

Conference

Revitalizing Investment for a Sustainable Future

Thursday, 3 April 2025
Banka Slovenije

Revitalizing Investment for a Sustainable Future

Primož Dolenc

Acting Governor of Banka Slovenije

Revitalizing Investment for a Sustainable Future

Simon Savšek

Head of EIB Group Office

Revitalizing Investment for a Sustainable Future

Keynote presentation

Debora Revoltella

Director of the Economics Department, EIB

**EIB Investment Report and the Main Findings
for Slovenia 2024/25**



Europe and Slovenia investment priorities

Debora Revoltella

Ljubljana, 3rd of April 2025



European
Investment Bank

Market integration, simplification and large-scale investment in innovation

- With security and transformative investment critical, the question arises on **how to support an acceleration of investment going forward**
- **Policy toolkit:**
 - Integration, simplification and innovation
 - Leverage on EU green leadership
 - Leverage on social investment as an enabler
 - Focus on impact of public intervention: **Targeted and European**

EU investment was strong throughout the pandemic and energy shock recovery but is now stagnating, highly dependent on public investment

Investment is stagnating after robust growth post-Covid and during the energy crisis

Year-on-year growth in real investment by sector (%)

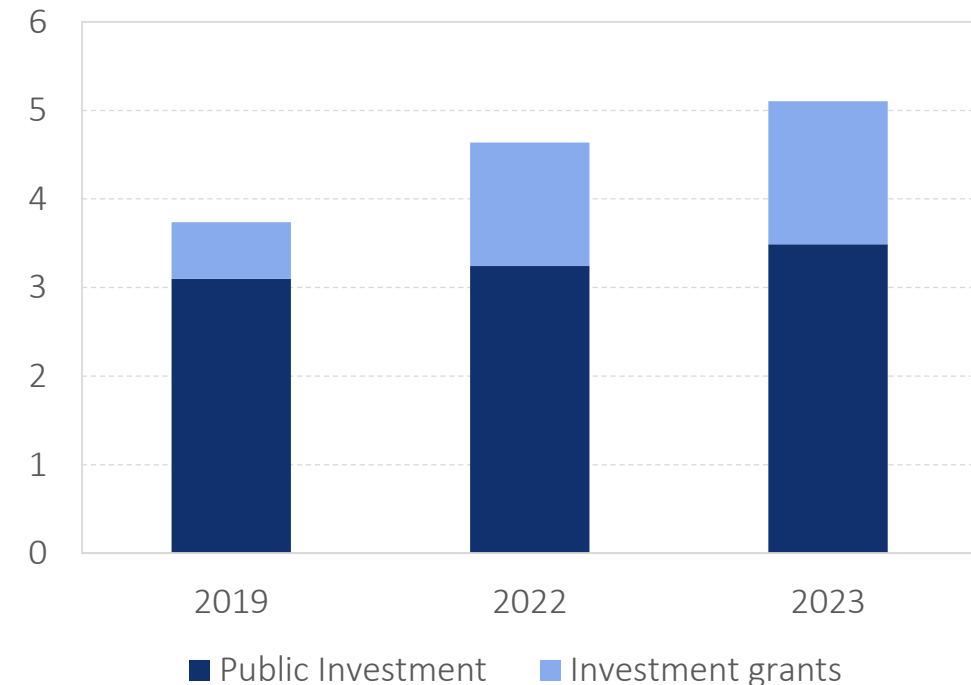


Source: EIB staff calculations based on Eurostat.

Note: EU without Ireland. Real gross fixed capital formation by sector, deflated using total investment deflator.

Public investment and public investment subsidies have accelerated over the past years

EU government investment and investment subsidies (% GDP)



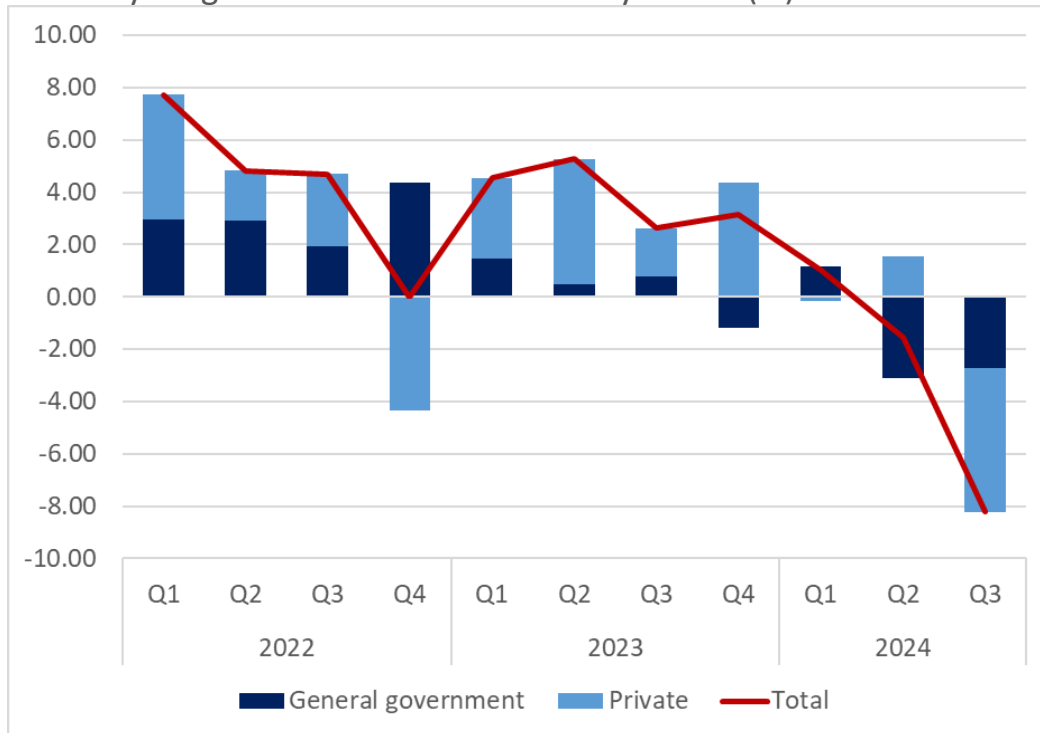
Source: EIB staff calculations based on Eurostat national accounts.

Note: By the general government.

In Slovenia, investment is also stagnating, particularly in the private sector

Investment is declining after robust growth post-Covid and during the energy crisis

Year-on-year growth in real investment by sector (%)

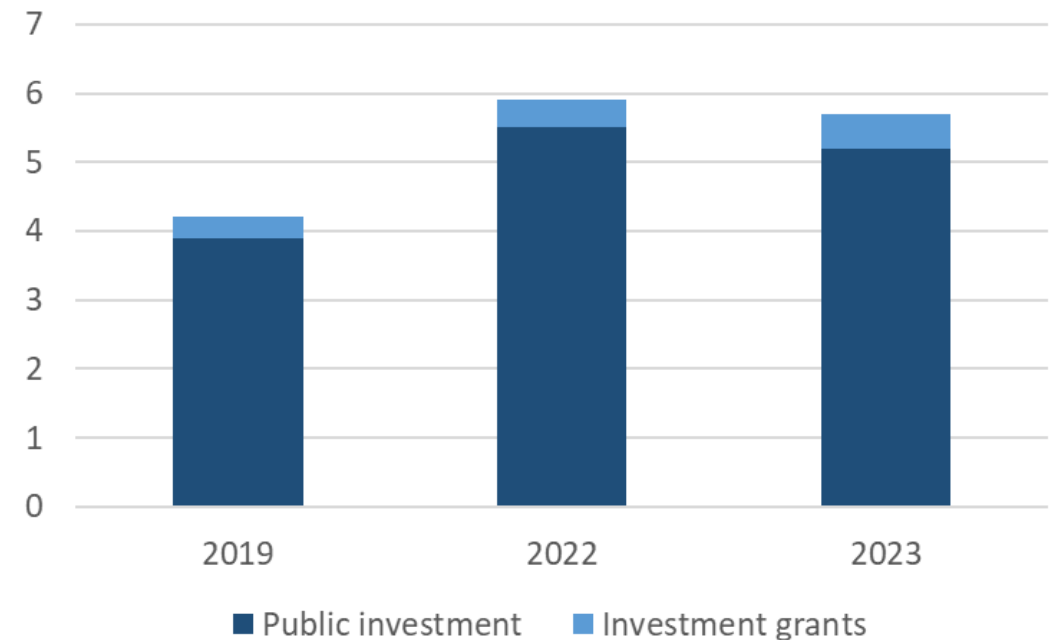


Source: EIB staff calculations based on Eurostat.

Note: EU without Ireland. Real gross fixed capital formation by sector, deflated using total investment deflator.

Public investment is holding up, but with a very low share of investment subsidies

EU government investment and investment subsidies (% GDP)

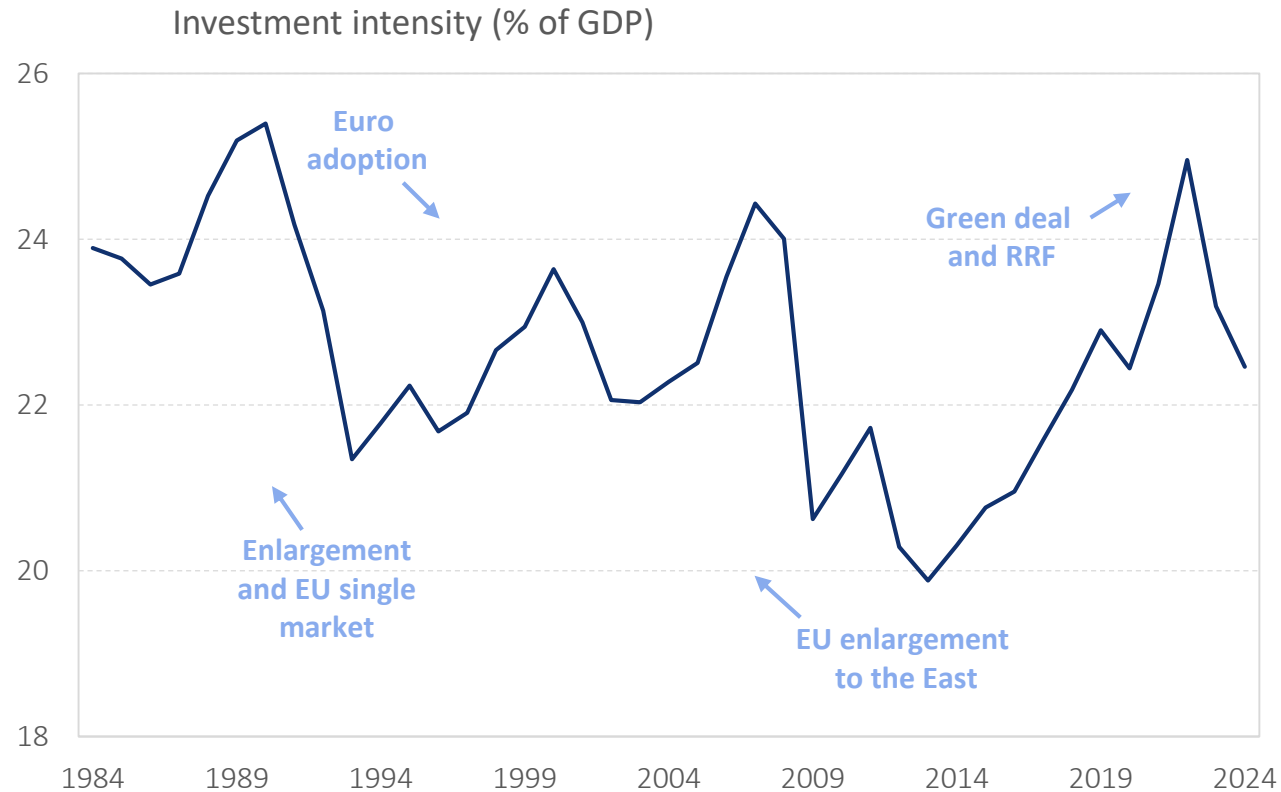


Source: EIB staff calculations based on Eurostat national accounts.

Note: By the general government.

In the EU, investment accelerates at times of structural shifts that open business opportunities

Investment accelerations in the EU



Source: EIB staff calculations based on IMF WEO October 2024.

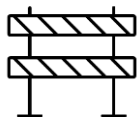
Note: The figure shows the current investment intensity (i.e., gross fixed capital formation as a share of GDP)

European integration and simplification



Simplification and integration create business opportunities and investment

BARRIERS



Removing one barrier increases sector output by 3.3 pp. over a four-year period. At firm level, the best firms are the most constrained.

COST OF BUREAUCRACY



Slovenian (EU) firms spend 1.3% (1.8%) of turnover on staff employed only to deal with regulatory requirements.

