantly contribute to the greater visibility of Slovenia on the tourism market.

In what way does the project eliminate identified problems or exploit available opportunities
With new jobs the region will achieve developmental success through the support of tourism development based on the understanding of opportunities for the exploration and development of natural and cultural potentials from public funds and in cooperation with private investors.

Project impact
The project will contribute to the greater competitiveness of development regions in the Karst area and at the same time, significantly contribute to the tourism visibility of Slovenia and a higher added value in tourism in the wider area.

3.1.13 MEGALAXIA Amusement Park

Project theme
- Construction of the amusement park of "Megalaxia, Hajdina pri Ptuju"
- Complementary development and investment project "Gaja – Janežovci Spa Resort" in the Municipality of Destrnik

Project objectives
The basic project objective is to create an amusement complex which will offer entertainment, excitement, relaxation and socialising to people from all social groups and of all ages. At the same time the aim is to ensure more varied tourism services and contribute to the increased quality of tourism in the area of North-Eastern Slovenia.

Opportunities created or problems eliminated through this project
Characteristic of the wider area where the two investments will be implemented is high unemployment and a low industrial profile, which is the consequence of the closure of many large industrial plants in the past (particularly in Maribor). Another substantial problem is the so-called "brain drain", due in large part to the limited opportunities for adequate employment of young people after they finish their schooling, the consequence of which is a low educational profile for employees, especially in the tourism sector. The insufficient market orientation of existing services should not be overlooked either. The second part of the project (Gaja – Janežovci Spa Resort) will provide additional tourism capacities in North-Eastern Slovenia, especially in a tourism market segment which is becoming increasingly attractive, spa tourism and wellness tourism.

In what way does the project eliminate identified problems or exploit available opportunities
The amusement park will be visited by people who live within a radius of 300 km from the location of the park (14 million inhabitants). There is no direct competitor-park with similar integrated facilities in the area. Potential competition could include the historical amusement structures in Prater in Vienna and perhaps various other water parks, multiplex cinemas and festivals. The complementary project will contribute especially to the implementation of structural changes in the field of tourism in Slovenia and also to more balanced regional development. It will also enable the exploitation of potentials resulting from the first part of the project.

Project impact
The realisation of the project will have a distinctly positive impact on the development of tourism in the region where the investment is to be implemented, as well as indirectly over the wider area.
The first part of the project will bring about the following:
- creation of new jobs (at least 300 full-time employees, over 100 part-time employees and at least 2,000 persons indirectly involved in the project);
- integration and better development opportunities for small and medium-sized enterprises (especially in services);

- promotion of investment cycles and foreign capital investment;
- creation of opportunities for the integration or inclusion of other sectors in the project.

The contribution of the second part of the project will be the following:
- 800 new quality accommodation capacities;
- around 200 direct new jobs in the Podravje region;
- direct and indirect positive effects on the conservation of cottage industry, cultural customs and preservation and development of small enterprises in the surrounding areas.

3.1.14 Leon Štukelj Sports and Business Centre

Project theme
- Indoor hall complex for trade fairs, congresses, sports and recreation activities
- Outdoor part of the complex likewise intended for trade fair and sports and recreational activity
- Accommodation capacities

Project objectives
To become an important vehicle for linking Slovenia with other countries through the development of a central space for the organisation of events

Opportunities created or problems eliminated through this project
The Leon Štukelj Sports and Business Centre will be intended for trade fairs, congresses, tourism and development, as well as technological, sports and recreational activity in the area of Ljubljana. Ljubljana and the region in general greatly lag in trade fair and congressional tourism as well as in sports and recreation facilities. The main reason lies in the shortage of adequate infrastructure. The construction of this park would significantly increase development opportunities, not only those of Ljubljana but also of the wider region. The multipurpose development park would thus integrate business and tourism, university, sports and recreational capacities which today cannot become fully operational owing to poor infrastructure.

In what way does the project eliminate identified problems or exploit available opportunities
The construction will be carried out on the basis of a public-private partnership. Private capital will certainly be interested in joining the European, state and local financing sources.

Project impact
The Leon Štukelj Sports and Business Centre could become an important factor for the co-operation of Slovenia (and the EU) with South-Eastern Europe also in the economic sense (trade fairs, technological, congress and festival activity etc.). In addition to large trade fairs, congress and festival events, top sports (football, athletics, indoor sports etc.) and recreational events will also be organised in the Park. This will also greatly increase the tourism facilities. The Leon Štukelj Sports and Business Centre will also be connected with secondary and tertiary education.

3.1.15 Planica Nordic Centre

Project theme
- Ski jump renovation (renovation of the jump hill and the large Olympic ski jump – the old Bloudek giant hill, and small ski jump for training)
- Ski jump equipment – plastic mass and ceramics, snow-production, lighting, equipment for ski jump preparation
- Construction of a cross-country ski stadium and an accompanying structure for ski race tracks
- System for artificial snow-production, ski-lifts (chairlifts), athletics and football stadium, cycling and walking paths
- Cultural heritage park, information centre with a catering establishment

Project objectives
Provide quality tourism and sports services through the construction of a modern Nordic centre.

Opportunities created or problems eliminated through this project
Planica is known not only for its ski jumps (it is rightly called the cradle of ski jumps – owing largely to the first jump in the world that exceeded 100 metres, and thanks to the largest ski jump in the world, constructed by the Gorišek brothers) but also for all the events, especially the more negative ones, related to the arrangement and maintenance of ski jumps and other structures, infrastructure and the surrounding area, the organisation of ski jumping competitions and all the complications between the different associations and organisations which are co-owners of facilities in the Planica area, or are in some way or another connected to the arrangement of Planica and the organisation of sport competitions. These activities are carried out by more than ten organisations, institutions, associations or occasional organisers on land owned by more than 100 individual owners (grouped in an agricultural association), a few other private owners and the Municipality of Kranjska Gora; the structures are owned by five legal entities.

In what way does the project eliminate identified problems or exploit available opportunities
Solution: Planica will be organised as a Nordic sports centre which will be operational in all seasons with the following programmes:
- competitions and training of sportspeople in Nordic disciplines (ski jumping, cross-country skiing) on the highest level;
- summer *grand prix* on the 120-metre ski jump, keeping the world cup final;
- summer training;
- revitalisation of the Planica ski jump school; in connection with the ski jump centre in Kranj with which the Economics Grammar School cooperates in the training of young ski jumpers;
- ensuring conditions for the provision of recreational programmes (running, boarding, cross-country skiing, alpine skiing, mountaineering, ball games, cycling);
- tourism programmes which will ensure attractive features

and include the use of sports facilities (tours, simulations), history and tradition;
- programme for the organisation of events which will make use of the available infrastructure and enrich the services for one-day guests;
- adrenaline programmes which will make use of natural features and outstanding location;
- presentation of unspoilt natural and cultural heritage (thematic parks with bioprogrammes and ecoprogrammes in connection with agricultural activities).

Project impact
The comprehensive organisation of Planica will also provide new jobs which will be required as a result of increased sports activities and especially recreational and tourist activity. Given that tourism, sport and recreational activity will be provided all year round, we can justifiably expect a greater number of visitors to Planica and thus to the wider area, which will encourage additional development of the entire Zgornjesavska valley.

3.1.16 The Goriška Tourist Centre [3]

Project theme
- Construction of the gaming resort Nova Gorica Tourist Centre

Project objectives
The aim of the project is to establish the first resort of entertainment tourism in Slovenia and the largest resort of this kind in Europe. Another important objective is to establish a technological pillar so that the facilities will include high-tech gaming and that foreign investment and knowledge will be increased and new marketing skills will be developed.

In what way does the project eliminate identified problems or exploit available opportunities
Resorts as forms of entertainment tourism are becoming increasingly popular, since classical casinos no longer guarantee a unique and special experience. There is no similar gaming facility in Europe, which is precisely why as a location for gaming tourism Europe does not rank very highly. So-called export gaming is becoming established in resorts since foreign guests are the most numerous. From the experiences of the USA and Macao, these forms generate the most profit and taxes.
The realisation of the project will represent a breakthrough in entertainment resort services and significantly contribute to the greater tourism visibility for Slovenia as a tourist destination. The broader effect should not be overlooked, namely the further development of tourism and other economic sectors in the wider area. Benefits and business opportunities for numerous partnership companies and the rural area need to be particularly emphasised. Given the size of this investment we cannot overlook its environmental impact, from both the sociological and ecological points of view. On the basis of experience, the "integrated entertainment resort" which, in addition to casinos, congress, entertainment and wellness centres, includes areas intended for sports activities (e.g. golf), when compared with other forms of gaming facilities, shows the least negative impact on the social environment because the complex is, as such, primarily intended for tourists.

Project impact
Increased tourist activity and global competitiveness of Slovenian tourism: 1,000,000 overnight stays per year are planned, the equivalent of roughly 10% of all realised overnight stays in Slovenia.
Impact on the local environment: the investors intend to directly employ 2,500 people, encourage the development of tourism in the wider area and positively influence the development of trade and services. The project is expected to have a positive impact on the creation of high-tech telecommunication technology enterprises.
Impact on the wider environment: the investment will enable new direct and indirect taxes in the Slovenian budget, provide new business opportunities for Slovenians living on the Italian side of the border, and raise the quality of the marketing brand of Slovenian tourism on a global scale. Characteristic of the development of tourism activity is its strong relationship with the environment. Compared to production companies, tourist companies as a rule require far better relationships in order to be successful. Tourism operators generally support the development of other activities in the fields of culture and sports which undoubtedly enriches the local environment.

3.1.17 Impact of projects on development indicators

The project aimed at the establishment of a business environment for production and service activities will increase opportunities for the development of small and medium-sized enterprises and, owing to more favourable development opportunities, reduce the winding up of emerging companies. The development of science and technology parks and business incubators will, alongside the gradual development of high-tech companies and the construction of adequate business zones, contribute to the higher added value, technological advancement and global competitiveness of the region. As a result, at least 17,000 new jobs will be created (and a quality work force retained) and at least 2,000 new companies will be established. The projects will enable increased company investments in research and development and the level of education (higher education centres) will rise. Service centres will promote the development of service activities while project results will encourage the development cycle in tourism in particular. Given that tourism, sport and recreational activities will take place year round, an increased number of visitors can be expected, which will encourage the further development of tourism regions. The concentration of economic development in regional centres will enable these centres to reach the level of the central Slovenian region and enable an improved quality of life in Slovenian regions and the achievement of sustainable economic growth. Project impacts will be evident in increased economic competitiveness, transformed business capacities, a sustainable increase in the prosperity of the population and the transition to a knowledge-based society.

[3] The project will be financed largely by a potential private investor. The final decision on the project depends on the result of the negotiations between the Slovenian Government and the private investor in question.

3.2. Presentation of projects which support the achievement of the second priority goals of the Slovenia's Development Strategy: Effective generation, two-way flow and application of the knowledge needed for economic development and quality jobs

The aim of the proposed measures is to bring about a situation where Slovenia is finally able to begin making efficient use of domestic and foreign know-how for its economic and social development. By doing so we intend to support the creation of a more innovative and technologically advanced economy and the creation of quality jobs for an educated and highly-skilled labour force. The fundamental change lies in the enhanced cooperation between the fields of research and academia and the economy. Joint work of experts and economists in the development of new technological, organisational, design, marketing and other business solutions is the best way to achieve greater innovation and faster technological development of the economy. Part of the activities aimed at the realisation of these objectives are also included in the projects covered by the first development priority, while those mentioned here constitute those activities that are connected mainly with knowledge and education.

Table 7: Activities of the SDS and the Resolution within the framework of the second development priority: effective generation, two-way flow and application of the knowledge needed for economic development and quality jobs

Increasing economic efficiency and the level of investment in research and technological development
– *focus R&D activities primarily on those technological areas where research potential can be linked to economic activity to achieve higher value added;*
– *apply the criteria of applicability and two-way flow of knowledge between research institutions and the business sector in public financing;*
– *adjust the organisational structure and financing of the R&D sector to ensure a more efficient use of funds available for R&D;*
– *encourage the recruitment of researchers in commercial companies;*
– *raise public expenditure on R&D to 1% of GDP by 2010; create an appropriate system to stimulate the business sector's investment in order to increase this expenditure to 2% of GDP by 2010 and enhance the capacity to absorb R&D's findings;*

Improving the quality of education and promoting lifelong learning
– *combine the research and teaching potential of different institutes and universities and stop the mutual prevention of staff mobility between universities and institutes;*
– *enhance cooperation between industry and universities in preparing curricula, particularly in technology studies;*
– *boost enrolment in the studies of science and technology.*

3.2.1 Jože Plečnik National and University Library

Project theme
- Construction and organisation of the new National and University Library together with the Central Technological Library
- Digitalisation of content from the field of Slovenian cultural heritage and biodiversity

Project objectives
Establish a centre of national, educational, cultural and scientific importance – the Jože Plečnik National and University Library together with the Central Technological Library. Develop and build digitalisation infrastructure (hardware and software) for data entry, storage, access and use of digital content, especially in the field of *cultural heritage* and *biodiversity*. Prepare digitalised learning material with an emphasis on content and didactics and develop baselines for e-content management with the aim of developing e-education and e-culture.

