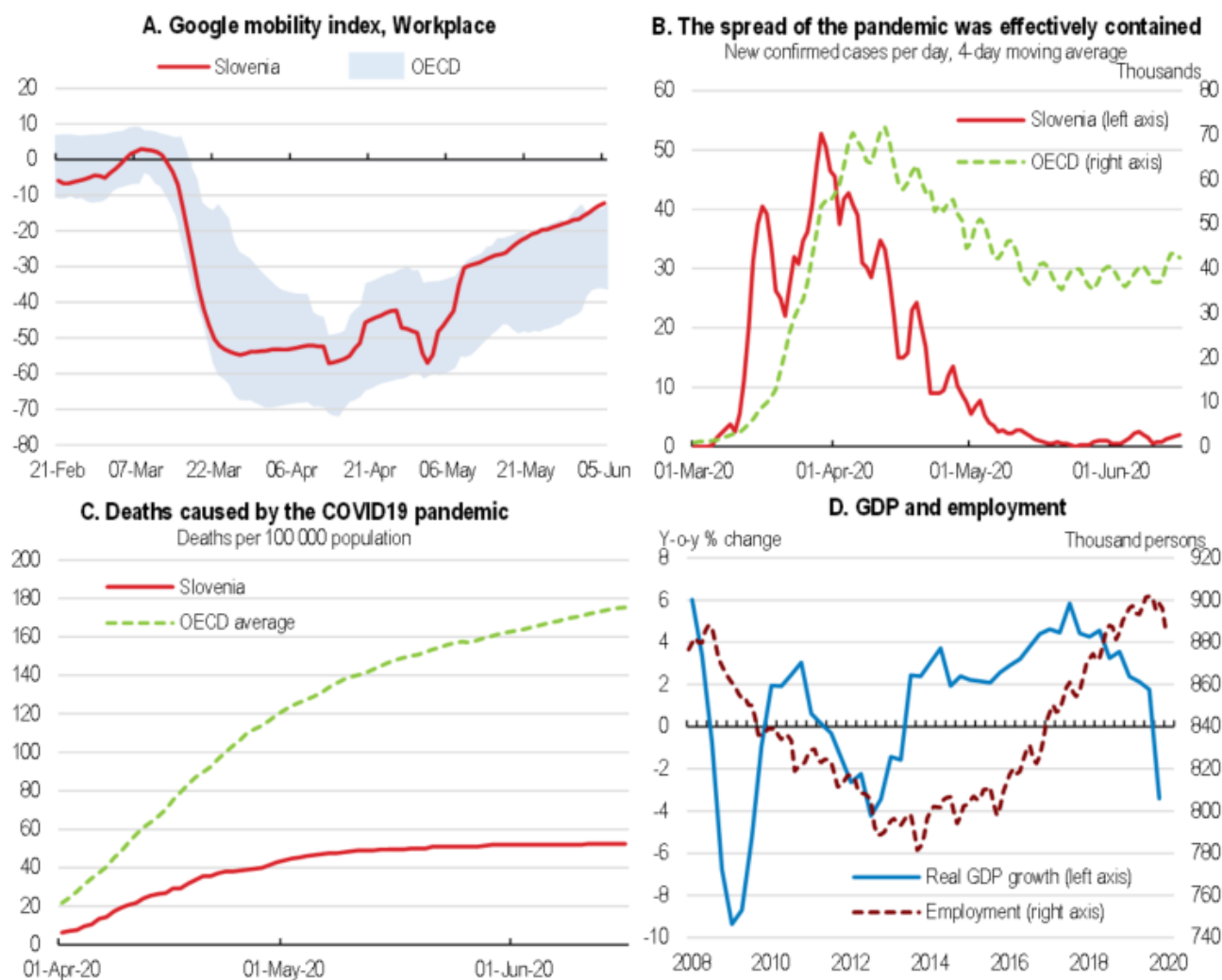


# **After the Covid-19 crisis, Slovenia needs to focus on population ageing challenges**

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Slovenia was one of the best performing OECD economies until the Covid-19 outbreak. The health crisis was smaller than in most other countries, helped by early implementation of containment measures.

**Figure: The Covid-19 outbreak was quickly contained but led to a sharp economic contraction**



Notes: Panel A depicts the ratio between mobility to workplace at all points in time and the level during the baseline period (7-day moving average). The shaded area represent the range between the OECD's 90th and 10th percentile. The level during the baseline period was established based on the median value of the volume of visits for each day of the week during the period January 3–February 6, 2020.  
 Source: OECD calculations based on Google Community Mobility Report and on [Ourworldindata](https://ourworldindata.org); OECD Economic Outlook 107 database; and Statistical Office of Slovenia.

Extensive fiscal measures were implemented to support jobs and incomes. Nonetheless, the ensuing economic crisis will be as severe as in other countries, reflecting the openness of the small Slovenian economy. The economic recovery should pick up unless a new outbreak materialise, which could lead to higher long-term unemployment and lower growth.

Once the Covid-19 economic crisis is under control, the government needs to start addressing population ageing

challenges as this will lead to a higher number of pensioners and as the labour force becomes smaller and older. These developments are creating two main long-term challenges. The first is to contain ageing-related spending increases in pensions and health and long-term care. Longer working lives is key to secure the pension system's fiscal sustainability, while better use of economic signals is needed to improve the efficiency and effectiveness of the health and long-term care systems. The second challenge is to sustain growth with a changing workforce. In the near-term, underutilised labour resources, such as older and low-skilled workers, need to be mobilised. Thereafter, maintaining growth and income convergence requires faster productivity growth, pointing to a need for continuously improving labour allocation. For this to be realised, labour market institutions have to adjust to ensure that workers' reward reflects to a higher degree individual productivity and efforts. In addition, more geographical labour mobility is needed, pointing to a need to develop further the housing market.

**Reference:**

OECD (2020), *OECD Economic Surveys: Slovenia 2020*, OECD Publishing, Paris, <https://doi.org/10.1787/a4209041-en>.