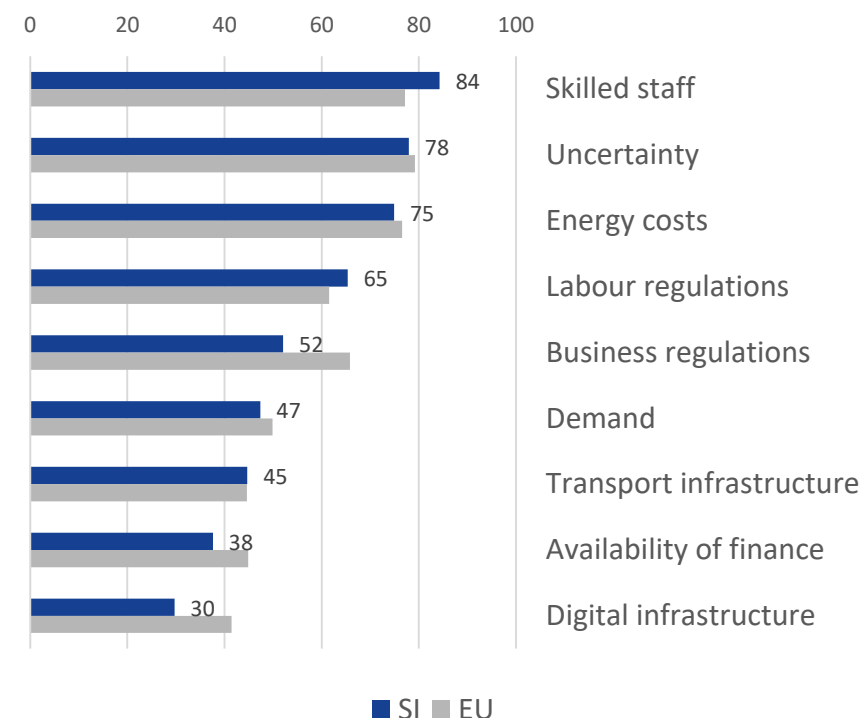
SINGLE MARKET FRICTIONS



85% of Slovenian exporters, more than the EU average (60%) deal with different standards and consumer protection rules

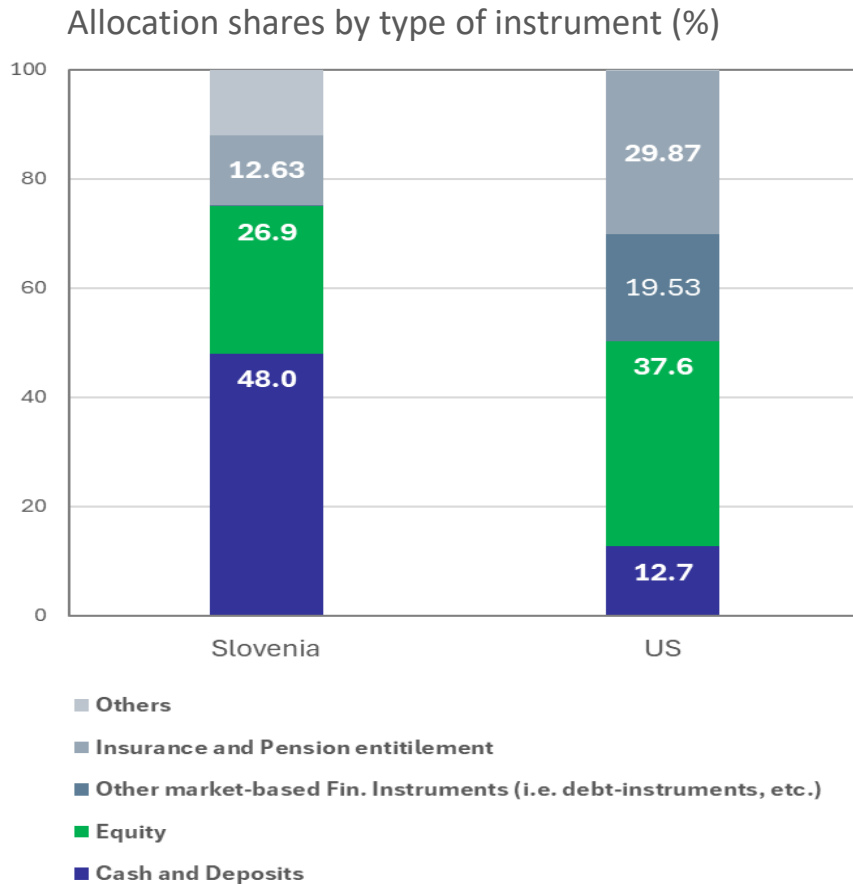
Skills, uncertainty and energy costs remain key barriers to firms' investment

Investment obstacles (% of firms)

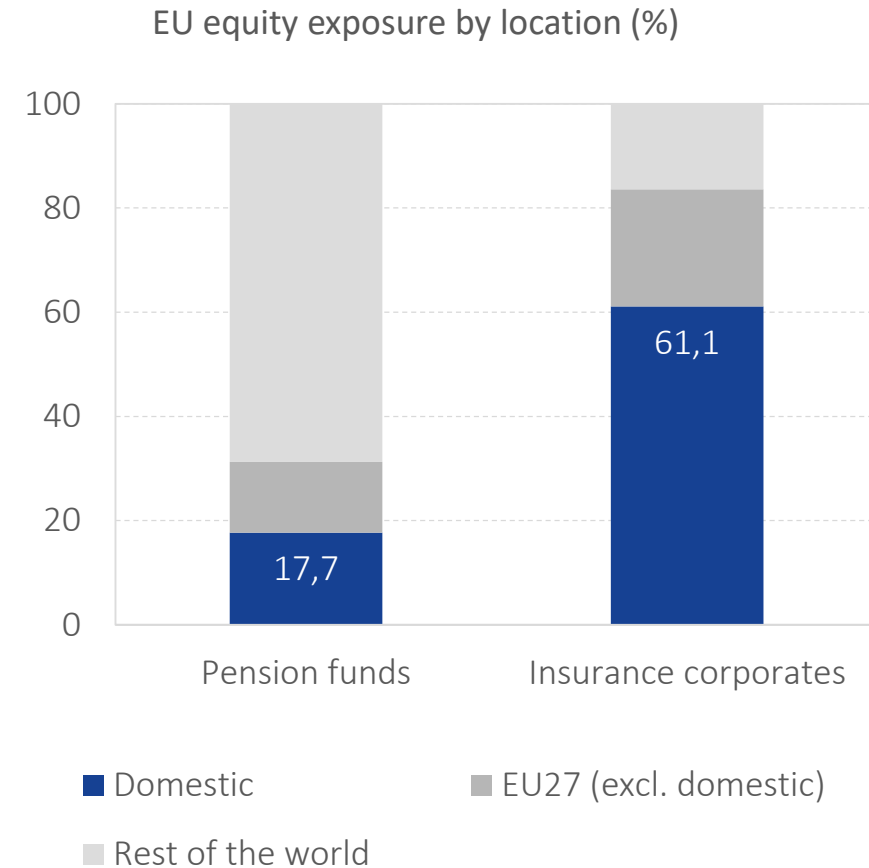


Financial market integration is necessary to bring adequate return to households and bring household savings towards innovation finance across Europe

Households' savings need more opportunities for returns



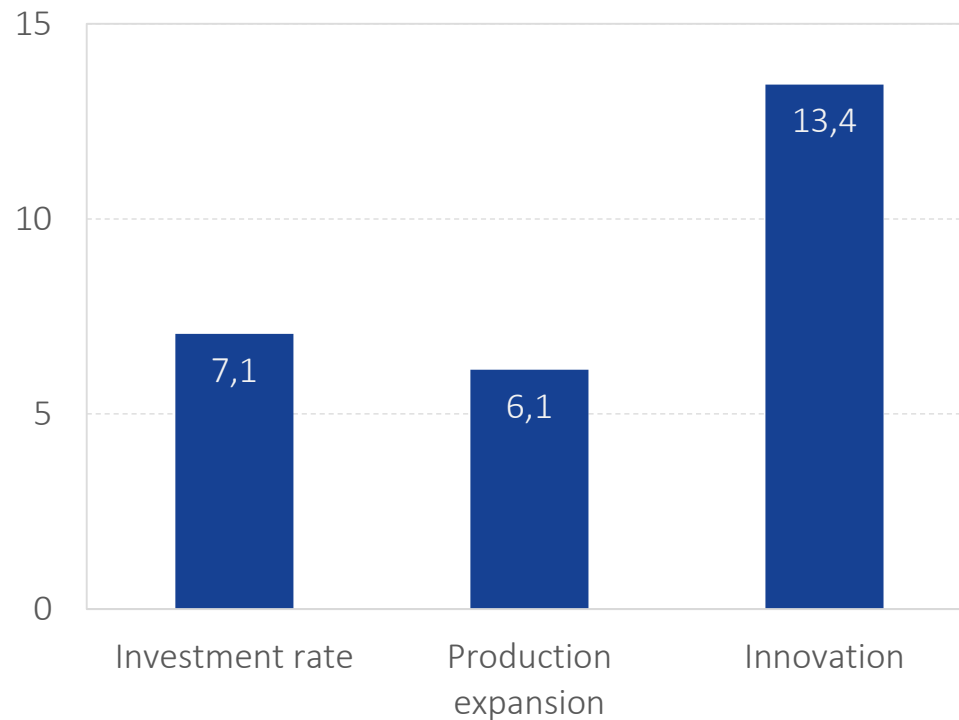
Institutional investors need more EU-based opportunities



Equity finance in Europe is critical for firms' growth and innovation, with market size and integration as key elements

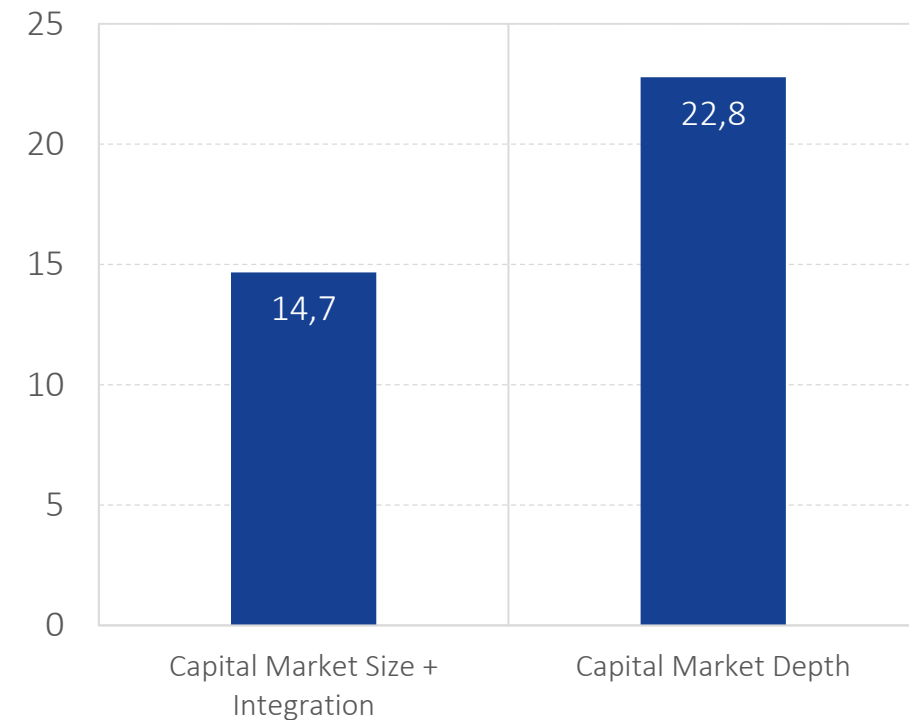
Equity issuance is a key enabler of firm performance, investment and innovation

Estimated impact of equity issuance on firm's investment and innovation (pp.)