Opportunities created or problems eliminated through this project
The existing conditions for national and university activities of the National and University Library in the suffocatingly small Plečnik building are becoming increasingly worse; we must also take into account the fact that the Library already rents 6,000 m^2 of additional expensive warehouse space and business premises which are not appropriate for its operation. The same is true of the Central Technological Library which, in 1994, moved to a new temporary location at TR 3 in expensive rental spaces which are becoming too small, since they were planned for a shorter period. At the same time, the development of information and communication technologies brings about an increasing similarity of media, more advanced devices and services which are more affordable and which people are becoming increasingly skilled at using. Consequently, more *digital content – e-content* is being created which may be digitalised (digital copies of written material or analogue audio-video recordings) or are already produced in digital form (original digital material): digital libraries, the archives of the National and University Library, the audio-visual archives of RTV Slovenija, the Archives of the Republic of Slovenia and museums. Given that e-content comprises different fields such as language and linguistics, journalism, publishing, distribution and sales which are necessary for the successful development and use of e-content and services, they also significantly promote non-commercial activities. The European Commission pays particular attention to e-accessibility and e-inclusion for people with functional challenges (i.e. people with disabilities) who are important users of e-content. In addition to the fact that e-content is of exceptional importance for research activities and the development of highly skilled experts, it also has a considerable impact on increasing the general educational level and professional training of broad population groups.

In what way does the project eliminate identified problems or exploit available opportunities
The realisation of the programme will lead to the establishment of a centre which will bring together Slovenian higher education, research and applied infrastructure in one place. The infrastructural centre of the Jože Plečnik National and University Library will store all the material that is now kept in the National and University Library, rented warehouses and the Central Technological Library. The existing National and University Library and the Central Technological Library

will thus be joined. Building will be located in the centre of Ljubljana next to the Faculty of Arts of the University of Ljubljana and will cover a surface area of 38,000 m^2. At the same time, digitalisation infrastructure for data entry, storage, access and use of digital content from the field of cultural heritage, biodiversity and other science and technology fields will be developed and built. The digitalisation of cultural heritage and related e-content is becoming more and more important for the purposes of presentation, widespread access and use both in society at large and in the development of tourism. Within the programme and by means of different instruments we will support the projects of the National and University Library in the construction of the Digital Library of Slovenia, as well as RTV Slovenija projects; we will also endeavour to support other projects which are of social importance for the establishment of digital textual and audio-visual archives and collections, and the Archives of the Republic of Slovenia's projects in ensuring the preservation of archive material in a digital form; and the setting-up of an archive information system, the establishment of the audio-visual archive of the Slovenian Film Archives within the Archives of the Republic of Slovenia, and the organisation of movable cultural heritage digitalisation. The setting-up of an integrated system of educational e-content ensures wide access to this material. The system will be based on know-how from the scientific, technological and didactic disciplines. JPNUL will thus support not only national uniqueness and culture but also research activity, education and the flow of technical and other information and education. Quality digital learning material is essential for promoting and establishing e-learning at all levels.

Project impact
The Jože Plečnik National and University Library is, together with the Central Technological Library, important to Slovenia as a whole. The National Library is the fundamental cultural institution of a nation; the National and University Library as a living testimony of the continuity of the Slovenian nation stems from the spiritual experience of genuine European humanism. Since Slovenia looks to develop into a knowledge-based society, the JPNUL project together with the Central Technological Library represents a development investment of vital importance, because this is an investment in knowledge and information flow. As a tool for the development of different fields of social life, from culture and science to the economy, it represents Slovenia's entry into the information society. Increased e-content will significantly affect the development of services such as e-learning in learning processes at all educational institutions within the framework of lifelong learning, which also relates to the further professional training of employees. All e-content which will be created under this programme will be available to the professional and wider public and especially to the business sector in accordance with the legislation in force.

3.2.2 Ljubljana Polytechnic

Project theme
- Faculty of Computer and Information Science
- Faculty of Electrical Engineering
- Faculty of Mechanical Engineering
- Faculty of Mathematics and Physics
- Jožef Stefan Institute – Centre for New Technologies and Design
- Faculty of Chemistry and Chemical Technology and the Institute of Chemistry
- Biotechnical Faculty
- National Institute of Biology with Botanical Garden
- Supportive application, education and research centres in the fields of natural science, technical sciences and life sciences
- Construction of student accommodation

Project objectives
Establish a centre based in Ljubljana which will bring together Slovenian higher education, research and applied infrastructure.

Opportunities created or problems eliminated through this project
The Ljubljana Polytechnic Higher Education and Innovation Centre will serve as the framework for the development of a higher education network and, at the same time, a vehicle of integration between higher education institutions, public research institutes, incubators of new companies, technology centres, excellence centres and the business sector from the fields of natural science and biotechnical and technical sciences. At present, educational and research institutes for information, computer and natural and biotechnical sciences in the Ljubljana region are spatially very dispersed. This often means that a higher education establishment and the research institute for the same field of scientific activity are situated at two distant locations. Such a state prevents the rational use of funds, investment and an efficient flow of knowledge between the educational, research and commercial fields, since a great deal of very expensive research equipment necessary for research and educational activity is duplicated. In addition to cost-inefficiency, such disparity negatively affects the success of research groups since the exchange of knowledge and experience between members is limited to individual research projects. The effect is particularly negative in the educational process since students are unable to carry out research work on the research equipment of all the aforementioned institutions. At the same time, owing to their dispersion, the interest of the commercial sector is less than it would be if they were concentrated in one location.

In what way does the project eliminate identified problems or exploit available opportunities
On one hand, the Ljubljana Polytechnic will comprise a complex of institutions for information, computer and mechatronic sciences (Faculty of Electrical Engineering, Faculty of Computer and Information Science, Faculty of Mechanical Engineering, Faculty of Mathematics and Physics, Computer Centre, IJS – Centre for New Technologies and Design, and other excellence centres, technological centres and incubators); on the other hand, there will be a scientific and biotechnical complex (Faculty of Chemistry and Chemical Technology, Biotechnical Faculty, National Institute of Biology with a Botanical Garden, Institute of Chemistry and excellence centres, technology centres and incubators). The construction of a house of experiments with laboratories for pedagogical and research work with the young has been envisaged as a lever for disseminating innovation and technical culture among people, especially youth. Therefore its inclusion in the Ljubljana Polytechnic project is both rational and reasonable.

Project impact
The realisation of the project will significantly contribute to greater efficiency in the transfer of knowledge into practice and technological development, and at the same time enable spatial and other conditions in terms of the internationalisation of Slovenian higher education, research and innovation. The house of experiments and the new botanical garden have a special role in the establishment of scientific fields which will be included in the Ljubljana Polytechnic Higher Education and Innovation Centre. By means of the popularisation of these sciences in both institutions, greater interest on the part of young people for study and later research work can be expected. The House of Experiments and the new Botanical Garden will present the findings of international and Slovenian experimental science from all scientific fields in a popular scientific manner. Both will offer the opportunity for education in terms of lifelong learning.

3.2.3 Maribor University Medical Centre

Project theme
- The Maribor University Medical Centre

Project objectives
Increase the efficiency of health care services and provide skilled health professionals for the needs of Slovenia.
Opportunities created and problems eliminated through this project: For a number of years now we have observed a serious shortage of lower and higher-level health professionals in Slovenia. For this reason, at the end of 2003, the Faculty of Medicine within the University of Maribor was established in Maribor, and in the 2004/05 academic year, it accepted its first students for the general medicine university programme. The 2006/07 academic year in Slovenia saw a combined total of 1,311 places offered for the undergraduate-level ordinary and extraordinary study programme for professions relating to medicine and pharmacy at the University of Ljubljana, the University of Maribor and the University of Primorska. Such a number does not even come close to satisfying the needs – at the national level – which is also reflected in a comparison of the number of students in this field in other EU Member States. In Slovenia, 9.9% of all students study in the field of health while the EU average, at 13.8%, is far higher, and in the most developed countries, higher by a factor of nearly 3 (Denmark 27%, Finland 21.7%, Sweden 21.5%).

In what way does the project eliminate identified problems or exploit available opportunities
Investments in higher education are also primarily focused on increasing the number of places for the study of highly skilled health professions. Such study requires extensive practical student training which can be provided in research and infrastructurally centralised medical institutions, using laboratory equipment and through practical work with patients. The establishment of the Maribor University Medical Centre also signifies an increase in the quality of medical studies at the existing Faculty of Medicine and the Professional College of Health Care, which will carry out quality study programmes for future highly-skilled health care personnel.

Project impact
The establishment of the new University Medical Centre in Maribor is of national importance since, in addition to its effects on increased health service efficiency in the region, which is also related to new highly-skilled experts, the implementation of this project will be connected with the need to solve the problem of a shortage of highly-skilled health professionals such as physiotherapists and nurses all over Slovenia. Given the demographic trends, these highly-skilled professionals from the field of health care will be of great importance in the future.

3.2.4 Impact of projects on development indicators

Through this set of projects we will increase investment in tertiary education and R&D activity, which will bring us closer to the European average. By strengthening the technical professions we will improve the graduate structure and bring it closer to market requirements. Through investment in material digitalisation we will increase accessibility to e-learning for all social groups and ultimately contribute to greater integration between companies and R&D institutions. The projects are also linked to the first development priority and the establishment of economic centres. For the knowledge-based society that Slovenia is striving to become, the national library project is an important development investment since it represents an investment in the flow of knowledge and information and, as a tool for the economic development of different regions, it represents Slovenia's entry into the information society. In addition to its effect in terms of increasing the efficiency of health services in the region – which is also related to new highly-skilled experts – the new medical centre in Maribor will connect the implementation of this project with the need to solve problems related to the shortage of related personnel throughout Slovenia.

3.3 Presentation of projects which support the achievement of the third priority goals of the Slovenia's Development Strategy: An efficient and less costly state

The fundamental change we wish to achieve in this field is an increase in the efficiency of the functioning of the state. Part of the tasks in this field requires, above all, changes in the behaviour and organisation of the state administration and the public sector (professionalism and transparency of state administration, introduction of a regulatory impact assessment system). Considerable financial investments are necessary for the improvement of quality and access to public sector services in certain areas. Given the fact that tertiary education is already included in the second development priority, we are focusing mainly on projects in the fields of health care and justice.

Table 8: Activities of the SDS and the Resolution within the framework of the third development priority: an efficient and less costly state

Increasing the state's institutional competitiveness and efficiency
– partly privatise administrative tasks through public commissioning and outsourcing, apply private sector's

management practices in the public sector;
– decentralise the administration.

Improving the judicial system's functioning
- *improve the efficiency of courts, public prosecutors and state attorneys;*
- *prepare a comprehensive programme to reduce court backlogs and ensure the resolution of cases within reasonable periods of time and ultimately eliminate the backlogs;*
- *strive for the full computerisation of courts (set up computerised registers, establish full e-communication between clients and courts) to reduce the duration of procedures and simplify the monitoring of efficiency, court backlogs and periods of limitation.*

3.3.1 Modernisation of the e-Health health care system

Project theme
- Introduction of the use of communications and IT systems in health care

Project objectives
Ensure more efficient health care services through the wider use of communications and IT systems.

