

Executive summary

Labour market and activation policies are well developed in Slovenia and generally quite effective in connecting people with jobs and, thereby, contributing to economic growth and wellbeing. However, the global financial crisis hit Slovenia hard and revealed some structural weaknesses in the system, which have contributed to a high level of long-term unemployment, low rates of employment for some groups such as those who are older or low-skilled and poor reemployment chances for workers who have been made redundant. Recognising these challenges, the Slovenian government has commissioned this review as one strand of its plan to strengthen its activation and labour market policies. By encouraging greater labour market participation of disadvantaged groups stronger activation policies also contribute to Slovenia's National Development Strategy 2030 which aims at building social cohesion and ensuring that no one in society is left behind. Such stronger policies also contribute to Slovenia's goal of improving all citizens' access to education and training in every stage of life.

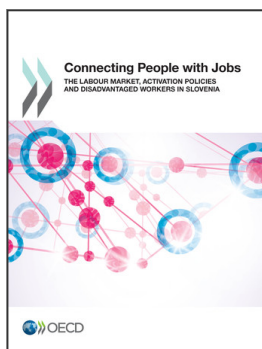
While the overall employment rate in Slovenia is around the OECD average, and was even higher than that before the crisis, some labour market outcomes are striking. The employment rate of people aged 55-64 is the third lowest in the OECD, the employment gap between high-skilled and low-skilled people is among the highest, and the share of long-term and very long-term unemployment (unemployed for more than one and several years, respectively) is exceptionally high. Slovenia will need to address these structural weaknesses in its labour market which are in part related to the policy setup, including the weak links between the Employment Service and the Centres of Social Work.

Strategic decisions will have to be taken by Slovenian policy makers about how much and where to invest in stronger activation policies in order to increase employment and generate longer-term gains from benefit savings. The system in Slovenia is geared well to help jobseekers who are readily employable but performs much less well in helping harder-to-place jobseekers who are often and increasingly parked on social assistance and more recently also partial disability benefits. With the size of this group gradually increasing, a better approach is needed to help them into work.

The OECD analysis infers that the most important areas for change in Slovenia are to:

- Strengthen the connection between the Employment Service and the Centres of Social Work by shifting responsibilities to overcome the separation of benefit administration and counselling, or even partially merging the two authorities.
- Tackle long-term unemployment by enforcing job-search requirements, benefit conditionality and benefit sanctions also for social assistance clients.
- Enable the Employment Service to help harder-to-place jobseekers by freeing up time for caseworkers to counsel these jobseekers and help them into training and work, and by improving the competence of caseworkers to deal with additional social and health problems.

- Make work pay for benefit recipients through lower taper rates and time-limited into-work benefits.
- Promote longer working lives through further and compatible changes of regulations in the unemployment system, the pension and the disability benefit system as well as the labour law to encourage later retirement.



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