Market size, integration and market depth matter

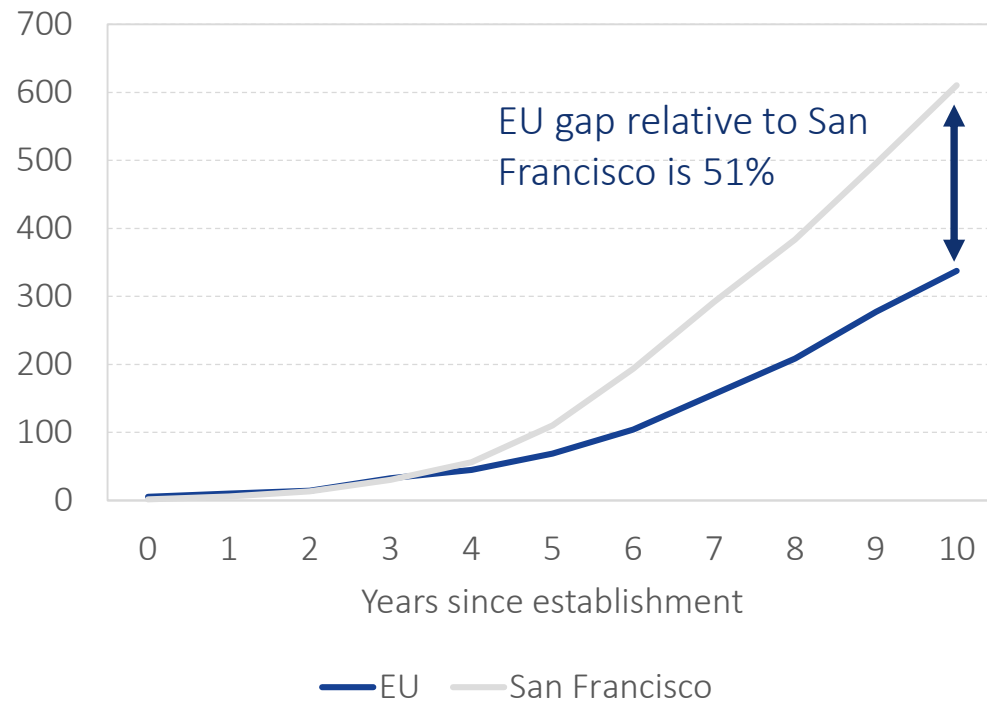
Impact of capital market characteristics on firms' probability of equity issuance (pp.)



EU Capital Markets Union : young innovative firms lack opportunities: gaps in scale-up finance, exit options and appropriate risk taking for critical technologies

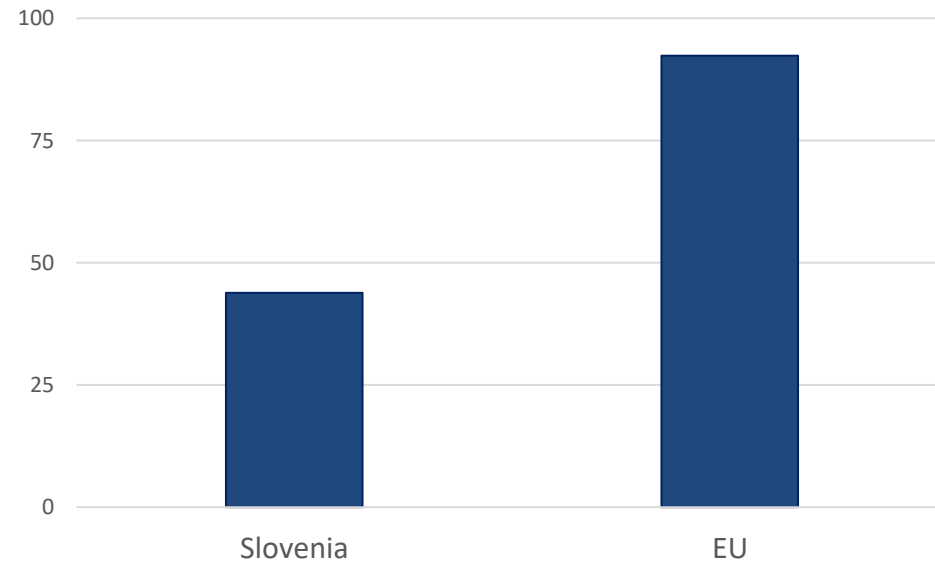
EU scale-ups raise less capital than peers in San Francisco

Cumulative capital raised since establishment by scale-ups
(average, current \$m)



Slovenian Venture Capital based companies lagging the EU average

VC based companies per mn. people



Source: Fratto et al. (2024) based on PitchBook Data, Inc.

Note: The sample consists of companies that between 2013 and 2023 had market valuation between USD 500mn and 10bn.

Source: EIB staff calculations based on Fratto et al. (2024) and PitchBook Data, Inc.

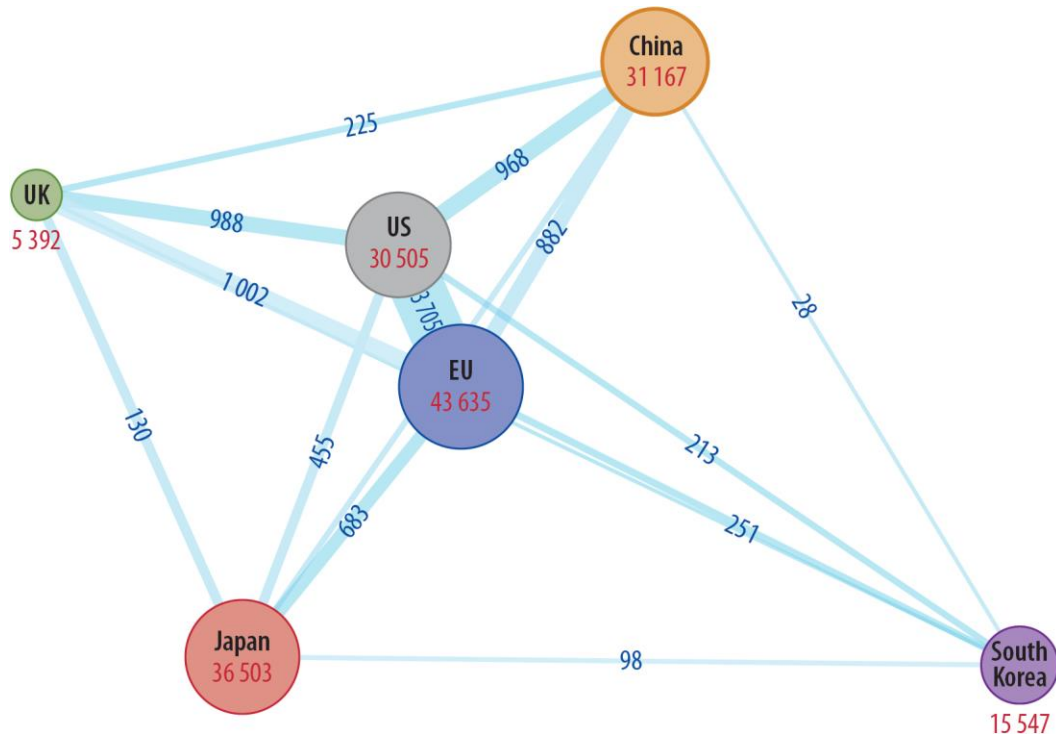


Leveraging EU green leadership

The EU is benefiting from its green leadership

The EU is a central node in green technology collaboration networks

Number of green tech patents and co-patenting by country/region

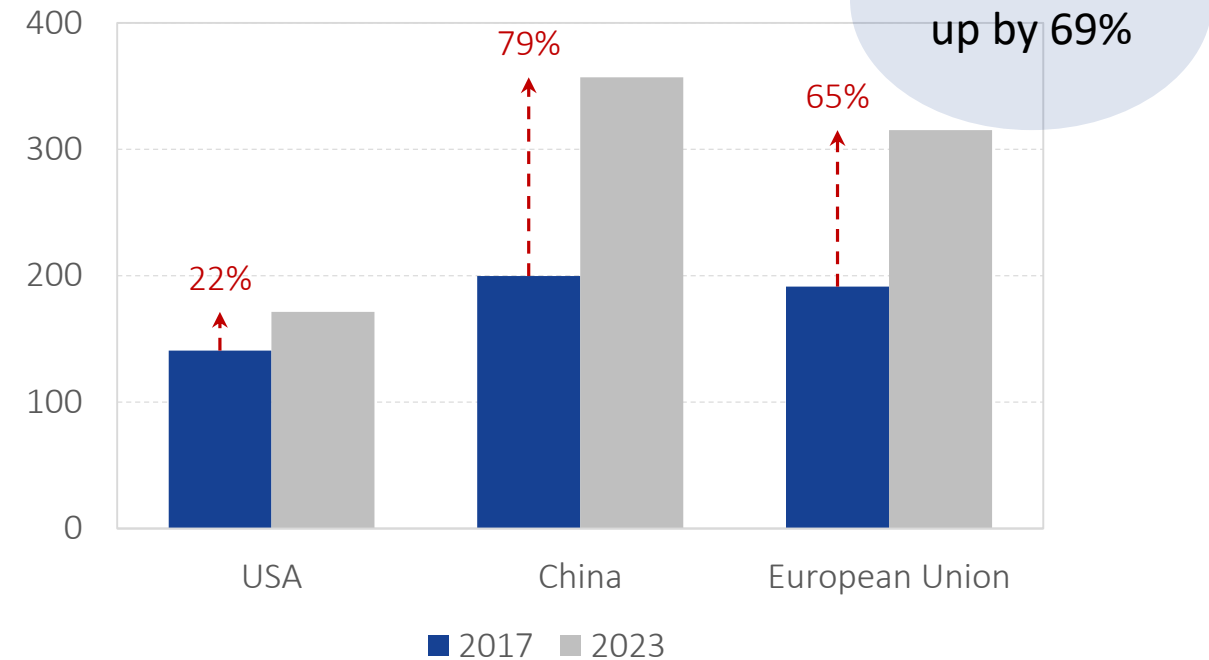


Source: PCT patents (PATSTAT), calculated by ECOOM, KU Leuven.

Note: Each circle (or node) represents a country or region. The size of the node is proportional to the number of patents for the country / region (red number within the nodes). The lines connecting the nodes ('edges') represent co-patenting links between the countries or regions. The edge labels denote the number of co-patent applications between the connected countries or regions.

The EU is exploiting the green goods export market growth

Exports of green goods (bn EUR)

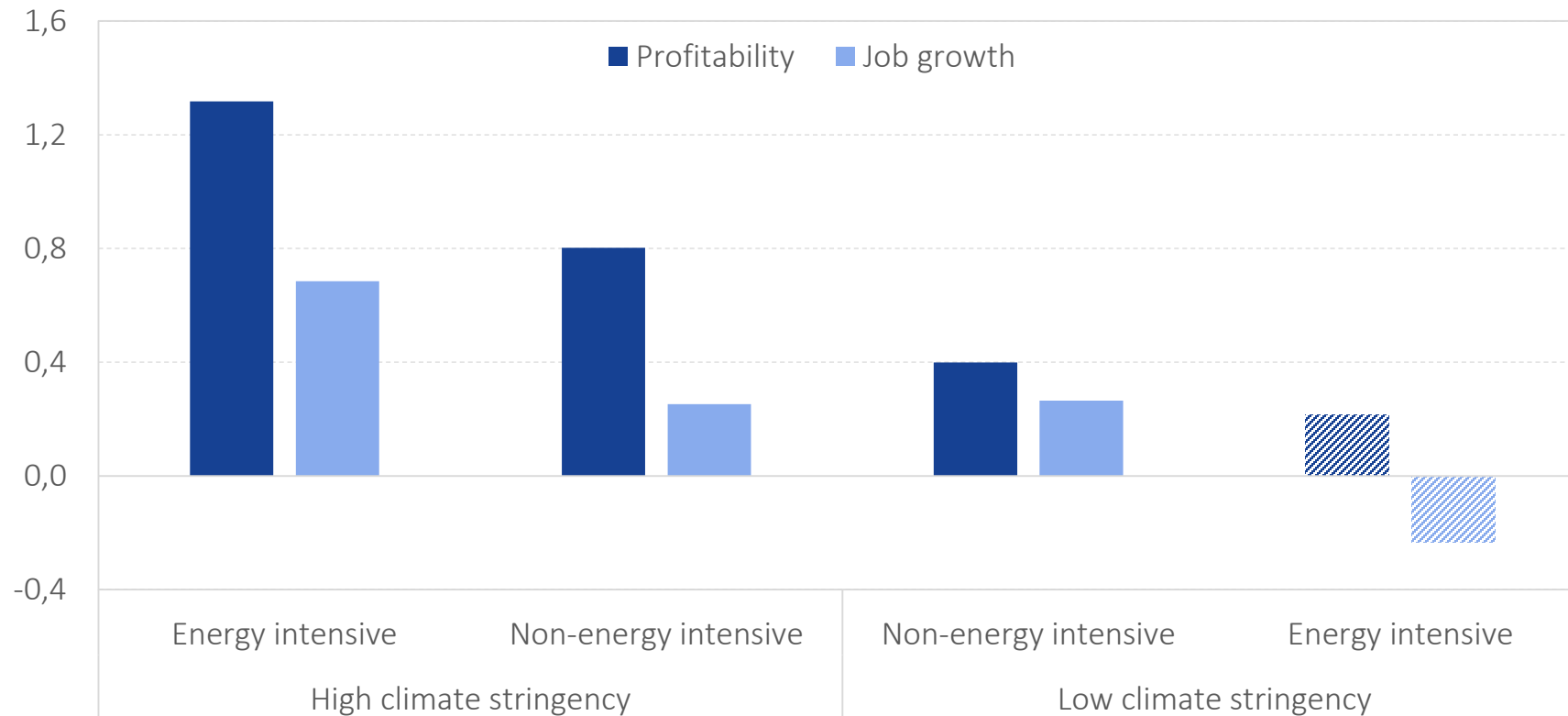


Source: EIB staff calculations based on UN Comtrade data, IMF classification of low carbon technology and environmental goods (HS 6 digits) and Eurostat PRODCOM (2024).