Opportunities created or problems eliminated through this project
In its e-Health strategy the European Union clearly emphasises the requirement of well-ordered health care IT in each Member State with the aim of integrating European health care information systems which will enable the efficient operation of health care throughout the EU. This requires the semantic interoperability of health care information systems and the use of uniform standards. The development of IT enables data entry in computers as well as modern information storage and protection of this data. Many modern medical devices which are used by doctors in their everyday work already provide output results in digital form; it is therefore necessary for them to be archived in digital form. Nearly all health institutions in Slovenia have their own information systems which are not connected to each other and often have different working environments and different equipment. Many of these institutions have their own web pages, which are not uniformly arranged and do not have a common entry point. There is no uniform standard electronic health register in which health care professionals could enter standardised health data.

In what way does the project eliminate identified problems or exploit available opportunities
The interconnection of health information systems primarily requires a high level of security and functioning, and the protection of personal medical data under the Personal Data Protection Act. Using and entering data on the part of various operators consistently improves the quality of data and consequently increases the transparency of functioning at various points. This is the basis for increasing efficiency and sharing know-how within the system. The introduction of a unified health information point is a requirement for the easier access of citizens to any information necessary for proper health care. Simplifying access to and the exchange of data will increase the number of regular information users. Administrators and operators in the health care system are thus afforded the easy exchange of know-how and practice, and the standardisation of the level of services, while citizens are offered the possibility of obtaining online services and information. The ultimate goal is to disburden the system. The introduction of digital medical recording and the national reporting system is indispensable for the transition to an extended use of the means of information and communication in the healthcare system. It will facilitate secure and reliable access to medical data for all authorised entities. The organised national reporting system will provide for timely and proper information for those who require such information in order to perform their supervisory or decision-making tasks. This will increase the transparency and performance of the health care system and reduce redundancy in the field of health.

Project impact
The e-Health project represents implementation of the concepts of e-Europe and e-Health adopted by the European Union and provides for an improved quality of life of EU citizens as regards health considerations through wider use of communication and information systems. According to the high representatives of the European Commission, it is possible to add the highest added value to health systems exactly through increased and improved use of information and communication means in health systems. The e-Health project does not envisage any new jobs in health care, but health system performance will nevertheless be enhanced. The number of jobs in information service activities will increase. The project also serves as a contribution to regional development, since health IT will cover the entire health network, which is regionally organised. It will be inter-sectorally involved in research, education and innovation.

3.3.2 Modernisation of the e-Justice judical system

Project theme
- Modernisation of outdated software on which the information systems of judicial authorities are based, in order to introduce modern information connections

Project objectives
Introduction of e-Justice in accordance with good practice experience around the world, enabling the electronic operation of judicial authorities in all segments of judicial proceedings, the court register and land register in dealing with citizens, the private sector and public administration bodies. Slovenia is building a modern European state based on management decentralisation in public administration and greater efficiency of public management in the entire public sector. In order to improve its competitive position, Slovenia must increase its quality of services. The state's task is to efficiently ensure an adequate, efficient business environment.
Good functioning of justice and public administration is of key importance to a market economy and democratic development. In the field of justice, especially judicial administration, it is possible to achieve increased judicial efficiency through reorganisation, better management and the greater professional responsibility of judges, in parallel with the reform of procedures and the implementation of best work practices. Slovenia's fundamental long-term goals in the judicial field are

maximum legal certainty, that is, reliability and predictability based on legality and impartiality, and the exercise of the right to the resolution of cases within reasonable periods of time and the establishment of greater confidence in the judicial system.

Opportunities created or problems eliminated through this project
Public sector productivity is essential for the implementation of reforms and good management, especially in the fields of commerce, employment, social care, the environment and the judiciary. It will be possible to achieve these set goals only by means of a radical modernisation of procedures, efficient information support, infrastructural support for an efficient judiciary and education and training of people for judicial professions. The Ministry of Justice has already begun preparation on the project for the modernisation or complete reform of judicial authority computerisation to a level comparable with the maximum achieved computerisation level in the European Union administration; a thorough reform of complete information systems at courts, public prosecutors' offices and public attorneys' offices.
The improvement of the efficiency and performance of public administration and the judiciary will be based on the fundamental goals of good governance as defined by international conventions and the principles of openness and transparency, responsibility, responsiveness, ethics and fairness. A high institutional environment quality represents one of the necessary conditions for the establishment of competitiveness and sustainable economic growth. The quality, extent and efficiency of the protection of property and other rights also affect economic performance and increase the prosperity of society as a whole. The judiciary itself can significantly contribute to the quality and efficient protection of rights since court backlogs or the number of unresolved cases prolong court proceedings, reduce legal certainty and consequently the number of transactions, or increase transaction costs for subjects which negatively affects public confidence and, as a result, the prosperity of society as a whole.

In what way does the project eliminate identified problems or exploit available opportunities
Advanced means of direct (on-line) data exchange based on up-to-date Internet solutions will be established in order to modernise judicial authorities' information systems. For the smooth functioning of the Ministry of Justice and judicial authorities we will provide adequate fileservers with adequate units for back-up data archiving and user licences for network operational systems and a licence for a back-up copy production programme. Continuous power supply for servers in the event of power failures will be provided for all locations. Web services and web tools will enable users direct access to and between databases from different departments which they use in their work. Work performance will thus be increased and work processing time considerably reduced. Direct connections between individual departmental bodies and the Ministry of Justice as the central information hub, which enables greater transparency of procedures under consideration, will be provided. For the purpose of ensuring access and the integration of the broadest possible circle of people in the information society it will be necessary to create and establish such technologies, systems, services and applications which will be suitable for use by the broadest possible user circle and will enable higher quality.

Project impact
Better operation of the judicial system and the elimination of court backlogs, which will ensure greater legal certainty, will be ensured in the process of increased institutional competitiveness and state efficiency. Greater efficiency of the judiciary will be achieved through the implementation of projects related to the computerisation of courts (all court registers, knowledge bases – sentences, operating procedures), prosecutors' offices and public attorneys' offices and the project for the provision of electronic communication within communication with ministries and Slovenian national bodies (for instance the Police), EU bodies and other parties in court proceedings (citizens, companies, lawyers, notaries). It will be necessary to implement an active policy of inter-ministerial investments in pilot projects which promote e-accessibility.
The introduction and compulsory use of computer and other technical equipment will enable an improved registration of events taking place and the reduction of proceedings owing to more precise statements of parties involved in the proceedings; moreover lengthy, often inaccurate and disputable dictation of proceedings will no longer be necessary along with the education and training of judicial professions. The e-Judiciary project does not foresee any new jobs in the judiciary except in information and service activities. The productivity of the judicial system will be increased. The provision of the most advanced information technology will improve work conditions, thus enabling a better operation of judicial authorities, which is a prerequisite for a market economy, democratic development and the rule of law, itself also an objective for the realisation of the Lisbon Strategy in Slovenia.

3.3.3 Impact of projects on development indicators

Through investments in electronic commerce of the main IT backbones, the functioning of public services will be brought closer to the users. From the state's perspective, investments in electronic commerce also mean lower operating costs for services. This will create conditions for a competitive and favourable business environment, as well as a higher quality of life in all of state sectors. Ensuring increased institutional competitiveness and state efficiency will also lead to an improved judicial system and elimination of court delays, which will consequently ensure higher legal certainty.

3.4 Introduction of projects which promote the objectives of the fourth priority of the Slovenia's Development Strategy: a modern social state and higher employment

The basic European orientation for the labour market, which is also reflected in SDS documents, is the creation of the so-called flexicurity system, which seeks to establish a balance between employment flexibility and social security. Although most measures adopted in this area pertain to regulation changes, some financially more challenging measures, used by the state to enable higher flexibility in response to the changing demands of employers in the labour market, bear equal weight. Foremost

among these measures is investment in skills and knowledge development by promoting lifelong learning and establishing a connection between the educational system and labour market demands. Forming a fund intended to generate specialists and scholarships is a measure aimed towards that objective. Another such measure comprises investments in the health sector, which will increase accessibility to tertiary health services and improve conditions for medical research and education on the national level.

Table 9: Activities of the SDS and the Resolution under the fourth development priority: a modern social state and higher employment

Increasing labour market's flexibility
– *replace passive labour market measures with active ones to activate people and stimulate employment and social inclusion; combine passive and active measures;*
– *reduce absences due to sickness and occupational disability, preserve workers' employability through protective measures, protect workers' health, and enabling active aging;*
– *improve the employability of those population groups with low employment prospects by combining employment-education status and part time employment within non-market employment opportunities.*

Modernisation of social security systems
– *focus social policy more on the transition between different periods of life (from school to work and from work to retirement; support geographical mobility);*
– *achieve a more equal distribution of labour market risk and social risks which currently affect young generations to an above-average extend;*
– *reform the health protection system to ensure its solidarity, accessibility, transparency, quality, efficiency, and fiscal sustainability.*

Reducing social exclusion and social disadvantages
– *ensure equal access social protection, health, education, and cultural services;*
– *expand people's possibilities to raise education levels and involve an unemployed in active employment policy programmes.*

3.4.1 Human resources development fund and the scholarship scheme

Project scope
- Human resources development fund
- Scholarship scheme

Project objectives
To increase the flow of information between educational and research institutions on one hand and the business sector on the other.

Opportunities created or problems eliminated through the project
Human resources development and lifelong learning are directly connected to other development priorities. Slovenia needs to promote competitiveness, science, education, and training – all these areas must become the focus and be coordinated. The number of registered researchers per 1,000 employees in Slovenia is five; in the EU-15 the number is 6.1 and in EU-25 it is 5.4. In comparison with the more developed European countries, Slovenia lags behind, especially when it comes to the number of researchers in the business sector. In 2004, only 38% of all researchers (approximately 1,900) were employed in the business sector, compared to 53% in the EU-15 and 49% in EU-25. A look at the education level of the manufacturing sector reveals a disturbing state of affairs. In Slovenian companies in the manufacturing sector, one of the crucial forces of the Slovenian economy, an average of 11.5% of employees have at least a university degree, 21.7% of employees have a secondary school diploma, and 66.8% of employees have no secondary school diploma. The figures for top-level specialists, mainly research developers with at least a master's degree, reveal that only 9.3% work in the manufacturing sector. The share of employees with a master's degree or a doctorate is only some 0.7% for large enterprises, 0.4% for medium-sized enterprises, and 0.3% for small enterprises. Elevating the level of knowledge in the business sector naturally calls for investments in development, but also for measures pertaining to policies in the labour market.

In what way does the project eliminate identified problems or exploit available opportunities
The project connects various instruments of human resources development, which will improve the efficiency of each individual scheme. The unified fund will include: vocational and professional education, adult education, business developers (Ministry of the Economy), measures aimed at increasing the number of postgraduate degree specialists in the business sector, encouraging researchers to cross over from knowledge institutions to the business sector, the formation of interdisciplinary work groups for commercial projects, and funds for education and training for employees, especially those with a lower level of education.

Project impact
By 2023, the number of development personnel with at least a university degree in the entire Slovenian business sector will increase by at least 5,000 over 2005. The number of development personnel in the business sector with a post-graduate degree in science is expected to increase by 3,000, also relative to 2005. This will make Slovenia one of the most technologically and economically advanced countries in the world, while a higher level of education will also increase employment prospects and job security.

3.4.2 New University Medical Centre in Ljubljana

Project scope
- Construction of a new University Medical Centre in Ljubljana

Project objectives
The objective of the project is to eliminate the disparity in the quality and capacity of the tertiary health care infrastructure between Slovenia and other EU members.

Opportunities created or problems eliminated through the project
The current University Medical Centre in Ljubljana serves in part as a secondary-level general hospital for the Ljubljana region, and in part as a tertiary institution for the whole of Slovenia. Various programmes overlap because central Slovenia does not have an adequate general hospital, which hinders the accessibility and efficiency of tertiary services. In order for tertiary services to be of a comparable quality, a new University Medical Centre needs to be constructed. The new centre will be well connected with the existing one, and will be located between the current medical centre and the motorway exit Ljubljana-East. After construction of the new centre is complete, the renovated buildings of the current centre will be able to house all of the various extramural activities, create conditions for activities which are now deficient (long-term hospital care), as well as ensuring quality secondary health care for people living in the greater Ljubljana region.

In what way does the project eliminate identified problems or exploit available opportunities
Owing to a space shortage and limitations of the road network around the current University Medical Centre, secondary and tertiary health care activities can no longer be developed at this location. Only the needs of the secondary Ljubljana regional hospital can rationally be provided at the current location; and as far as tertiary activities go, there is only enough space for the National Institute of Oncology, which is independent of other tertiary activities. The required bed capacity of the new medical centre will be one bed per 3,000 people, which translates into 660 beds. The net area of hospital rooms, diagnostic and treatment rooms, servicing rooms and other spaces will be 80,000 m^2. The capacity of the new medical centre will be about 30% of the current centre's capacity. At the same time the capacity of the current centre will be reduced and the centre itself modernized. The central location of the current centre will suffice for the provision of modern secondary health care services, while remote facilities can be eliminated.