The EU climate policy framework is a driver for firms' transformation

Policy stringency is a key driver of returns from firms' investment in energy efficiency

Predicted probabilities of firms' return from energy efficiency improvements (%)

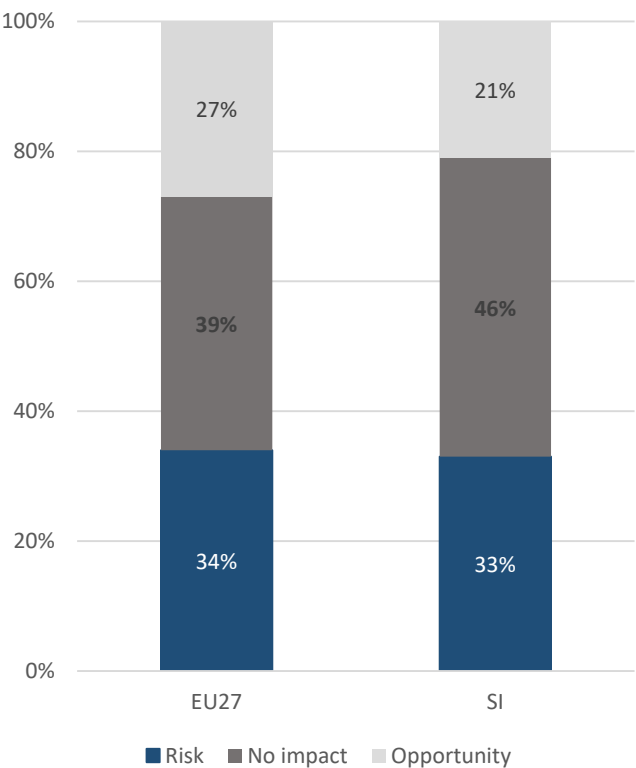


Source: EIB staff calculations based on EIBIS.

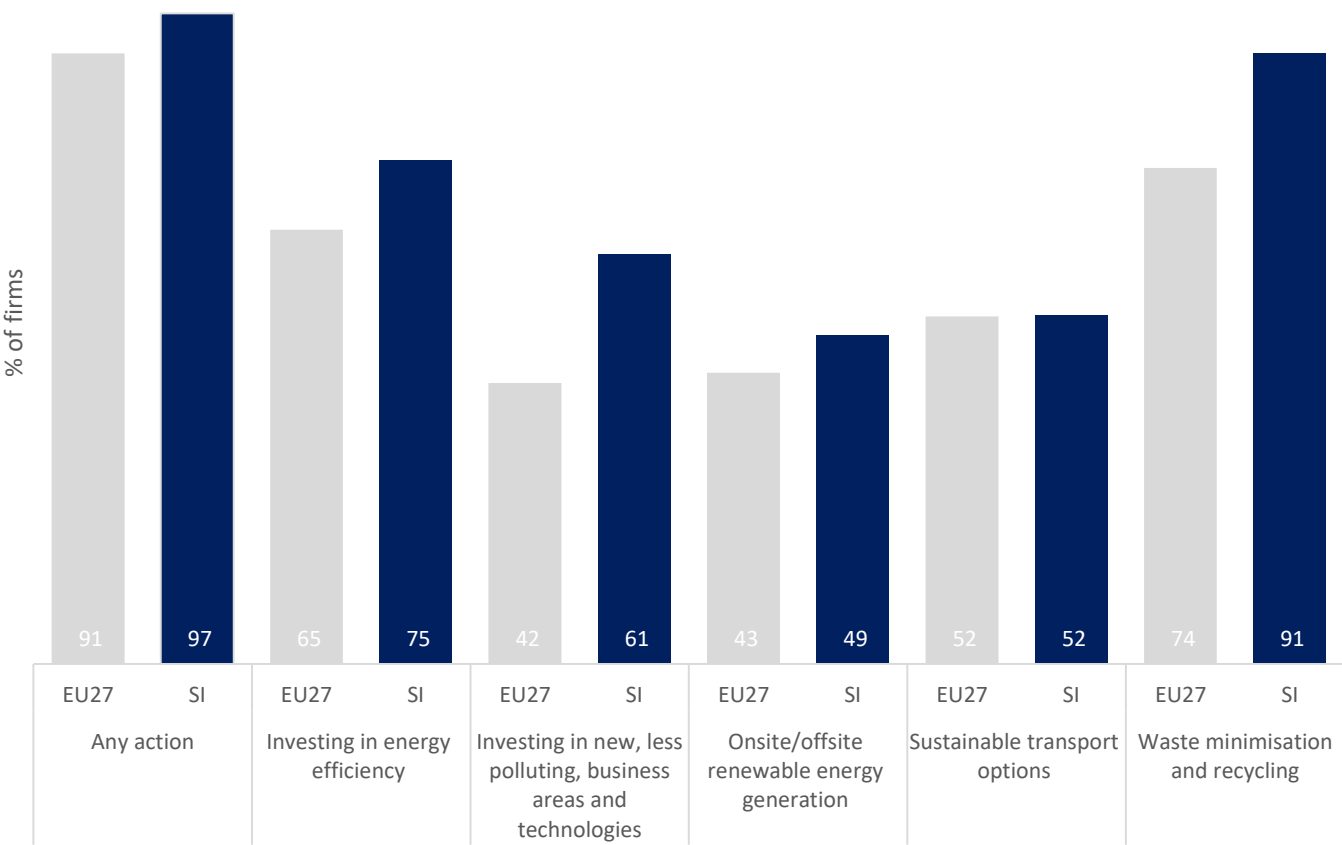
Note: The bars represent the marginal effects of energy efficiency on the probability of being profitable and increasing firm's employment, after accounting for year, and size effects. Climate policy stringency refers to a normalised sub-indicator from the Climate Change Performance Index (CCPI), that assesses the strictness of national and international climate policies. EI stands for energy intensive sectors. Results that are not statistically significant at the 95% confidence level are indicated with diagonal stripes.

Slovenian firms at par with the EU in terms of climate risk awareness and very active in reducing GHG emissions, especially in waste and in energy efficiency

Risks associated with the climate transition



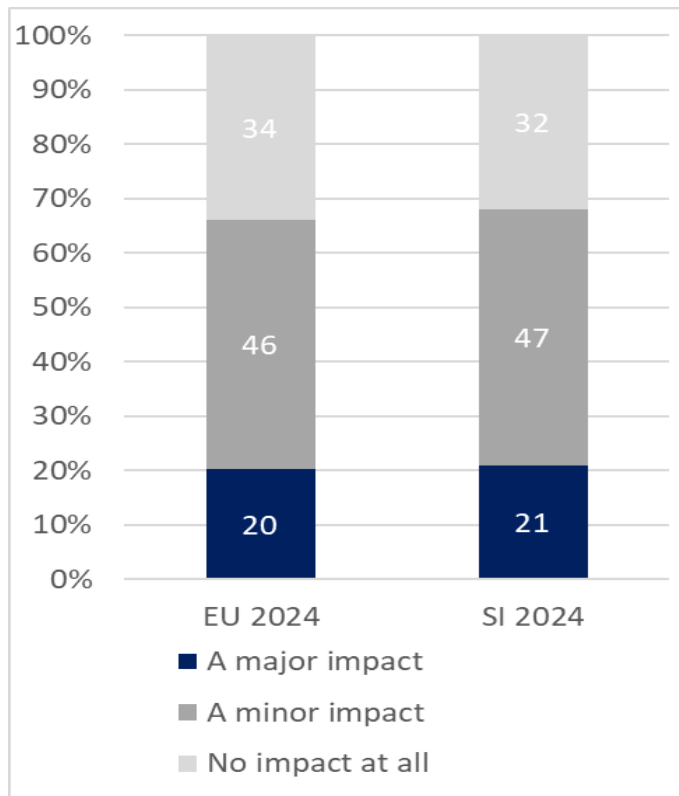
Measures to reduce greenhouse gas emissions



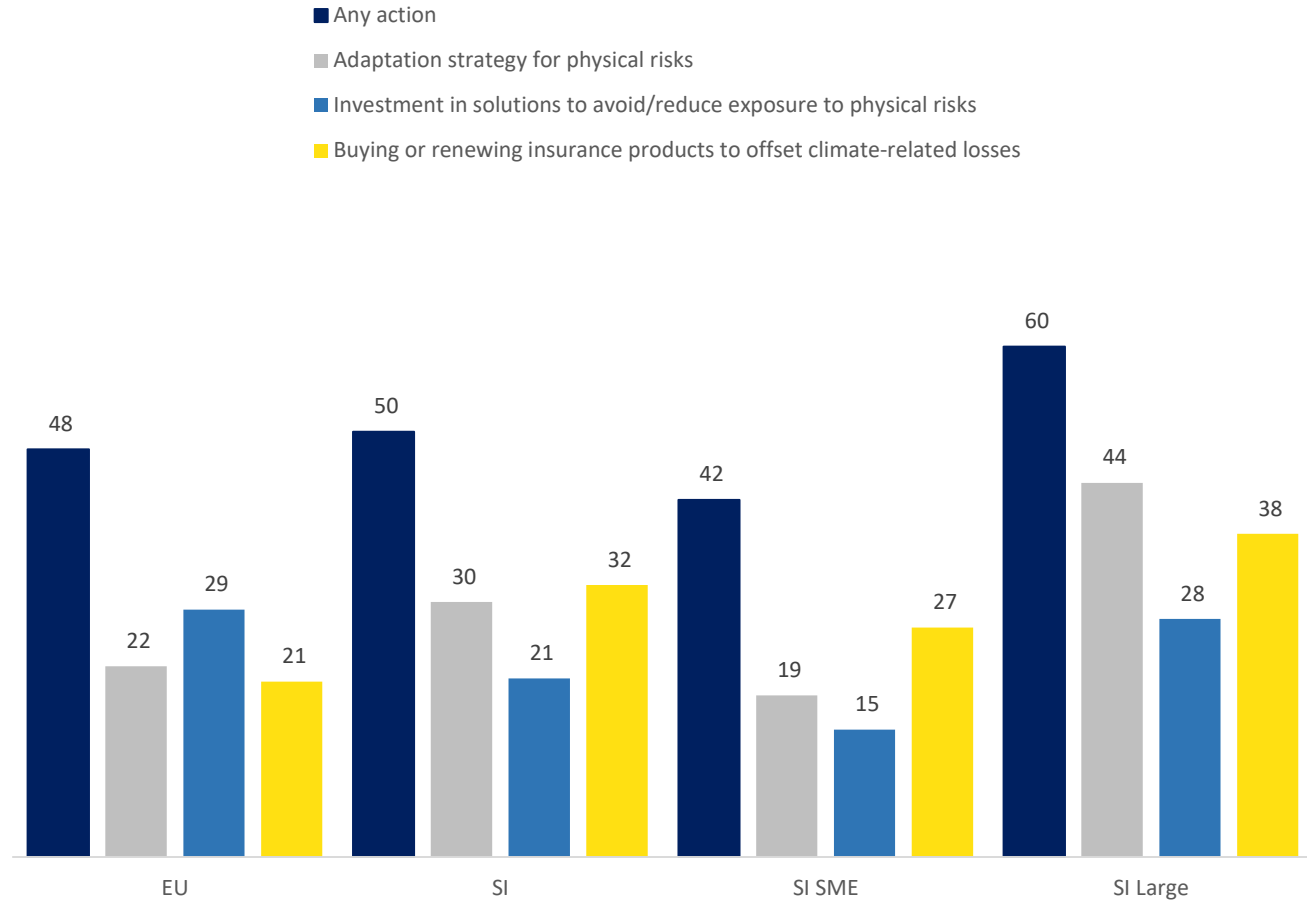
Around a half of firms in both Slovenia and the EU are taking action to adapt to climate change, although SMEs are lagging

Impact of climate change — physical risk

Share of firms (%)



Actions taken to manage physical risks (share of firms %)



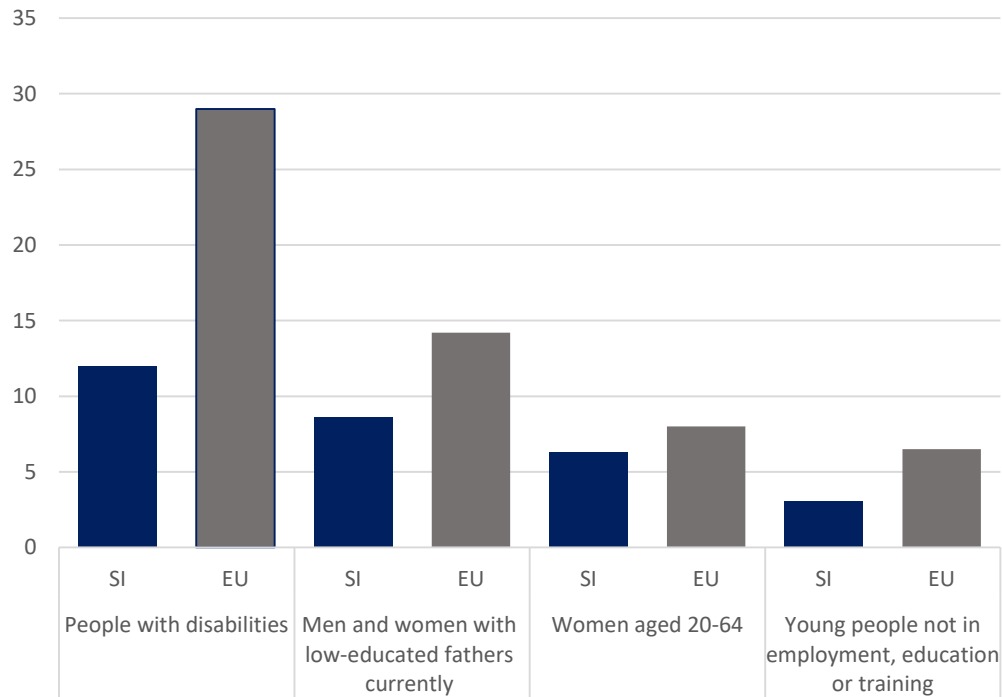


Social investment as an enabler

Social investment has clear economic returns and there is potential for more by closing the gaps

Participation gap of population groups relative to benchmark countries

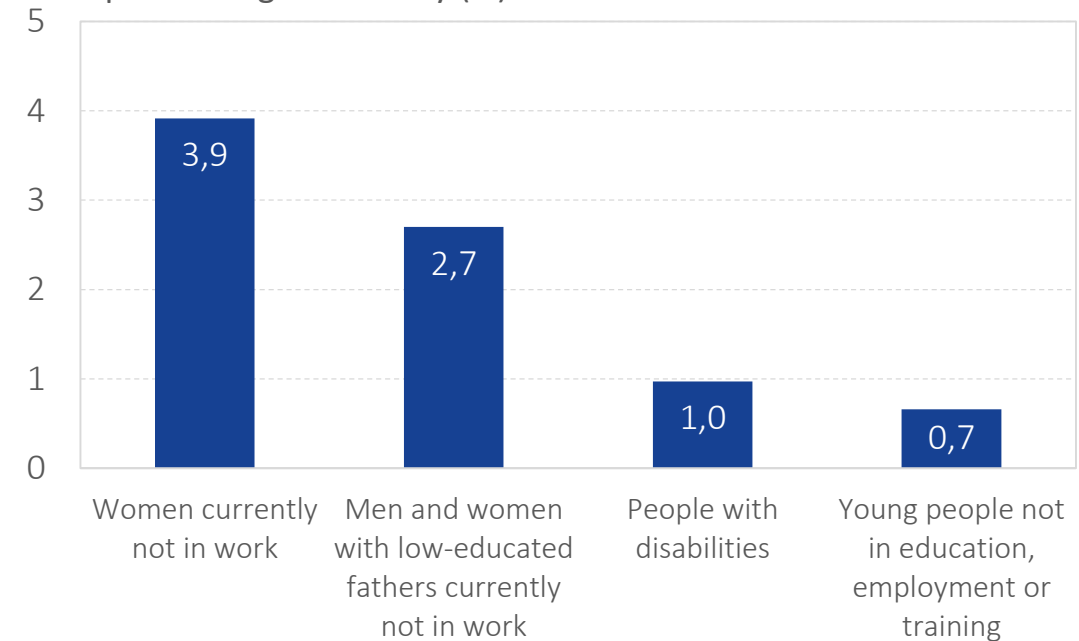
Gap to benchmark country (in p.p.)



Source: EIB staff estimations based on Eurostat.

Easing labour participation constraints can raise economic output

Potential EU GDP gain from matching participation rate in top-performing EU country (%)



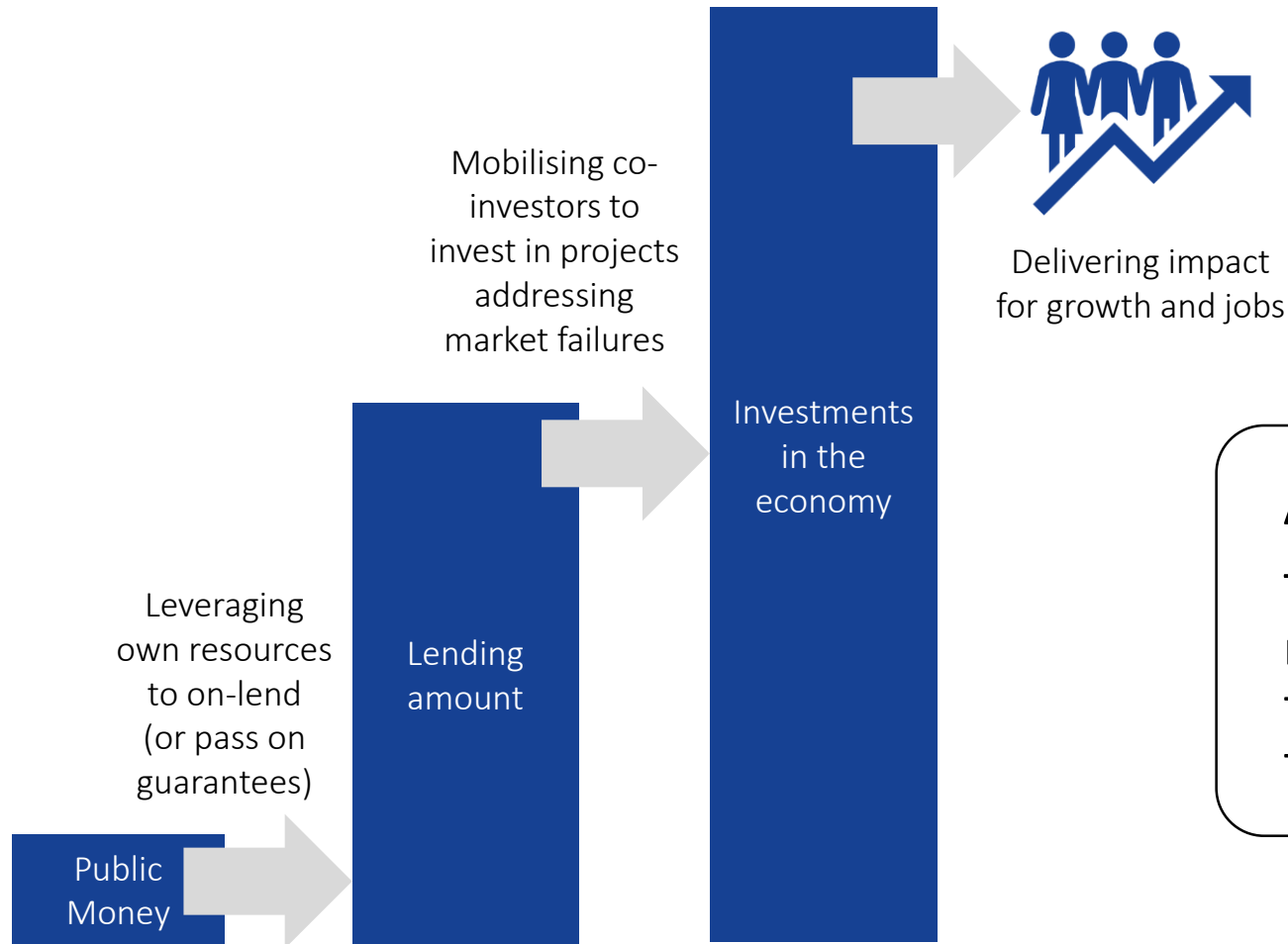
Source: EIB staff estimations based on Eurostat.

Note: The housing cost overburden rate is the percentage of the population living in households where the total housing costs ('net' of housing allowances) represent more than 40 % of disposable income ('net' of housing allowances). Housing costs refer to the monthly expenses associated with the right to live in a dwelling.

Maximising impact: targeted and European



The EU can build on successful experiences with financial instruments, allowing to leverage scarce resources



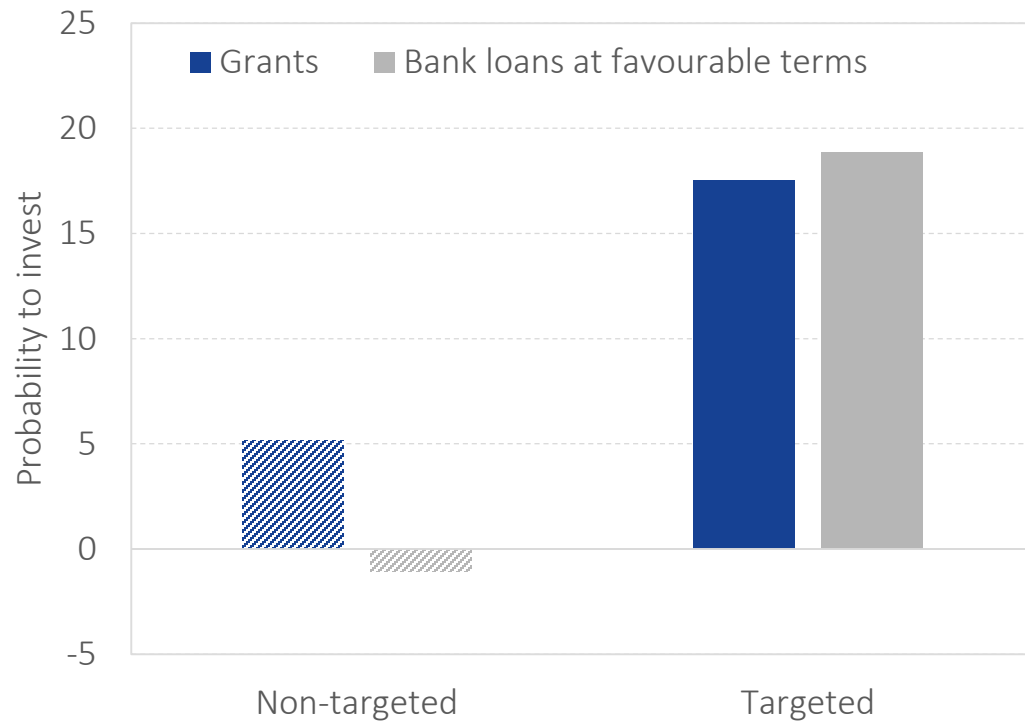
Average multipliers : 14 - 18

The leverage effect depends on the risk of the underlying investment, the type and quality of projects and the need in the economy

Direct public support is more effective when targeted and European

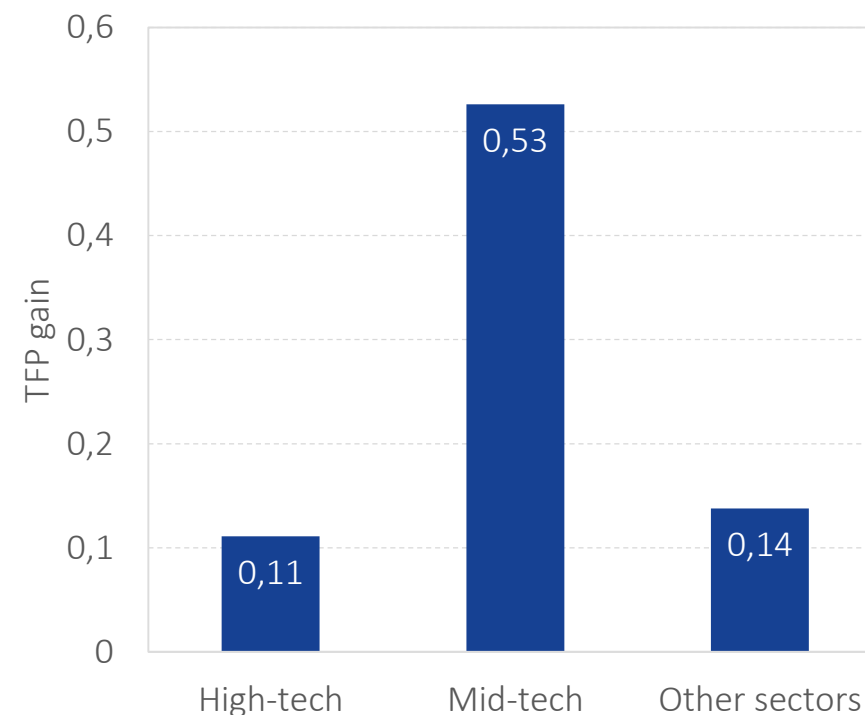
Firms are more likely to invest in policy objectives when support is **targeted**

Impact of targeted vs. non-targeted support on probability to invest (pp.),
for energy efficiency but the same holds for innovation and cleantech



EU instruments are less distortionary

Estimated delta in productivity loss from coordinating policy support (pp.)