Project impact
The construction of an exclusively tertiary modern medical centre, with adequate space and intended for the entire country, will improve the accessibility of tertiary health care services on the national level, while at the same time improving the possibilities for medical research and training. Besides the many economic development benefits of the investment owing to its type and scope, it will also create new jobs in both centres, even though most of the staff will be transferred from the current centre to the new one. Also, the scope of the services available to users will expand, and consequently the secondary health care infrastructure in central Slovenia will improve. In general it can be said that the improved health of the population will significantly contribute to economic, social, and environmental development, as well as to the development of excellence in regions based on their respective advantages, by providing modern tertiary health care infrastructure and services that can be compared to the EU. Finally, this will also mean the increased possibility of patient mobility between Slovenia and the EU.

3.4.3 Network of emergency medical centres

Project scope
- Upgrading the existing network of emergency medical centres in Slovenia

Opportunities created or problems eliminated through the project
The scope and quality (adequate provision) of the health care infrastructure as regards the network of emergency medical centres across Slovenia does not enable optimal speed and efficiency of treatment for urgent acute medical conditions. Significant differences in accessibility and consequently also in the treatment success rate exist among various centres owing to the disparity of conditions. The differences between regions in Slovenia are considerable.

In what way does the project eliminate identified problems or exploit available opportunities
Upgrading and establishing a health care system which will be able to ensure fast and efficient treatment of emergency cases calls for a pyramidal organisation of emergency medical centres in which the higher ranked centres will play a key role. The project includes the establishment of emergency medical centres in the university medical centres of Ljubljana and Maribor, as well as in the regional hospitals of Celje, Izola, Jesenice, Murska Sobota, Nova Gorica, Novo Mesto, and Slovenj Gradec. Such a network will ensure that the services of the centres are as widely available as possible. Also, the project will result in efficient and fast connections of both information and transportation between all the centres. The expected benefits of the project are a higher patient survival rate, relieving the pressure on non-emergency health care infrastructure, and the elimination of differences between Slovenian regions in the quality of emergency medical aid infrastructure and in the success rate of treating acute medical conditions requiring urgent treatment.

Project impact
In addition to the aforementioned benefits, the broader positive consequences of the project will translate into longer life expectancy for the general population and a higher quality of life. The project will also enable a relative increase of jobs in the health care sector and better working conditions for that sector, as well as increasing connections between regions in Slovenia, connections with cross-border networks, and economic, social and environmental development by improving the health of the population.

3.4.4 Impact of projects on development indicators

Through investment in electronic commerce of the main IT backbones and investment in health care infrastructure, the functioning of public services will be brought closer to the users. From the state's perspective, investment in electronic commerce also means lower operating costs for the operation of services, while accessibility to tertiary health care services and the possibilities for medical research and training will improve on the state level. The benefit of constructing a new University Medical Centre in Ljubljana will be improved secondary health care infrastructure in central Slovenia. In addition to these benefits, this project will also have broader positive effects such as longer life expectancy and a higher

quality of life for the general population, as well as the creating of a relative increase in jobs and better working conditions for health care professionals. Since education is one of the key development factors, the scholarship scheme project is aimed at promoting education at all levels and in all forms. Combining education with electronic material will increase opportunities for youth and adult education, as well as create educational opportunities for other segments of the population. Education will contribute to workforce mobility and increase employment opportunities. By 2023, the number of development personnel with at least a university degree in the entire Slovenian business sector will increase by at least 5,000 over the 2005 figure. The number of development personnel in the business sector with a postgraduate degree in science is expected to increase by 3,000, also relative to 2005.

3.5 Introduction of projects which promote the objectives of the fifth priority of the Slovenia's Development Strategy: integration of measures to achieve sustainable development

The objective of this development priority is to ensure that the measures of modal policies will not be aimed exclusively at achieving the objectives of each sector, but also at establishing the sustainable development of Slovenia. The Resolution includes financially challenging projects from the fields of transport, energy and quality of life. The main focus in transport is on the development of public transport, multimodality and the railway infrastructure, as well as an enlargement of the road network, all of which can significantly contribute to a higher quality of life and greater employment prospects for the population despite the threat posed to the environment. The energy sector includes projects aimed at promoting efficient use of energy and increasing sustainable and traditional sources. However, it should be noted that the projects dealing with traditional sources will only be considered as a last resort if sufficient technological progress is not made with sustainable sources. As far as improving the quality of life is concerned, the projects deal largely with quality leisure activities aimed at improving health, and are also partially connected with some economic activities.

Table 10: Activities of the SDS and the Resolution under the fifth development priority: integration of measures to achieve sustainable development

Sustainable development of resource management:
- *adjust spatial management to the general demographic and social policy objectives, and the anticipated migration developments;*

Balanced regional development
- *support the development of a polycentric urban system and of regional centres (particularly centres of national significance), creating (innovative)city regions and foster regional economies through technology parks and business incubators;*
- *improve the connection of outlying, backward areas with the main traffic corridors; expand and promote the use of public transport and sustainable mobility ("modal split");*

Integrating environmental standards with sectoral policies and consumer patterns
- *increasing energy efficiency and the use of renewable energy resources in the public sector, in particular at the local level;*
- *encourage the development and use of environmental technologies;*
- *resolve the environmental problems of transport corridors at the EU level, including by developing intelligent transport systems;*
- *promote sustainable mobility and increase the "modal-split" in favour of public transport; improve the coordination between transport supply and the needs of public interest; set up and maintain a national electronic land system as a vital support instrument for spatial planning, groundwater protection (preventing the leaching of nitrates, pesticides, and pollutants), the production of quality food, and ensuring a healthy environment.*

3.5.1 Sustainable mobility

Project scope
- Introducing a single transportation pass and passenger information in the public transportation system
- Intermodal nodes
- Designing intelligent transportation systems

Project objectives
The objective of the project is to create favourable conditions for the development of a competitive economy and to ensure long term high-quality living space by providing sustainable mobility.

Opportunities created or problems eliminated through the project
Owing to increased traffic and its inherent problems (non-optimal use of space, increased travel times, pollution), the transportation system in Slovenia needs to aim for long-term sustainability, efficiency, and accessibility. Some municipalities and regions have been preparing for the introduction of such systems for a long time, but these systems must become connected and their efficiency ensured via traffic studies and concepts.

In what way does the project eliminate identified problems or exploit available opportunities
The project of an integrated system of single electronic transportation passes and the system of passenger information in public passenger transport is an integral part of assuring sustainable mobility. The focus of the project will be the improvement of public passenger transport (PPT) services, which will be achieved through the integration of PPT services by introducing a single rate, a single pass, a unified information system, and a unified organisation of PPT. On a daily basis rising emissions and traffic congestion are replacing public transportation, which is the only possible solution to improving the quality of city life and ensuring greater worker mobility in accordance with the directives of the development strategy and increased competitiveness. It must also be stressed that excessive emissions of private vehicles cause extremely high external costs related to the health of the population in the

cities and the dilapidation of buildings and property of cultural value. Delays caused by traffic result in economic damage and lower the quality of life of commuters, resulting in lower worker mobility and competitiveness.

Slovenia must create conditions for high-quality logistics services in order to retain the concentration of trade flows and consequently create higher added value and achieve a higher level of employment in this segment of business. The development of logistics centres, loading bays and intermodal nodes must be encouraged in order for businesses to be supplied efficiently. This means that the mutual investments by both business and the state will ensure quality logistics services and efficient management of supply chains. The development of logistics centres also ensures the possibility of competition in the transportation market and encourages comprehensive logistics solutions in terms of planning global external logistics, cooperating with the industrial sector and carriers, and managing supply chains. This will result in the efficient supply of businesses, employment possibilities in the transportation sector, as well as higher competitiveness of Slovenian businesses on the global market. Intermodal logistics centres will be developed with the support of both the public and private sector.

The existing and planned transport links between Slovenia and its neighbouring countries in accordance with the European directives and in accordance with the planned corridors running through the Port of Koper and having an exit to the sea, are those development possibilities of which Slovenian transport businesses and other businesses must take full advantage, because they will boost the economy of the entire country. Every extra quantity of goods (ton of goods) represents an extra 20 to 30 euros for the Slovenian economy, but it could represent a considerably higher income. The Slovenian transportation policy resolution highlights the need for regional multimodal logistics centres, which would connect transportation subsystems and efficiently supply regional businesses with logistics services. The resolution also provides for the development of distribution centres that would connect various transportation subsystems and offer a wide array of services for the supply of Slovenian businesses and European business in general. A quality restructuring of the transport sector also depends on the provision of quality logistics and distribution services in the distribution centres. The Port of Koper, Slovenian Railways, Slovenian Post Office, Adria Airways, the airports of Ljubljana and Maribor, forwarding agencies, agents and shipping companies will be able to market themselves as port logistics systems, postal logistics systems, aviation logistics systems, and airport logistics systems, or as distributional and multimodal logistics centres where customers can select and purchase goods. They will also be able to function as organisers of logistics services, qualified to deliver goods with their comprehensive logistics support. This strategy will be followed by activities in the field of information technology, aimed at rationalising and homogenising information systems, aiding logistics processes, ensuring the satisfaction of external and internal information system users, ensuring timely and reliable information aiding the system of comprehensive management, and ensuring the security of information sources according to international standards. The future development of public passenger transport will be based mainly on connecting the transportation services of all transport subsystems and introducing the single transportation pass.

Project impact

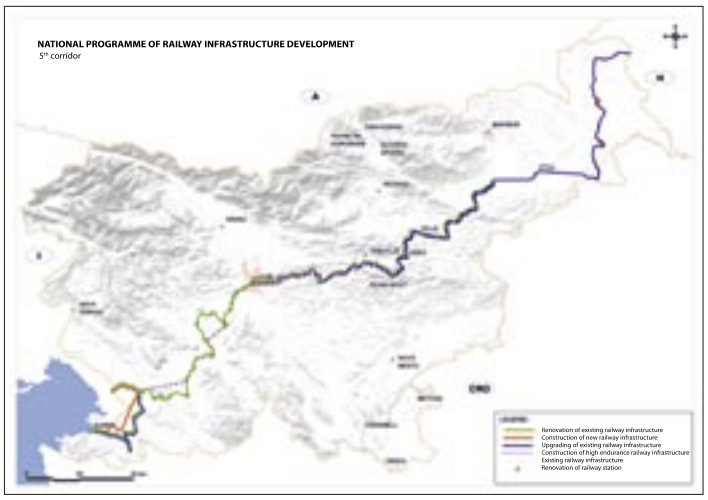
The realisation of the project will increase the use of public transportation in Slovenia, consequently relieving the road networks, and in the long term reducing noise pollution and harmful emission levels. Slovenia will thus be able to reduce the burden on the environment in accordance with the Kyoto Protocol, and improve the quality of the environment.

3.5.2 Modernisation of the railway network

Project scope

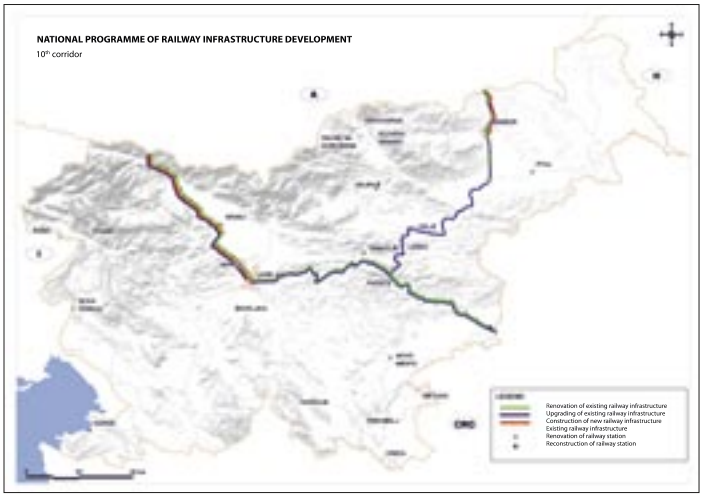
- Upgrading and constructing the railway network in the 5th corridor between Koper/Trieste and Hodoš
- Upgrading and constructing the railway network in the 10th corridor

Figure 3: Modernisation of the railway network in the 5th corridor



Source: Ministry of Transport

Figure 4: Modernisation of the railway network in the 10th corridor



Source: Ministry of Transport

Project objectives

To ensure that Slovenia remains a competitive country, since the deterioration of the railway network would diminish the

possibilities of employment in the transportation sector for Slovenians due to a lack of competitiveness.

Opportunities created or problems eliminated through the project

The state of the railway infrastructure is deteriorating from year to year due to insufficient funding for development, maintenance and upgrading. The poor condition is reflected in the many instances of damage and flaws occurring on the tracks, the transportation network, signalling and safety devices, track points, and the resulting imposition of slow speeds for trains, all of which calls for immediate action. Insufficient maintenance and slow upgrading of the railway infrastructure paired with an increased burdening of tracks due to higher usage are reflected in the fact that the Transport Inspectorate of the Republic of Slovenia has issued numerous resolutions regarding limitations of speed and axial loads, which additionally influences the quality of transport services. With things as they are, transport services which are already having trouble staying competitive are simply drawing further away from the demands and needs of users. If the negative trends persist, one of the key transport policy objectives will not be reached, which represents a serious threat to achieving the objectives regarding the scope of railway transportation and its increase in the transport field. In the worst case, this trend could even lead to the closure of certain track sections. High axial load restrictions have already led to some cargo being diverted so as to bypass Slovenia, leading to a loss of revenue. Also, train cars on some sections of the main routes of Zidani Most–Šentilj and Pragersko–Murska Sobota are loaded up to 15 percent less than their load capacity. These sections of the public railway infrastructure routes have lower permitted axial loads than the internationally declared national axial load of Slovenian railways, which is D3 with 225 kN/axle and 72 kN/m.

In what way does the project eliminate identified problems or exploit available opportunities

In planning the project, the development strategy of the European railway infrastructure was taken into account, since the main lines of the Slovenian public railway infrastructure are part of the European railway infrastructure. The strategy is defined in a number of development documents, such as the European Agreement on Main International Railway Lines – AGC (UN-ECE, Geneva, 1985), European Agreement on Main International Combined Transport Lines and Related Installations – AGTC (UN-ECE, Geneva, 1991), the Final Act of Pan-European Conferences of Ministers of Transport (CEMT, Crete 1994, and Helsinki 1997), Directive 2004/51/EC of the European Parliament and of the Council of 29 April 2004 amending Council Directive 91/440/EEC on the development of the Community's railways and Guidelines for the Development of the trans-European Transport Network (Decision No 884/2004/EC of the European Parliament and of the Council of 29 April 2004 amending Decision No 1692/96/EC on Community guidelines for the development of the trans-European transport network ; UL L 167/1 of 29 April 2004). The proposed upgrading of the railway network is based on the key objectives of European transport policy, which includes a proposed national transport policy aimed at optimally connecting the EU's railway infrastructure and increasing the efficiency of goods transfer from road to rail. Since Slovenia's neighbouring countries are trying to take over the trade flows that are supposed to go through Slovenia in the 5th and 10th trans-European corridors, a danger exists that these trade flows will actually be routed away if the dynamics of change remain slow and railway infrastructure in Slovenia is not upgraded.

Project impact

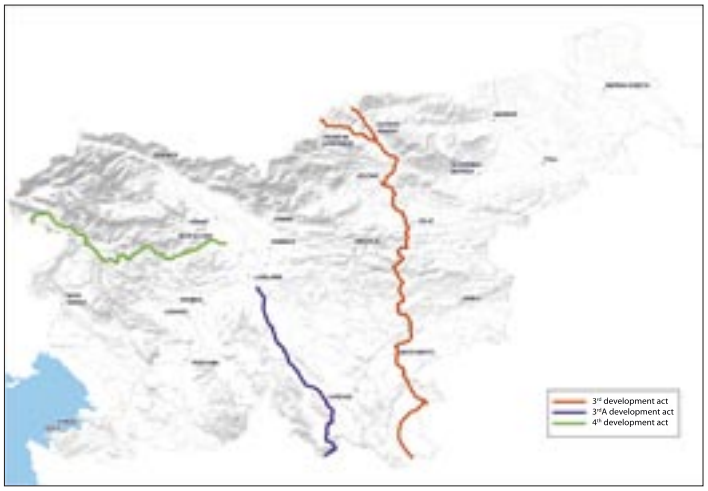
The proposed programme aims to ensure public assets in the form of public railway infrastructure, which is also one of the necessary (although not in itself sufficient) conditions for achieving the integrated and sustainable development of society. We have identified the results of the programme (direct and immediate effects), as well as effects (long-term and general effects). The programme will contribute to achieving competitiveness and a more balanced regional development, as well as contributing to environmental policy, urban and rural planning, and energy policy. The programme is in line with the development priorities of the Lisbon Strategy.

3.5.3 Modernisation of the national road network on priority development axes

Project definition

- Construction, modernisation and refurbishment of the national road network on the priority development axes, i.e. development axes 3, 3.a and 4.

Figure 5: Modernisation of the national road network on priority development axes



Source: Ministry of Transport

Caption:

DEVELOPMENT AXES	SECTION START	SECTION END
Development axis no. 3	Dravograd and/or Holmec* (border with Austria)	Metlika and/or Vinica* (border with Croatia)
Development axis no. 3.a	Škofljica	Petrina (border with Croatia)
Development axis no. 4	Robič (border with Italy)	Jeprca

*start and end of axis will be defined by the adoption of DLN and based on a variant study.

Project objectives

- The development axes will help bring about a concentration

of economic development along the axis routes, and improve traffic safety and transit.

Opportunities created or problems eliminated through the project

The construction of a motorway system has made certain parts of Slovenia more rapidly and easily accessible and together with other factors has facilitated their more rapid development. There has been a concentration of businesses, inward settlement and knowledge, all of which are of crucial importance for the development of the region and of Slovenia's major commercial centres. However, some parts of Slovenia have suffered in their potential for development due to poorer traffic accessibility, and have suffered stagnation. A significant outflow of educated workers has been seen, and the development of larger, sustainable and successful companies in these areas has been somewhat uncommon. Problems in the level of settlement can be observed, as the population tends to migrate to larger cities. However, the placing of development axes in regions is a policy that extends beyond direct traffic implications. The development axes involve developmental issues for the regions and locations along their routes. Therefore the project implementation will require strong cooperation on the part of regions and municipalities located in the project areas.

In what way does the project eliminate identified problems or exploit available opportunities

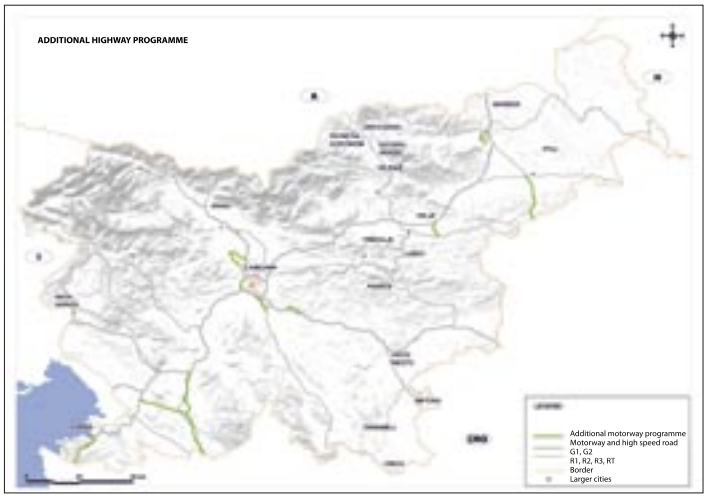
Several national construction projects foresee the modernisation of road networks and in part the construction of new ones. It is essential to improve the capacities along the development axes by eliminating national road bottlenecks. The construction of traffic connections is in line with the development needs of the regions and urban centres along the route, and at the same time indirectly also improves business competition (development of companies, business areas, logistical services, tourism and so forth). In project development, special attention will be devoted to the development's regional issues and to adaptation of the infrastructure to the needs and benefits of individual projects. In light of this, route construction in the region will need to be designed comprehensively, in order to ensure that the projects are tied to the development axes regarding both their subject matter and the infrastructural dimension.

Project impact

The development axes projects should provide national assets in the form of road infrastructure, as a necessary (but not in itself sufficient) precondition to achieve the aims of integrated and sustainable development of society as a whole. The projects will enhance competitiveness, sustainable regional development and provide a more balanced spatial policy. The execution of these projects will create above all more pronounced regional development potentials, which will in turn enhance economic growth and elevate the standard of living in the regions concerned.

3.5.4 Additional highway programme

Figure 6: Additional highway programme



Caption:

ADDITIONAL MOTOR HIGHWAY PROGRAMME	START	END
Highway: Adria-Jon connection	Divača/Postojna*	Jelšane (border with Croatia)
Highway: Koper-Dragonja	Koper	Dragonja
Motor highway – expansion to six lanes	Koseze	Kozarje
Phyrn motor highway	Draženci	Gruškovje (border with Croatia)
Motor highway (additional construction or reconstruction)	Šmarje-Sap	Višnja Gora
Bypass Maribor west	Streliška street	DBC (trade and distribution centre)
Connecting road	Dramlje	Šentjur
Connecting road	Povodje	Stanežiče
Connecting road	Bypass Ljubljana south	Škofljica

Source: Ministry of Transport

Project definition

- Construction and completion of individual sections of the highway system

Project objectives

The improvement of the road network capacity will have immediate positive economic consequences for users (reduction in transportation costs), and will at the same time indirectly ensure better economic competitiveness and regional development.

Opportunities created or problems eliminated through the project

The additional highway programme is a part of the national programme of motorway construction in Slovenia first adopted in 1995. This programme established, based on traffic flow analyses, the highway system's primary coordinates. The modifications to the national programme of 1998 defined, in addition to the main routes, the linking roads, bypass roads and implementing measures for other national roads. In the national

programme adopted in the 2004 resolution, an additional programme for highway construction was defined, based on extensive expert research materials (analysis of the execution of NPIA, analysis of main road traffic conditions, analysis of macroeconomic effects, analysis of possible financing sources, and environmental impact analysis). During the drafting of the national programme several possible variations were assessed from traffic, technical, economic, financial and environmental standpoints, to optimise the realisation of programme aims – to ensure satisfactory internal and external transport connections for the country, to further boost national economic growth and improve traffic safety for all road users. Alternative solutions are to a certain extent already possible on individual project levels (establishing of the route's micro location, selection of the most appropriate technological solutions etc.); however, on the individual programme level, the selected programme represents the best solution.

In what way does the project eliminate identified problems or exploit available opportunities

The dynamics of the highway network construction will be based on Slovenia's macroeconomic capabilities, with funding provided to the highest possible extent from the country's own financial resources, both by the state and drivers through toll charges, with the remaining part of the financing acquired from other sources (borrowing, concessions, other). The construction will ensure harmonious and uniform regional and economic development of all Slovenian regions and further development of the country as a member of the EU; it will also serve to increase the recognition of Slovenia both on the European and global levels, particularly as regards appropriate protection of - and increased access to - the variety of cultural heritage, which derives from the conditions of its membership in the EU. The priority construction of the highway network will be based on criteria for defining the timetable for constructing segments that have not yet been started. Construction will be based on solutions which are economically, technically and technologically acceptable, and adjusted to Slovenia's macroeconomic capacities and its national economic and conservation interests. Its course will be gradual if it proves to be economically justified and technologically feasible, while individual procedures in the phases of preparation for construction of individual segments will be conducted simultaneously.

Project impact

The stated projects will ensure national assets in the form of highways as the most efficient road infrastructure and one of the necessary (but not in itself sufficient) conditions for achieving the aims of the integral and sustainable development of society. The programme's results (direct and immediate results) as well as its impacts (long-term general effects) have been established. The project will add to better competitiveness, more sustainable regional development and to a better spatial policy. The programme conforms to the development priorities of the Lisbon Strategy.