Conclusions

- Unlock business opportunities through **market integration** and **simplification**
 - With a particular attention to **innovation finance**
- Leverage on European strengths:
 - **Green leadership**
 - Effective **social investment**, focusing on maximising human capital outcomes
 - Focusing on **targeted and European** policy measures

**INVESTMENT
REPORT 2024/25**

**INNOVATION
INTEGRATION
AND SIMPLIFICATION
IN EUROPE**



**UNLEASHING
THE EUROPEAN
ECONOMY**

Revitalizing Investment for a Sustainable Future

Keynote presentation

Marko Pahor

Vice Governor of Banka Slovenije

Findings of the Survey on Access to Finance

Findings of the Survey on Access to Finance

Marko Pahor
Viceguverner
Banka Slovenije

Ljubljana

3. 4. 2025

SAFE Slovenia

- **Conducted annually since 2011**
- **Survey:** Stratified sample (by activity/size) of approximately 3,000 enterprises
 - **Activity:** Manufacturing, construction, trade and services
 - **Size:** Large (>250 employees), medium (50–250 employees), small (10–50 employees) and micro (4–10 employees)
- **Response rate:** ~ 30 % (1,000 enterprises)
 - Large and medium enterprises: >50%
 - Small enterprises: 30–50%
 - Micro enterprises: 20%
- **Weighting:**
 - Selection probability.
 - By number of employees in the strata.

SAFE Slovenia - questionnaire

- **Broadly follows ECB's questionnaire**

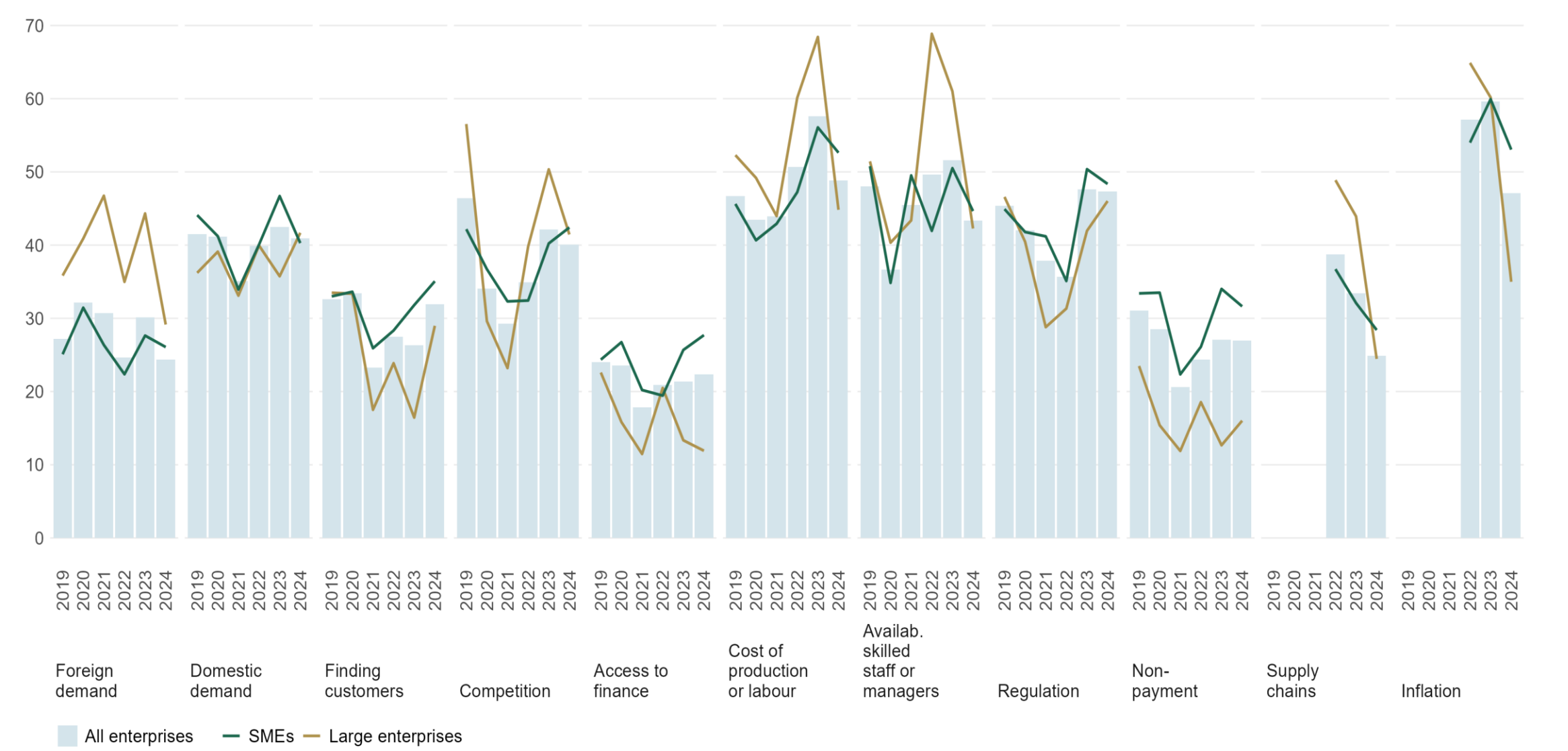
- **Questionnaire structure:**

1. **General characteristics of the firm** (2 questions)
2. **Financing of the enterprise** (main part; 12 questions)
3. **Future access to finance and plans for investment** (4 questions)
4. **Additional section:**
 - Pandemic (2020, 2021), energy costs (2022), floods (2023),
 - In 2024, the additional focus was green transition

- **Survey 2024**

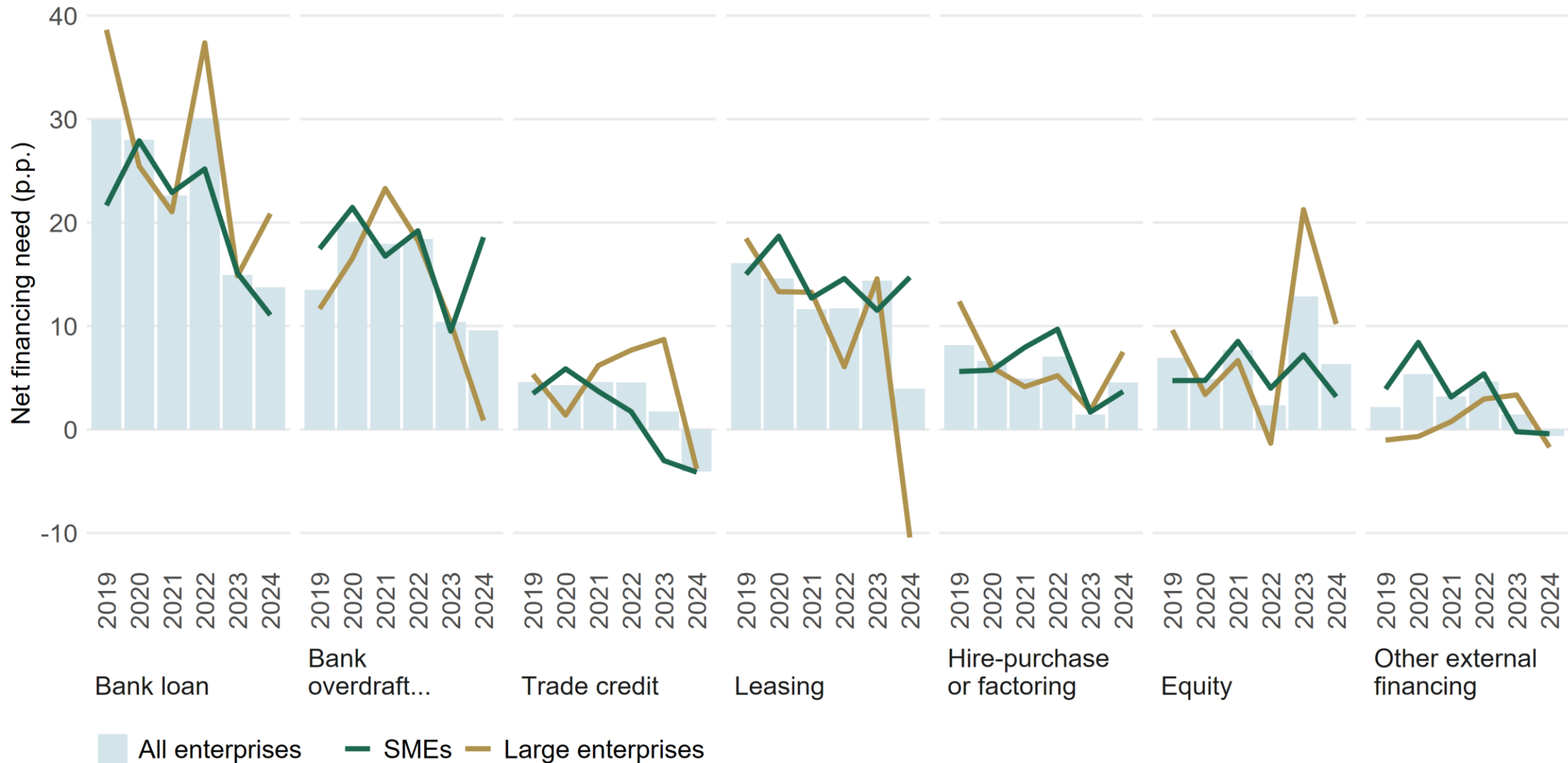
- **Sample:** 3,244 enterprises, 1,102 responses (34% response rate)
(Large enterprises: 70%, Medium enterprises: 50%, Small enterprises: 40%, Micro enterprises: 30%)
- **Structure:** The only change is in the additional section: replacement of questions about floods with questions about the green transition.

Business constraints



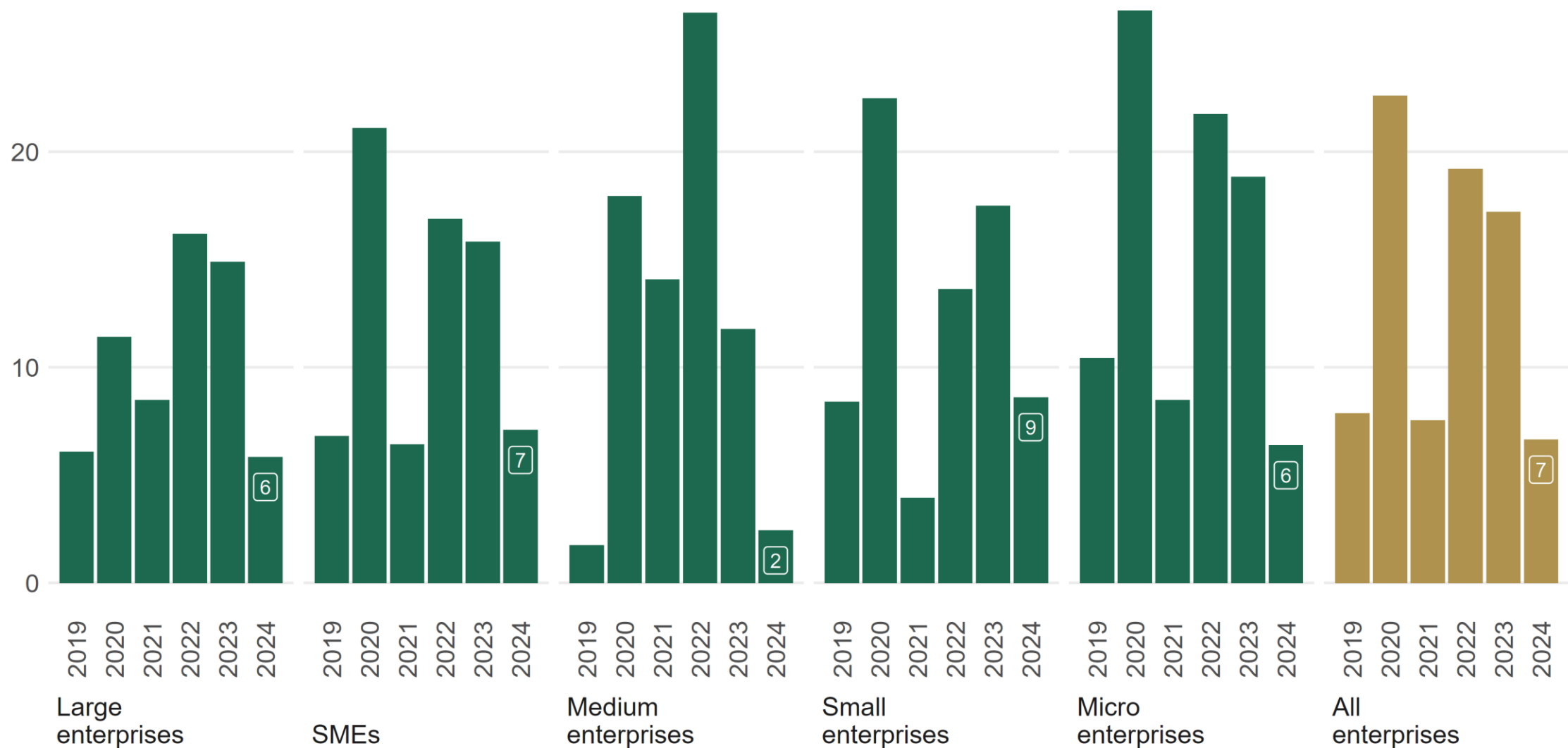
Source: BS survey. All enterprises.
Note: The data in the figure present the answers “5 – very limiting” and “4 – somewhat limiting”.