*3.5.5 Sustainable energy and the hydrogen economy**

**may be substituted by other intended energy projects, particularly Krško nuclear power plant*

Project definition

- Establishment of renewable energy sources
- Activities focused on efficient use of energy
- Hydrogen economy infrastructure and new generation vehicles
- Stimulation of development and transfer of technologies

Encouraging of use of renewable energy sources (RES) to stimulate investment in equipment and systems to result in greater dependence on renewable energy sources. The main target areas for stimulating investment in RES will be the production of heat and electricity from wood biomass, the use of geothermal energy, use of biogas for the production of heat and electricity and the use of solar energy. Activities focused on the efficient use of energy (EUE)**,** represent the implementation of a national energy programme involving the economical and environmentally-friendly use of energy, aiming to provide reliable energy supply, protection of the environment, better competitiveness and employment. The sub-programme's purpose is to encourage investment in equipment and systems for efficient energy use or production (such as co-generation). The main areas for stimulating investment in EUE will be: energy-efficient refurbishment and sustainable construction of apartments and other buildings; modern systems for air conditioning, heat and electricity production, steps to reduce power consumption in industry, the public sector and households; infrastructure for the hydrogen economy (HE) and new generation vehicles; construction of a network of vehicle and fuel-cell fuelling stations with hydrogen and fuelling stations for hybrid and electrical vehicles. To ensure the competitiveness of fuel cells and hydrogen as sources of energy and the competitiveness of electrical vehicles, Slovenia needs to establish an appropriate national infrastructure on the gas supply level and with the a accessibility of petroleum products. The network will be set up in several phases: by 2010, the basic network on logistical and inter-modal junctions alongside the 5th and 10th corridors and in city municipalities. Twelve test pumping stations should prove sufficient for Slovenia. Partnerships for the start-up of the initial fleet of fuel cell vehicles exist in the public passenger transportation sector (city, suburban, inter-city, subsidised – i.e. school transport). Public passenger transport: co-financing of a 300-vehicle fleet. For domestic industry, this measure represents a possible investment boost in research and development.

Project objectives

The energy aims include an increase in consumption of renewable sources in the share of primary energy production, significant improvements to the energy efficiency of buildings, reducing Slovenia's dependence on imported fossil fuels, increasing Slovenia's self-sufficiency and a well-rounded regional supply of RES from locally accessible sources. The transport aims are to establish the infrastructure for a new generation vehicles (hybrid vehicles, fuel cells), and to establish a fleet of fuel cell vehicles for city and intercity traffic connections. These aims are in line with the adopted resolution on public passenger transport. The technological development and small-business aims are to increase the cooperation of the Slovenian economy in international research and development projects in the areas of RES, EUE and HE, to increase participation in the 6th and 7th research Framework Programmes and Competitiveness and Innovation framework Programme. It is also important to speed

up the transfer and the implementation of HE technologies. The environmental aims are to significantly reduce carbon dioxide emissions. This is also a common point between RES and HE activities, since from the standpoint of sustainable development, it is essential that hydrogen production is tied to renewable sources and not to fossil fuels or nuclear energy.

Opportunities created or problems eliminated through the project

Numerous countries and regions are adopting ambitious plans for hydrogen economy infrastructure and third generation vehicles. Europe and the entire world face important greenhouse challenges; even the Kyoto Protocol no longer offers a satisfactory solution. High representatives of governments and multilateral institutions are calling for measures that are more radical. The governments of the USA and Japan, the EU and the majority of other countries, as well as the entire global energy and automotive industries, are investing heavily in the development of fuel cells and other necessary components. Slovenia on the one hand possesses extraordinary natural resources appropriate for RES, while on the other, it is witnessing a rapid increase in energy consumption; and given of its geo-strategic location at the crossroads of the 5th and 10th corridors it expects a rapid increase in transit over its territory. The establishment of infrastructure for a new generation of vehicles is in Slovenia's strategic interest, as this will entice new companies already oriented toward transport with new generation vehicles into the logistical, inter-modal and business centres. New projects will be set up to exploit geothermal sources with the aim of revitalising existing ones and creating new wells in the Pomurje region (such as GEOTERM).

In what way does the project eliminate identified problems or exploit available opportunities

The country's present activities in stimulating investments towards more efficient energy use and greater consumption of renewable energy sources (RES) are insufficient, because we achieve less than 10% of annual aims of our National energy programme. Although the CO2 fee paid by energy consumers annually amounts to an income of approximately SIT 10 billion (2005), the budget funds for EUE and RES programmes are limited to approximately SIT 850 million annually. To achieve the National Energy Programme aims that are directly linked to complying with Kyoto Protocol aims and the implementation of the fees adopted in EU directives (for instance achieving annual energy savings of 1% over the coming nine years), it will be necessary to secure additional European budget funds for the new financial perspective. Slovenia views this as a business development programme, whereby imports of foreign fuels will be substituted by investments, services and the use of domestic energy sources. The project ensures numerous national economic results: improved competitiveness, new jobs, regional development, reduced energy dependency on imports, positive environmental effects, lower costs for domestic energy use and so forth. For the programme's implementation, a variety of different jobs will be required, many of which will also be appropriate for disadvantaged job seekers. The programme implementation relates directly to the strengthening of research and technological development in the fields of energy, IT, materials and so forth in providing renewable resources (forestry, agriculture) etc. Our research institutions are particularly strong in basic research where the development of a number of central components, such as proton transfer membranes, has already been implemented. Slovenian industry is flexible and already part of the fuel cell systems development (Domel - cooperation with the Hydrogenics Company of Canada) and subsystems (Iskra Avtoelektrika). One of the strongest branches of the Slovenian economy is the production of electric motors (Iskra Avtoelektrika, Domel, Rotomatika, Kolektor). We are also proficient in the field of electronic switchboards and other electronic components. However, one of the key elements remains innovation in the field of state-of-the-art vehicle direct drive electric motors.

Project impact

These activities will provide a positive influence on energy consumption and the environment; representing foremost a programme to stimulate entrepreneurship and improve the economy's competitiveness, while at the same time the programme also represents a significant contribution to more harmonious regional development – a consequence of the relative regional distribution of the RES potentials and logistical and inter-modal intersections. We expect increased exploitation of natural resources, particularly of biomass, solar energy, and geothermal energy and of organic waste biogas. Polygeneration of heat and electricity will increase significantly, while the need for the construction of new fossil fuel and nuclear energy-driven machines will decrease. With financial incentives, the developing sectors will experience an increased level of business initiatives combined with employment growth. This holds true both for the entire industry chain of wood processing as well as for state-of-the-art technology development centres.

3.5.6 Modernization of electric power supply network

Project definition

The electrical grid streamlining includes the following nationally important transmission capacities:

- Krško – Beričevo transmission line
- Okroglo – Udine transmission line
- Cirkovce – Pince transmission line

Project objectives

To ensure a safe and high-quality supply of electricity.

Opportunities and challenges met

The 2 x 400 kV Beričevo–Krško transmission line (TL) will enable the transmission of electricity from suppliers in the east to consumers in the west. With the planned construction of the TL 400 kV Beričevo–Krško connection, both the Beričevo–Podlog and Divača–Melina connections will be relieved. At the same time, the failure of TL 400 kV Beričevo–Podlog will no longer cause an overload on the remaining transmission lines and an ensuing system breakdown. The new TL Beričevo–Krško transmission line will significantly improve reliability of the internal transmission network. Our proposal for the TL 2 x 400 kV Beričevo–Krško argued that Slovenia currently lacks a looped 220 kV and 400 kV network and instead performs its loop termination through neighbouring network systems. The connections with Italy's electricity energy system are Slovenia's weakest and at the same time the most overloaded international

connections. Both transmission lines with Italy (400 kV Divača–Redipuglija and 220 kV Divača–Padriče) often operate - due to planned or unplanned power transfers - on the margin of reliability. An optimal solution seems to be the construction of a 400 kV transmission line from Okroglo to Udine. After the construction of a 400 kV Okroglo Udine transmission line, this line will be able to take over the power transmissions of any malfunctioning transmission line towards Italy with little effort. At the same time, it will also facilitate the increase of Slovenia - Italy transmission capacities during the expansion of the UCTE-network to the southeast of Europe. Currently the Slovenian and Hungarian electricity energy system share no mutual connections. The construction of a 400 kV Cirkovce–Pince–Heviz transmission line is crucial, as it can ensure a more reliable operation of the Slovenian electricity system as well as access to cheaper electricity sources from Eastern European countries and the possibility of increasing transit in the east-west direction. A precondition for the construction of the Cirkovce–Pince–Heviz transmission line however, is the construction of a 400 kV routing station at routing and transformation station Cirkovce.

In what way does the project eliminate identified problems or exploit available opportunities
The project scope is based on the need to strengthen the transmission network to allow the supply of the required transmission capacity, the need for connections with neighbouring electrical grids owing to increased transit, the need to ensure adequate voltage conditions, and most of all, the reliable, efficient and safe operation of the entire system.

Project impact
The direct results will ensure a safe and quality supply of electricity. Network expansion will enable the linking of production and consumption, increase energy availability and system reliability, and ensure economic growth and a higher standard of living for the entire country.

3.5.7 Building of new Lower Sava electric power production facility

Project definition
- Hydroelectric power station (HPE) Boštanj
- HPE Blanca
- HPE Krško
- HPE Brežice
- HPE Mokrice
- construction of flooding-prevention infrastructure

Project objectives
Better exploitation of renewable and cost-efficient energy sources is of national importance, as it will increase the independence, reliability and competitiveness of Slovenia's power system.

Opportunities created or problems eliminated through the project
The increase in power consumption requires the securing of additional sources. These sources can be both domestic and foreign. It is in the interest of any country to first exploit affordable domestic sources and in this way limit the dependence on imports. In this regard, renewable sources definitely have priority. Any alternative not favouring renewable resources is economically irrational. At the present moment, the HPE Lower Sava project is the only implementation-ready project.

In what way does the project eliminate identified problems or exploit available opportunities
The chain of power plants on the Sava river comprises a total of six stages, operating after the completion of the Boštanj, Blanca, Krško, Brežice and Mokrice stations (Vrhovo is already operational) on the principle of flow-through accumulation, and contributing to the supply of variable parts of the daily electricity consumption diagram, and partly to supplying the needs for regulation energy. The hydroelectric power plants are of the flow-through accumulation type, which enable a daily flow-through levelling. The accumulation of HPE Vrhovo will act as a head reservoir for the Lower Sava power plant chain, and will, after construction of the entire hydroelectric chain (particularly the hydroelectric power plant chain in the middle of the Sava river stream) assume the role of the buffer-levelling reservoir. The accumulations of Brežice and Mokrice will assume the roles of levelling reservoirs. The total installed power of the five new power plants will be 189 MW with an average annual production of 716 GWh. An important component of the hydroelectric power plant construction on the Lower Sava will, in addition to the new energy capacities, be the construction of flood-prevention infrastructure protecting all adjacent urban settlements from high waters and, in addition, ensuring the flood-safety of agricultural areas. The subject of this regulation will be structures of state and local community infrastructure.

Project impact
The project will, in addition to the extra annual production of electricity, ensure a better development of local communities in the area of the new hydroelectric power plants, raise the level of environmental protection, and enable better regional development, as - parallel to the energy project - additional infrastructural projects are implemented.

3.5.8 Pumped storage hydroelectric power station Kozjak

Project definition
- Pumped storage hydroelectric power station Kozjak

Project objectives
To ensure a safe and high-quality supply of electricity.

Opportunities created or problems eliminated through the project
This project will eliminate the shortage of peak energy at electricity energy system and provide tertiary regulation energy, contributing to more reliable electricity energy system operation.

In what way does the project eliminate identified problems or exploit available opportunities
The project will, in addition to the extra annual production of electricity, ensure a better development of local communities in the area of the new hydroelectric power plants, raise the level of environmental protection, and enable better regional

development, as – parallel to the energy project – additional infrastructural projects are implemented.

Project impact
The project will ensure adaptable and cost-efficient functioning within the group and the energy system as well as improved operating conditions of the Drava power plant chain in terms of increased available power both in time and volume. The project will ensure system services – particularly tertiary reserves – and indirectly be tter system stability and reliability of Slovenia's electricity system. The project will cover daily peaks and in this way ensure better commercial conditions on the electricity market, at the same time rationalising the operation of large energy blocks in Slovenia's electricity system. Kozjak will contribute to regional development and to obtaining additional skills and experience in line with the Lisbon Strategy.

3.5.9 Construction of Unit 6 of the Šoštanj Thermal Power Plant

Project definition
- Construction of Šoštanj Thermal Power Plant Unit 6

Project objectives
To ensure a safe and high-quality supply of electricity.

Opportunities created or problems eliminated through the project
Increased consumption of electricity requires the securing of additional sources. These sources can be either domestic or foreign. It is in the interest of any country to first exploit affordable domestic sources and in this way limit dependence on imports. Reducing the dependence on imports dictates the need to construct a larger coal-powered unit using domestic lignite. An alternative solution is the setting up of a large gas-steam natural gas power plant – a plan, however, less suitable due to the dependence on imports and rising gas prices.

In what way does the project eliminate identified problems or exploit available opportunities
Analyses and surveys show that the present location could support the construction of a 600 MW unit designed in line with modern dust incineration technologies with critical parameters and an output ratio of 43% in compliance with all environmental regulations. This technology is tried and tested and established worldwide, a fact that ensures the required supply-side competition. The surveys show that a new unit uplink to the Slovenian electrical grid would present no difficulties. Economic calculations show that a competitive electricity production price is achievable. Average annual production would amount to 3234 GWh at the power plant gate, with a total of 2.93 million tons of Velenje-mined coal burned. Within Unit 6, a new heat station is foreseen for remote heating of the Šaleška Valley with 120 MWth of power and 50 MWth of average annual heat emissions. At this power level, the unit's electrical power at unchanged boiler pressure would be reduced by13 MW; however, the unit's net output would rise 45.6%.

Project impact
Within Unit 6, a new heat station is foreseen for remote heating of the Šaleška Valley with 120 MWth of power and 50 MWth of average annual heat emission. At this power level, the unit's electrical power at unchanged boiler pressure is reduced by 13 MW; however, the unit's net output would rise by 45.6%.

*3.5.10 Construction of Unit 2 of the Krško Nuclear Power Plant**

** may be substituted by other proposed energy projects*

Project definition
- construction of unit 2 for the Krško Nuclear Power Plant

Project objectives
To ensure a safe and high-quality supply of electricity.

Opportunities created or problems eliminated through the project
Increased energy consumption requires the securing of additional sources. These sources can be either domestic or foreign. It is in the interest of any country to first exploit affordable domestic sources and in this way limit dependence on imports. At present, owing to increased consumption, the necessary energy is imported. Dependence on imports is therefore growing and, as a percentage, imports already exceed those of neighbouring countries. Sustainable development depends on energy prices and availability. Slovenia currently needs an energy band of at least 400 MW to cover its consumption. In the coming years, owing to the depreciation of the existing structures, it will require an additional 500 MW. It is also necessary to ensure sustainable development at acceptable minimal environmental impact levels. An alternative to this project could be found in the construction of a gas-powered plant (albeit commercially less viable and strategically more sensitive), or sustainable energy and hydrogen economy sources. Energy imports are not an option as Slovenia is already too import-dependent.

In what way does the project eliminate identified problems or exploit available opportunities
Nuclear power plants are clean producers of largely broad-bandwidth energy. Due to the high demand for this type of energy (400 + 500 MW) these requirements are easiest to satisfy in the stated manner as the project itself - built adjacent to the existing power plant – would not constitute a disproportionate cost increase. After constructing the 400 KV Krško–Beričevo transmission line, the capacities for additional energy transmission would be entirely sufficient. The most suitable construction parameters of the new nuclear power plant unit would be as follows: PWR technology, 1000 MW net, annual production in the range of 7.5 to 8.5, start of construction in 2013, start of operation in 2017, use of combined dry and wet cooling towers, construction located at the Krško Nuclear Power Plant eastern fence and adjacent to the Sava river to the south, uplink to the existing 400 KV transmission line junction, estimated maximum full price in the range of 35 to 40 EUR/MWh. An additional option is operation in a weekly trapezoidal mode or in combination with pumping power plants.

Project impact
The proposed project uses state-of-the-art technologies, the operation of which in turn also requires highly trained and educated personnel. The project construction would significantly contribute to the reduction of greenhouse gases and emissions and dependency on imported electricity while, owing to the affordable energy, it would also serve to preserve and increase economic competitiveness. Synergies arising both from the present location and from current experiences in operating, safety procedures, maintenance, radioactive waste disposal and nuclear fuels spent, should be exploited.

3.5.11 Gas storage facility construction

Project definition
- Construction of gas storage facility required for uninterrupted supply

Project objectives
Securing of storage facilities for Slovenia's reserve needs and increasing the reliable supply of natural gas.

Opportunities created or problems eliminated through the project
Owing to its adaptable technologies (gas turbines) and its favourable location, the Brestanica Thermal Power Plant has a special place in the Slovenian energy system and provides Holding Slovenske elektrarne and other users with tertiary regulation, generator start-up without external charging and separate operation (Krško Nuclear Power Plant, other), as well as the production of average/high-time/peak electricity. The Brestanica thermal power plant is one of the larger natural gas consumers in Slovenia. As a typical peak power plant with high hourly and daily off take it continues to cau se substantial problems for Slovenia's relatively small main gas network. Owing to large gas off takes, shortages in natural gas supply occur, which in turn mean that natural gas powering of the Brestanica Thermal Power Plant is practically impossible.

In what way does the project eliminate identified problems or exploit available opportunities
The technology behind storing natural gas by constructing one or more connected subterranean chambers lined with steel plate, was developed in Sweden, where such subterranean storage facilities have been in operation since 2003. Based on this technology, the construction of a new high-pressure subterranean natural gas storage facility is planned at the currently closing Senovo mine location, together with the connecting gas pipeline between the gas storage and the Brestanica Thermal Power Plant. Based on current geological survey results, the present location is capable of supporting the construction of a subterranean high pressure natural gas storage with a volume of 91,200 m3 (four chambers) and a maximum combined storage capacity of 21.6 million Sm3, with pressure amounting to 20 MPa (200 Bars).

Project impact
The construction of gas storage also means – in addition to the positive effects for the Brestanica Thermal Power Plant operation – there is the option of using the storage facility for Slovenia's national reserves, increasing the reliability of the gas burned within the Holding Slovenske elektrarne group, improving the negotiating position with natural gas suppliers and opening a possible natural gas trading market.

3.5.12 Impact of projects on development indicators

With the execution of these projects, emissions of greenhouse gases will decrease, while the economy's energy efficiency will increase. Owing to the unstable conditions on the energy markets, the projects will increase the country's energy self-sufficiency. The projects' immediate effects will be the assurance of a safe and quality supply of electricity. Network expansion will enable the linking of production and consumption, in turn increasing energy availability and the system's reliability, thus ensuring economic growth and a higher standard of living. We expect increased exploitation of natural resources, particularly of biomass, solar energy, geothermal energy and organic waste biogas. Polygeneration of heat and electricity will increase significantly, while the need for the construction of new fossil fuel and nuclear energy-driven machinery will decrease. Through economic incentives, new development sectors will experience increased business initiative combined with employment growth.

4 Steps necessary for the realisation of the Resolution

In accordance with *Measure no. 18:* the "Indicative group of project ideas for further elaboration into major projects" from the Framework of Economic and Social Reforms it was proposed that the Slovenian Government adopts a set of potential projects for co-financing from the national and cohesion funds. Within the framework of Working Group No.10: "Coordination of National Development Planning", which was established for inter-ministerial harmonisation in drawing up social and economic reform measures, numerous steps were taken in the preparation of projects in the Resolution.

Simply drawing up the Resolution on National Development Projects for the Period 2007-2023 achieved the objective of preliminary identification of major development and investments projects. In such a way, verifying the degree of preparedness of development projects and programmes in the area covered by the Resolution has been performed in the whole country. At the same time, the phase of preparedness of individual projects to be implemented was established. Moreover, the financial feasibility of project implementation was analysed. The contents of strategic national development projects have also been linked up, including the SDS, NDP, NSRF and the Regional Development Programmes. Via the Resolution, the preparedness of some development partners for participation in extensive national projects has also been analysed.

For further implementation of the Resolution the following measures will be taken:

A/ Implementation

- *The Government Office for Growth* will be responsible for coordination, monitoring and assessment of Resolution implementation.
- The Slovenian Government will appoint a *Ministry responsible* for each project.
- The Ministry responsible for each project will establish a project *group for implementation of the project*. Participating in the project group will be: *(a)* head of the project group from the responsible ministry, *(b)* one representative of each Slovenian ministry to which the substance of the project applies *(c)* one representative of the region, *(d)* one representative of the municipality within which the project or a part of the project is being carried out, *(e)* a representative of the private sector where the private sector is involved.
- The responsible ministry will propose the composition of the project group for each project and submit it to the Government for approval within 30 days of the adoption of the Resolution.
- The project group will hold regular meetings, at least every three months.
- If feasibility studies show that a project is either feasible or infeasible in the presumed form owing to a change in circumstances, the content or location of the project may be altered.
- Regardless of their inclusion in the Resolution list, projects that can be understood as state aid will have to be carried out in compliance with the regulations covering state aid, and implemented on the basis of proper additional procedures regulating such projects.

B/ Monitoring and evaluation

- Responsible ministries will regularly monitor the work of project groups and the implementation of individual projects.
- Once a year, the Government Office for Growth will produce a Report on the implementation of the Resolution for the Slovenian Government.

C/ Reporting

- The Government Office for Growth will hold regular meetings of all heads of projects from the responsible ministries.
- Reporting on the implementation of the Resolution will be carried out as part of the budgetary debate.

5 Financial breakdown of national development projects

Table 11: Value of national development projects (EUR million)

		Total	Time		Budget (3)			
	Project title	Project value (2007-2023)	Start	Conclusion	Budget of the RS	Municipal and regional budget	European Funds (4)	Private sources (possibility of PPP)
1	Construction of the economic growth centre of South-Eastern Slovenia	100	2007	2015	5	15	25	55
2	Construction of the economic growth centre PHOENIX in the Posavje region	160	2007	2020	8	20	40	92
3	Construction of the economic growth centre in the Gorenjska region	160	2007	2023	7	21	39	93
4	Construction of the economic growth centre PERSPEKTIVA in the Notranjska region	100	2007	2020	5	15	24	56
5	Construction of the economic growth centre OKO in the Pomurje region	100	2007	2015	5	15	26	54
6	Construction of the economic growth centre IN PRIME in the Goriška region	160	2007	2020	8	25	46	81
7	Construction of the economic growth centre OREH in the Podravje region	160	2007	2015	8	25	41	86
8	Construction of the economic growth centre NOORDUNG in the Koroška region	100	2007	2023	5	15	25	55
9	Construction of the economic growth centre TEHNOPOLIS+ in the Savinjska region	160	2007	2015	8	25	40	87
10	National broadband network	385	2007	2023	15		70	300
11	Slovenian Adriatic Island	100	2009	2020	20	10	0	70
12	Synergy of natural and cultural potentials of Karst	50	2011	2016	15		25	10
13	Megalaxia Amusement Park	150	2008	2011	6		19	125
14	Leon Štukelj Sports and Business Centre	340	2008	2014	20		29	291
15	Planica Nordic Centre	94	2007	2013	15		40	39
16	The Goriška Tourist Centre	800	2008	2009	5		15	780
17	The Jože Plečnik National and University Library	90	2008	2023	45	5	35	5
18	Ljubljana Polytechnic	72	2007	2013	16		50	6
19	Maribor University Medical Centre	51	2008	2017	20	0	31	0
20	Modernisation of the e-Health health service system	66	2007	2013	18	11	27	10
21	Modernisation of the e-Justice judicial system	65	2007	2010	41		19	5
22	New University Medical Centre in Ljubljana	269	2011	2015	269			
23	Network of emergency medical centres	78	2008	2012	25	22	31	
24	Human resources development fund and scholarship scheme	694	2007	2023	208		139	347
25	Sustainable mobility	526	2007	2023	53		112	361
26	Modernisation of the railway network	8,884	2008	2020	4044		398	4442
27	Mordenization of the national road network on priority development access	1,446	2007	2020	963		283	200
28	Additional highway programme	1,362	2009	2020	890			472
29	Sustainable energy and hydrogen economy **(1)**	3,908	2007	2023	306		170	3432
30	Modernisation of electric power supply network	103	2008	2012				103
31	Building of new Lower Sava electric power production facility**(2)**	350	2007	2018	87			263
32	Pumped storage hydroelectric power station Kozjak	168	2007	2012				168
33	Construction of unit 6 of the Šoštanj Thermal Power Plant	602	2008	2011				602
34	Construction of unit 2 of the Krško Nuclear Power Plant	2,000	2015	2017				2000
35	Construction of gas storage facility	67	2009	2013	33			34
	TOTAL	**23,920**			**7,173**	**224**	**1,799**	**14,724**
	TOTAL - in %	**100**			**30.0**	**0.9**	**7.5**	**61.6**

(1) The estimate of revenues to the state budget from CO_2 taxes that could be spent on sustainable mobility amounts to EUR 103 million (meanwhile, the total amount collected from CO_2 taxes is EUR 280 million and should be committed to sustainable development projects).