Need for external financing



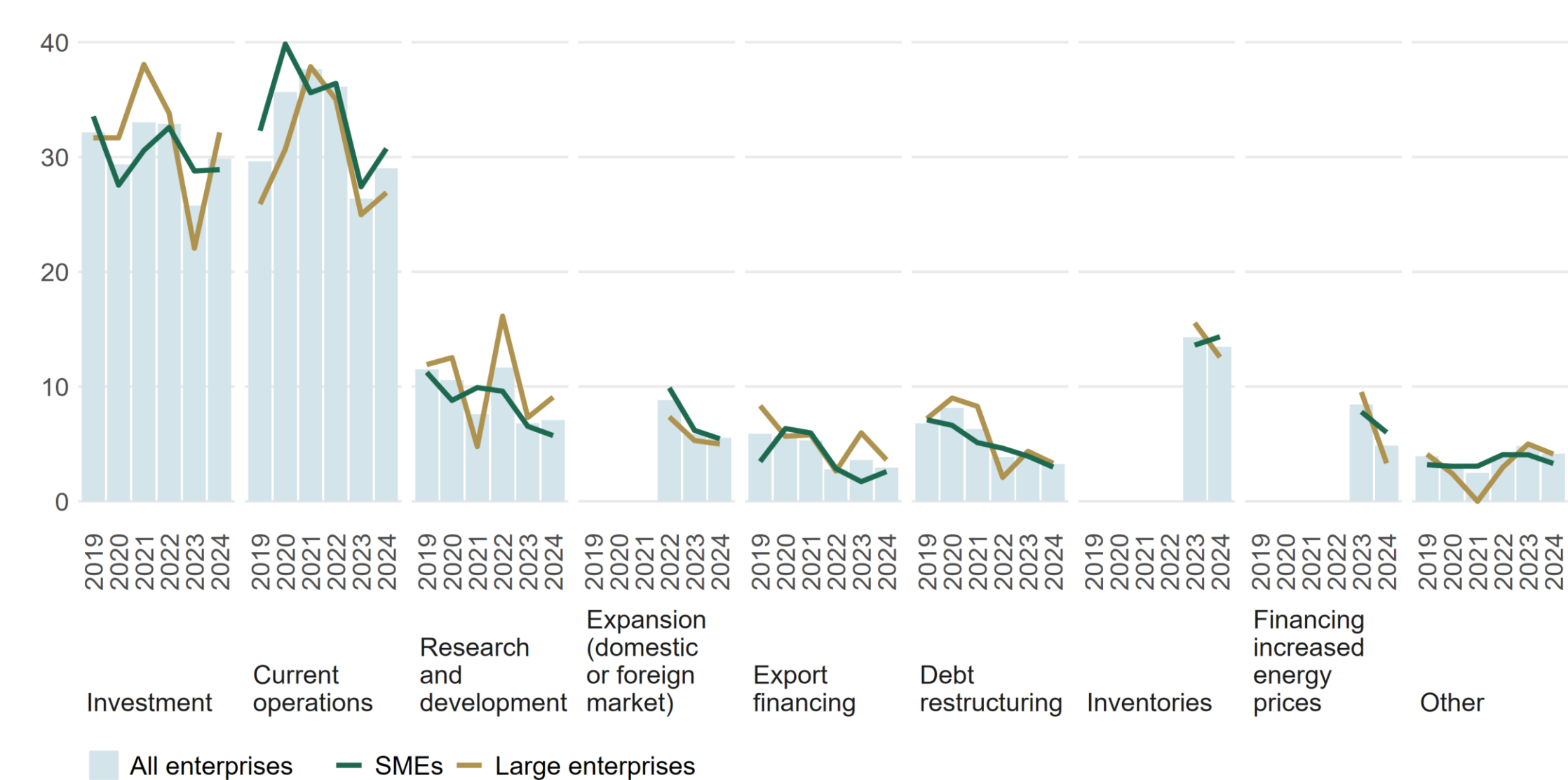
Source: BS survey. Enterprises that applied for external financing. Net percentages of respondents.
Note 1: Net needs are the difference between the answers "increased" and "decreased".
Note 2: Bank overdraft... is an abbreviation for the source of bank overdrafts, or credit line or credit card overdrafts.

Financial gap

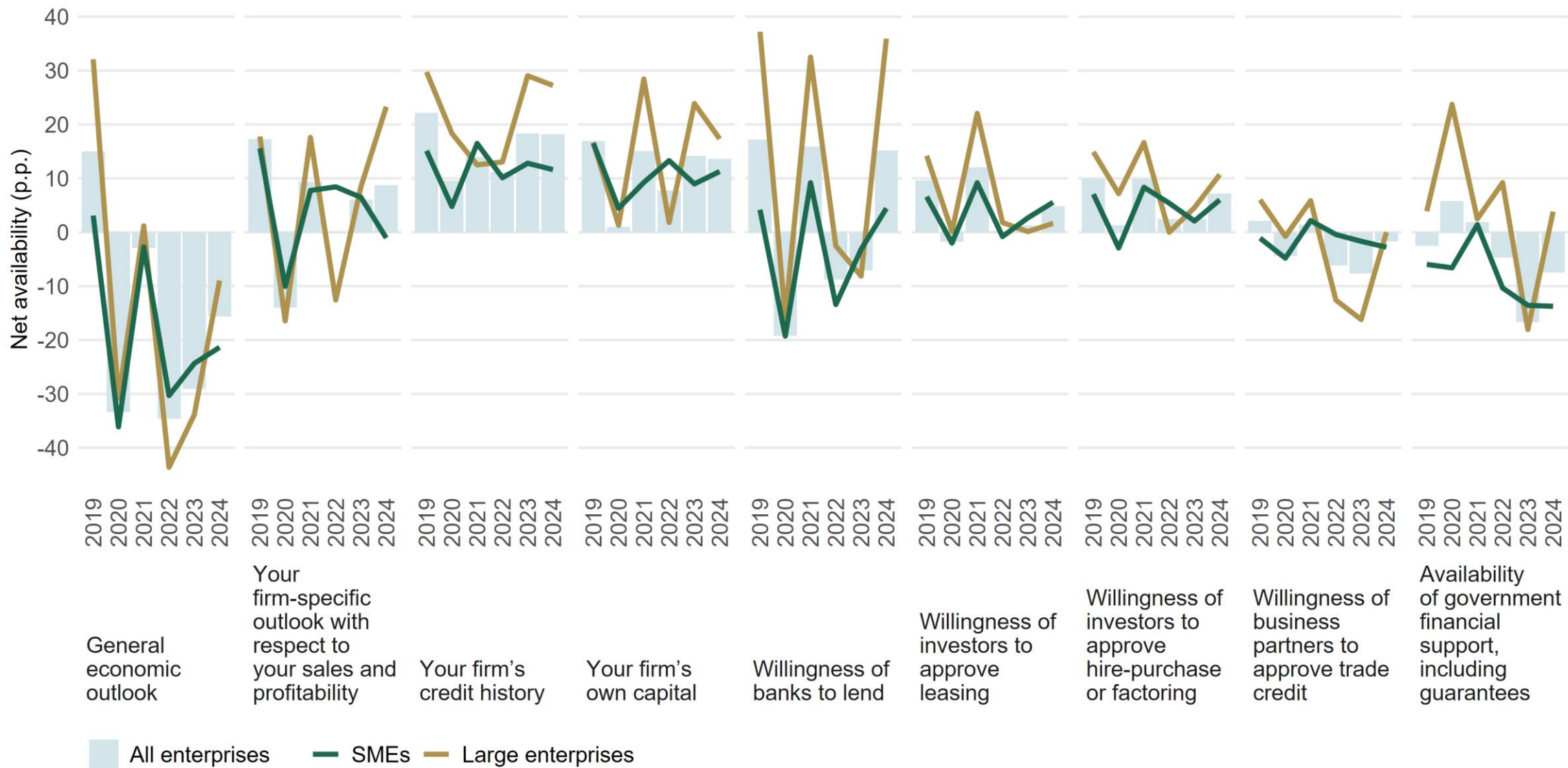


Source: BS survey. Enterprises for which the instrument in question is relevant (i.e. they have used it or considered using it). Respondents replying with “not applicable” or “don’t know” are excluded.