(2) The source in the Slovenian budget is an appropriated fund represented as the Water Fund.

(3) Additional forseeable funding resources for the developmental projects of the Resolution are represented by the funds from the purchase amounts collected within the privatisation scheme.

(4) These funds will be drawn from operational programmes of the European Regional Development Fund, European Social Fund and the Cohesion Fund. Projects continuing into the period after 2013 are intended to be further cofinanced under cohesion policy. Until the negotiations with the European Commission are concluded, the values above are of a merely indicative character.

The majority of projects will commence in the beginning of the 2007-2013 financial perspective; however, the indicated assets of EUR 23.920 million are relatively evenly distributed over the period up to 2023, which is important for ensuring the sustainability of financial flows. It is important that in the second period of the project phase the share of private investments will proportionally increase and will amount to EUR **14,724 billion** by the end of the whole period, thus representing almost 61.6% of private assets in the entire planned financing package. We expect an increase in private investments in particular in transport infrastructure, however following the adoption and implementation of the law on public-private partnership, joint investments in public and private sector projects will increase in all fields.
Given the simultaneity and coherence of preparation of the SDS, NSRF and the pertaining OP for the use of funds from the EU cohesion envelope for Slovenia, the anticipated use of EU funds for financial perspective 2007-2013 in the amount of EUR **1,799** million has been harmonised and is foreseeable.

Additional forseeable financial resources for development projects are represented by funds generated from the current privatisation activities.

More visible changes in the total budget might result from the envisaged changes in the projects, marked "*possible substitution"; following a thorough assessment of impacts, certain projects (in particular in the field of energy) could function as partial or complete alternatives (substitutes) for each other.

CONCLUSION

The Slovenia's Development Strategy (SDS) is a strategic development document of the Slovenian Government, which on the basis of development achievements and challenges in the country and on the basis of global and European trends defines a vision of development, development goals, strategic policies and developmental priorities as well as the essential tasks of the Government in realising the chosen course of development. The National Development Plan (NDP) is the implementing document of development planning which through the SDS operationally divides the adopted developmental priorities into the indicatively financially evaluated development programmes and projects and which also envisages adequate sources of financing (national and international, budgetary and private). In drawing up development plans and projects, the NDP adheres to the adopted international obligations and the EU regulatory framework, considering in particular the use of EU budget funds as well as the development initiatives of regions and of non-governmental organisations.

The Resolution on National Development Projects connects the SDS and NDP, and it operationally defines the key projects in Slovenia that are necessary to achieve the objectives of the SDS for a breakthrough on global markets. Projects will be financed from general government sources and represent the starting point for planning general government expenditure for development within the budget memorandum, national budget and plan of budget development programmes. All the projects:

- have highly multiplicative effects,
- yield foreseeable development results,
- are/will be defined by physical and financial indicators,
- are suitable for monitoring implementation and measuring the achievement of objectives and effects,
- are based on actual potentials and needs on national and regional levels,
- are based on the assumptions of implementing the principle of partnership with social and local partners as well as with the civil society in preparation and implementation procedures.

The Resolution therefore represents the gravitational centre for the 2006-2013 SDS.

If the key projects in the Resolution are not implemented, we can expect the national development processes to be very weakly focused, and along with this, the competitiveness of Slovenia's exports to gradually deteriorate owing to the relatively weaker development orientation and rigid domestic entrepreneurial environment. There would therefore be no promoted increase of exports that would enable an increase in market shares in the most important export markets. There could be no increase in productivity above the present level, and the number of new jobs will also be considerably lower. All of this would considerably delay the realisation of the economic objective of the SDS in terms of exceeding the average EU economic development level and increasing the employment rate in accordance with the Lisbon Strategy goals:

- A developmental leap requires the restructuring of the economy towards increased service activities (increase in the proportion of added value to 67% by 2013) where the scope of knowledge-based services would increase considerably faster than the scope of other services. This requires a higher concentration of development programmes in the area of higher education, technological development and entrepreneurship and through these the flow of knowledge and innovativeness between the economy and universities.
- Simultaneously, through the optimised implementation of measures in the SDS and this Resolution, development advances could also be encouraged in Slovenia's processing industry in the direction of promoting medium and high-technology industries, while the total share of processing industries as a whole would not increase within the framework of the production structure of GDP.
- Restructuring of processing industries and strengthening of knowledge-based services would be enabled via the fast growth of research and development spending and investments in human capital.
- Economic growth and investment in knowledge would also enable higher employment. In the period of accelerated economic growth, total employment growth could exceed 1 percent and Slovenia could achieve the targeted 70% employment rate by 2013.
- This would also enable a gradual decrease in unemployment, which could be close to 3% by the end of the period. As for demand, more competitive exports of products and services with higher added value as well as internationalisation of production could bolster foreign demand and the growth of market shares in the largest export markets.
- Private demand and investment demand would be strengthened simultaneously through an increase in the income level, higher employment and improvements to the entrepreneurial environment. In this case, within the framework of investment consumption, the proportion of private investment in equipment and machinery would in particular be strengthened, and owing to the intensive capitalisation during the final years, the actual proportion of investment in GDP would not considerably increase.
- Through economic and productivity growth, wages would gradually approach the level of wages in comparable economies, while the real gross wage per employee in the private sector would increase faster than the real gross wage per employee in the public sector during the entire period.
- Through this Resolution, we wish to increase the input of foreign direct investments (in 2005, Slovenia was a net exporter, with outflows higher than inflows), reduce the lag behind the EU-25 average, where foreign direct investments play an important role in internationalisation (at present, we lag more than 10 p. p. behind in terms of foreign direct investments inflow and by more than 30 p. p. in terms of foreign direct investments outflow).
- Through projects in the field of energy we wish to reduce energy dependence, develop the use of renewable and alternative sources, and simultaneously carry out measures to increase the efficiency of energy use and co-production (heating, electricity). By abandoning economically non-viable and old production systems, and by increasing

productivity, the energy intensity of processing industries has been decreasing since 1994; however the process has slowed down in recent years. Given its infrastructure, Slovenia needs to be prepared for decentralized, territorially nested systems of energy co-production and to the new fuels, in particular in transport (cars fuelled by the new generation of motor fuels). Therefore these projects are oriented towards reduction of CO_2 emissions as well.

- Given the universal possibilities for the use of information and communication technologies (ICT) and their impact on the innovativeness and efficiency of the public and private sectors, investments in ICT represent a vital element of investments in knowledge and an increase in economic efficiency. In the Resolution, through the projects in the field of information society development, we wish to re-direct the decline in the share of ICT within GDP relative to the EU-25. In 2004, investments amounted to only 5.2% of GDP (EU-25: 6.4%). In those fields where in the past 6 years investments have been markedly insufficient (health care, judicial system, digitalisation, broadband access network in those areas that are not commercially attractive) we wish to catch up.
- In Slovenia accessibility to health care services is relatively good; however, compared to the other European countries we lag behind in the number of physicians per inhabitant (in 2004 there were 230 physicians per 100,000 people) and the number of beds per inhabitant (in 2002 there were 509 beds per 100,000 people), which makes the arrangement of this sector (network of clinical centres, Maribor University Medical Centre, e-health) even more important.
- The assessment of the business environment will be improved through the reduction in court backlogs as well as higher efficiency, productivity, accessibility and improvement in the quality of work in judicial system.
- Transport represents one of the main challenges to the environmental policy of Slovenia and the EU and it often serves as a springboard for the development of rural areas. The structure of transport is problematic, since road traffic is on the increase and in view of such trends, and in accordance with EU policy, the share of transport means (railways, public passenger transport) that are less environmentally burdening should be increased. Focused and coherent planning of logistics and commercial centres, intermodal terminals and public passenger transport hubs together with the placing of new traffic infrastructure in the physical environment are of key importance, stemming from the common efforts to redirect traffic (in particular transit freight and domestic passenger transport) from the roads to the railways.

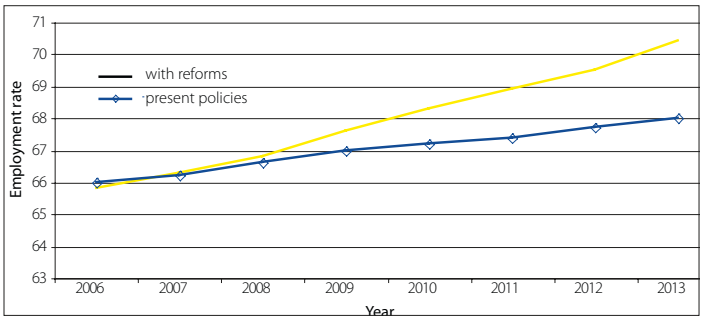
Table 12: Key macroeconomic indicators until 2013 (with the implementation of the SDS and the Resolution)

Real growth (%) except where specifically indicated

	Scenario for the 2009-2013 period	
	Spring forecast	**Grounds for the Target development scenario of the SDS**
Gross domestic product	3,8	5,3
Exports of goods and services	7,3	9,1
Imports of goods and services	7,1	8,3
Private consumption	3,2	4,9
Government consumption	2,4	3,4
Fixed capital formation	4,8	5,1
Employment (% growth)	0,6	1,1
Unemployment rate according to the ILO (%)	6,4	3,7
Productivity (% growth)	3,1	4,1
Inflation (%)	2,2	2,5

Source: Spring Report 2006, IMAD

Diagram 12: Comparison of the employment rate with the implementation of reforms and without the implementation of reforms



Source: IMAD

List of diagrams

List of tables

List of figures

List of abbreviations

AGC
European Agreement on Main International Railway Lines

AGTC
European Agreement on Main International Combined Transport Lines and Related Installations

CEMT
European Conference of Ministers of Transport (Conférence Européenne des Ministres des Transports)

EBRD
European Bank for Reconstruction and Development

EMU
Economic and Monetary Union

ERDF
European Regional Development Fund

EU
European Union

EU-10
New EU Member States

EU-15
Old EU Member States

EU-25
EU Member States

EUE
Efficient use of energy

Eurostat
Statistical Office of the European Communities

FDI
Foreign direct investment

GERD
Gross Expenditures in Research and Development

GDP
Gross Domestic Product

HDI
Human Development Index

HE
Hydrogene economy

HPE
Hydroelectric power station

ICT
Information and communication technology

ILO
International Labour Organisation

IMD
International Institute for Management Development

IMAD
Institute of Macroeconomic Analysis and Development

MF
Ministry of Finance

NDP
National Development Plan

NSRF
National Strategic Reference Framework

OP
Operational programmes

RES
Renewable energy sources

PPP
Public-private partnership

PPS
Purchasing power standard

PPT
Public passenger transport

R&D
Research and development

RS
Republic of Slovenia

SIT
Curency of the Republic of Slovenia - Slovenian Tolar (exchange rate EUR 1.- = 239,640 SIT)

SORS
Statistical Office of the Republic of Slovenia

SDS
Slovenia's Development Strategy

TL
Transmission Line

UCTE
Union for the Coordination of Transmission of Electricity

UN-ECE
United Nations Economic Commission for Europe

WEF
World Economic Forum

xDSL
Digital subscriber lines

The Resolution on National Development Projects for the Period 2007–2023 is of crucial importance for more immediate economic impetus and the realisation of Slovenia's economic development objectives, since it involves large-scale and concentrated planning of investments with multisectoral effects. Moreover, Slovenia must concentrate its assets in development and investment projects that will bring more rapid economic growth in the long run, strengthen the competitiveness of the economy and social environment, and through development consequently provide new and higher quality jobs and prosperity. The projects have a vision and should provide a better business environment while simultaneously creating opportunities for growth and development. Through their implementation they will enable Slovenia as a whole to advance its development.

Government Office for Growth
Gregorčičeva 25, 1000 Ljubljana

www.svr.gov.si

strategija razvoja slovenije
Slovenijajutri

www.slovenijajutri.gov.si