Purpose of the use of funds

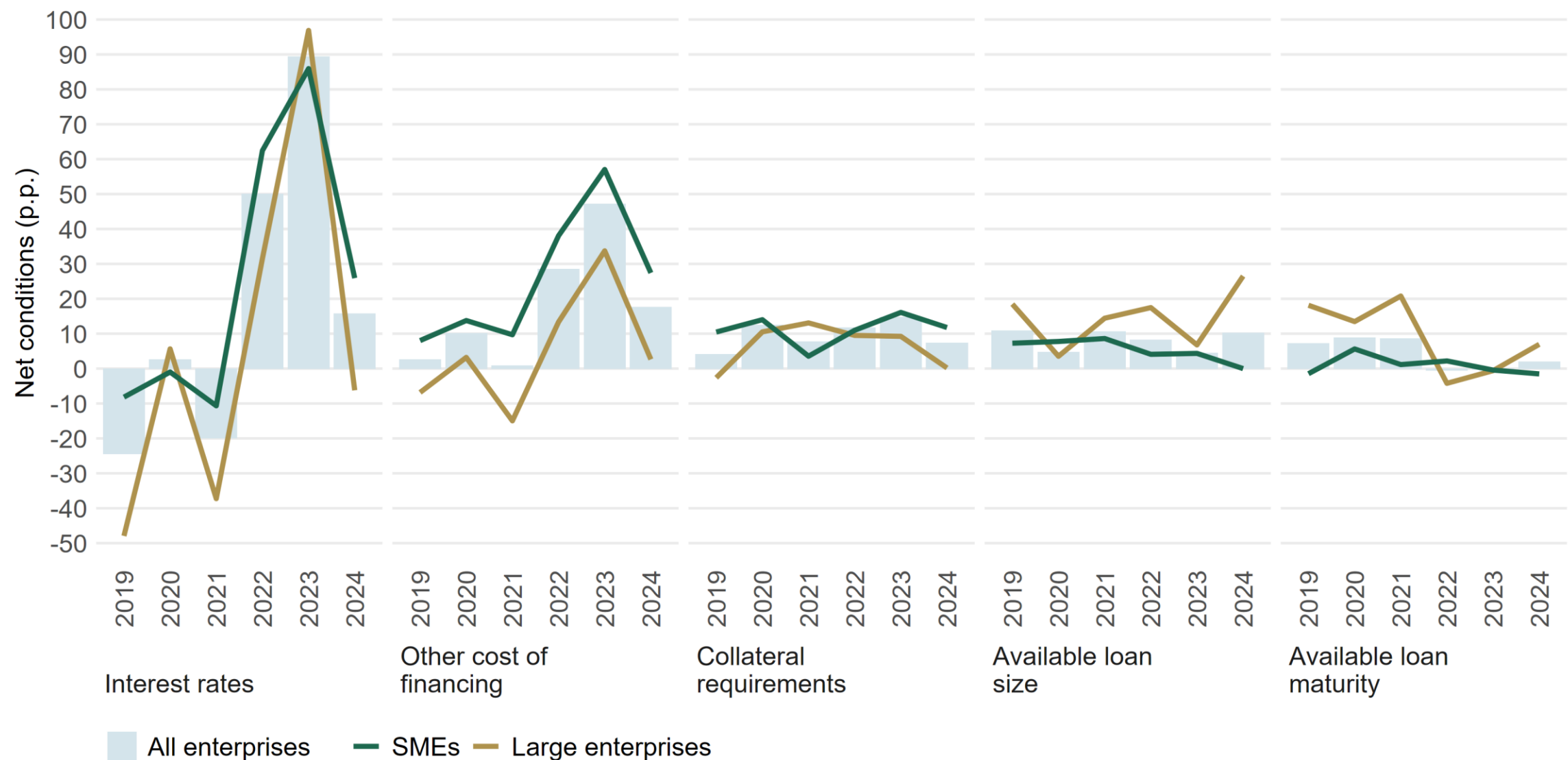


Factors affecting external financing



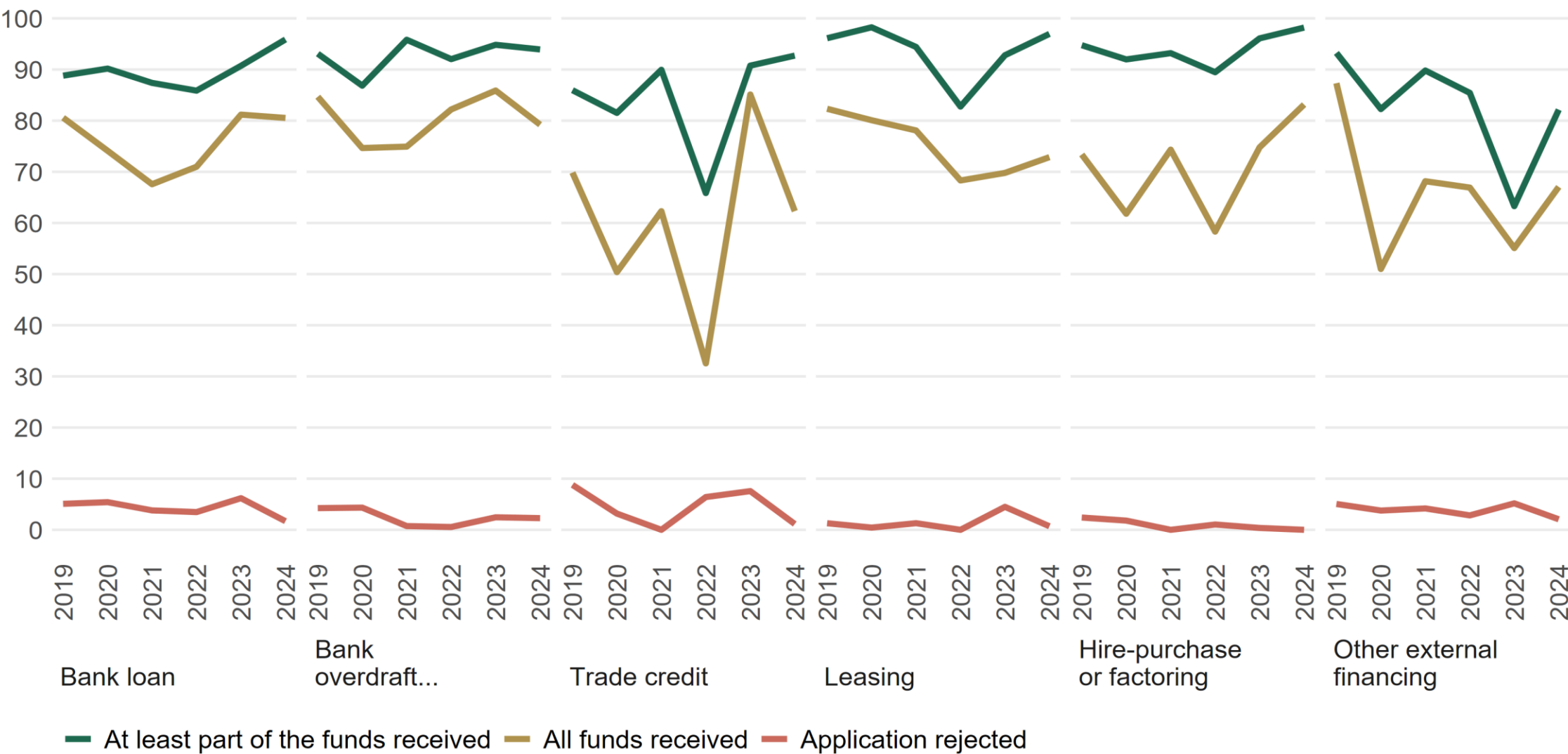
Source: BS survey. Enterprises that applied for external financing. Net percentages of respondents.
Note: Net availability is the difference between the answers “improved” and “deteriorated”.

Bank financing conditions



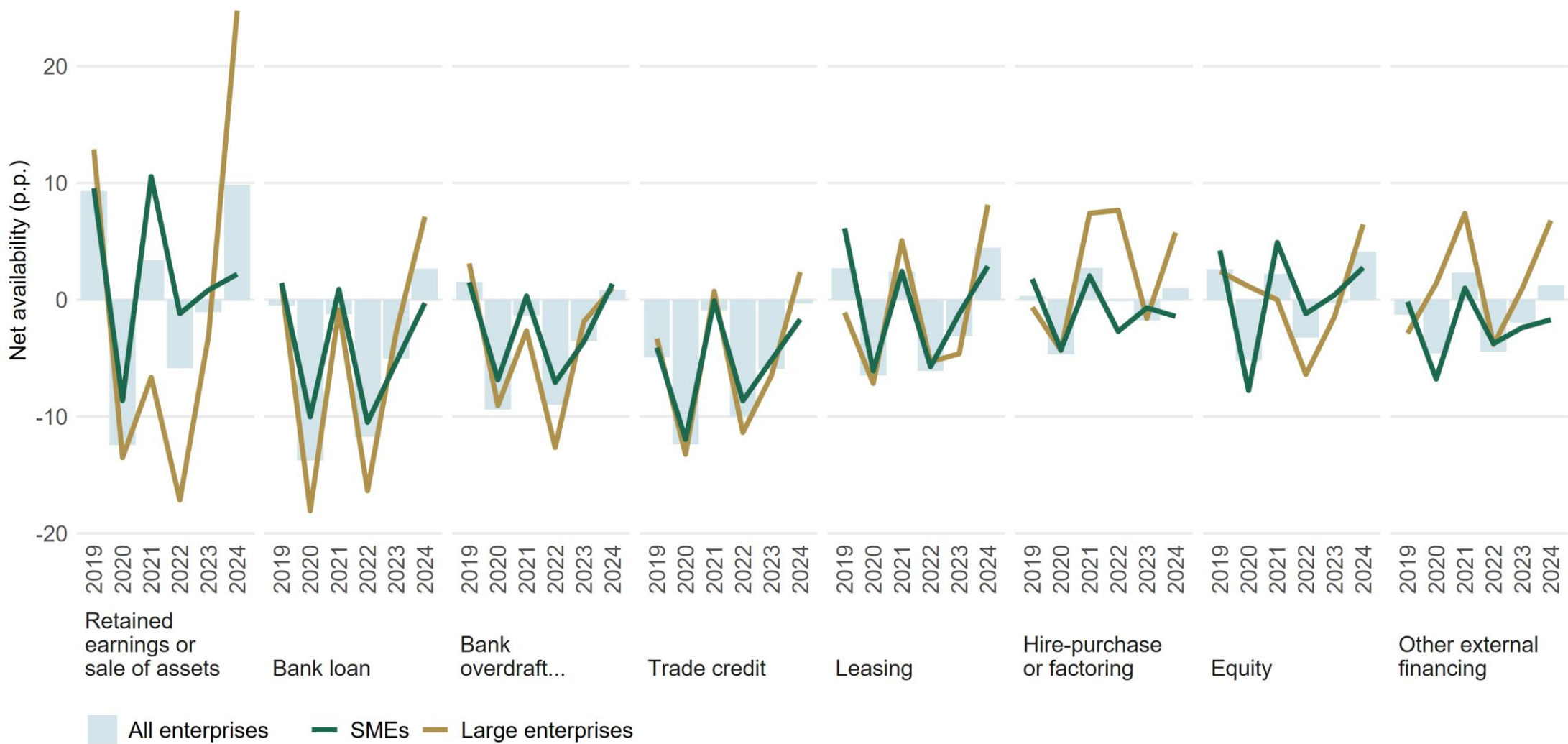
Source: BS survey. Enterprises that applied for financing in the banking system. Net percentages of respondents.
Note: Net terms are the difference between the answers "Increased" and "Decreased".

Outcome of applications for external financing



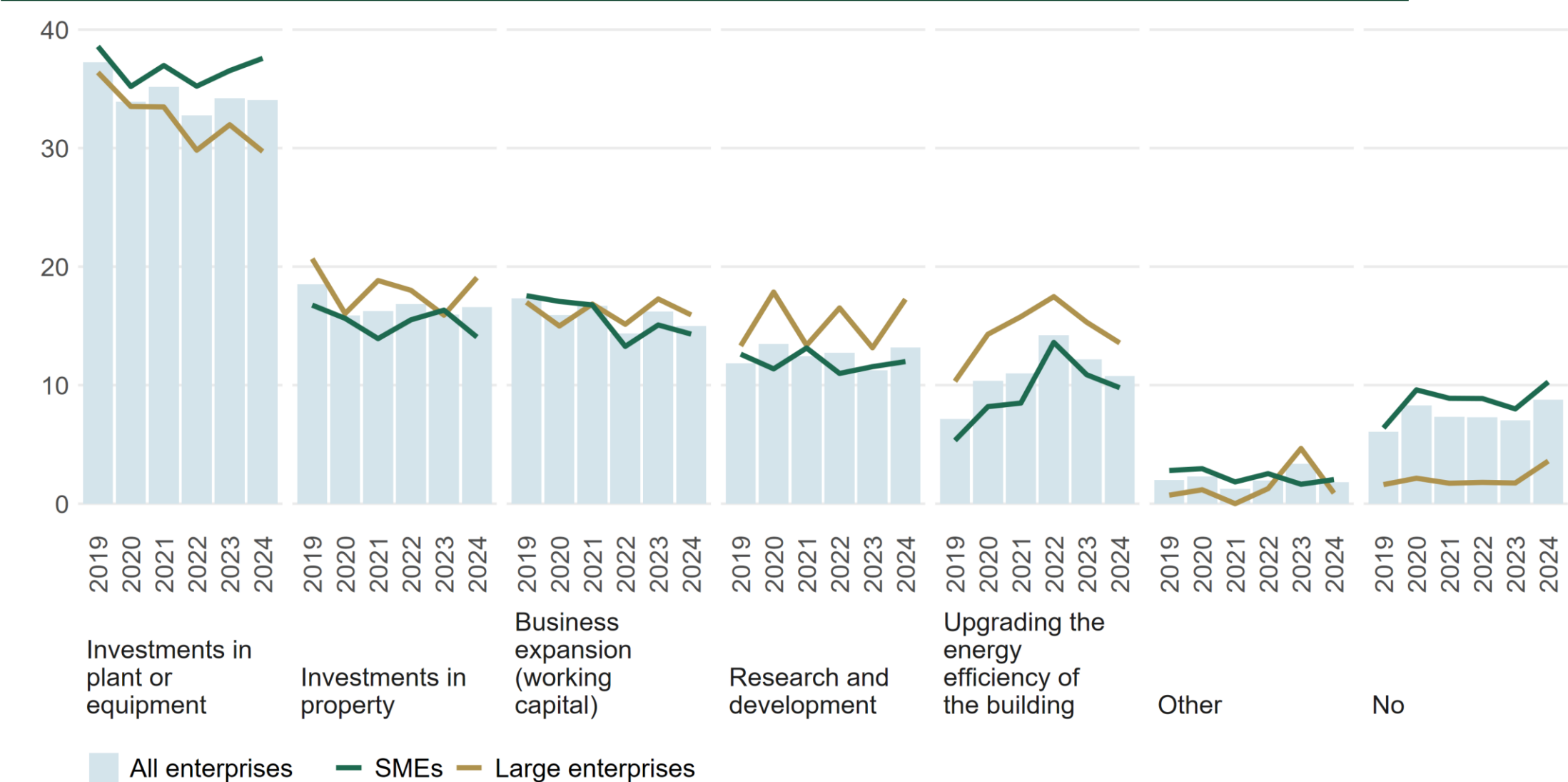
Source: BS survey. Enterprises that applied for external financing.
Note: "All funds received" refers exclusively to enterprises that obtained the full amount of requested funds (100% success rate). "At least part of the funds received" includes all enterprises that secured only a portion of the requested funds (less than 100%).

Expectations regarding the availability of external financing

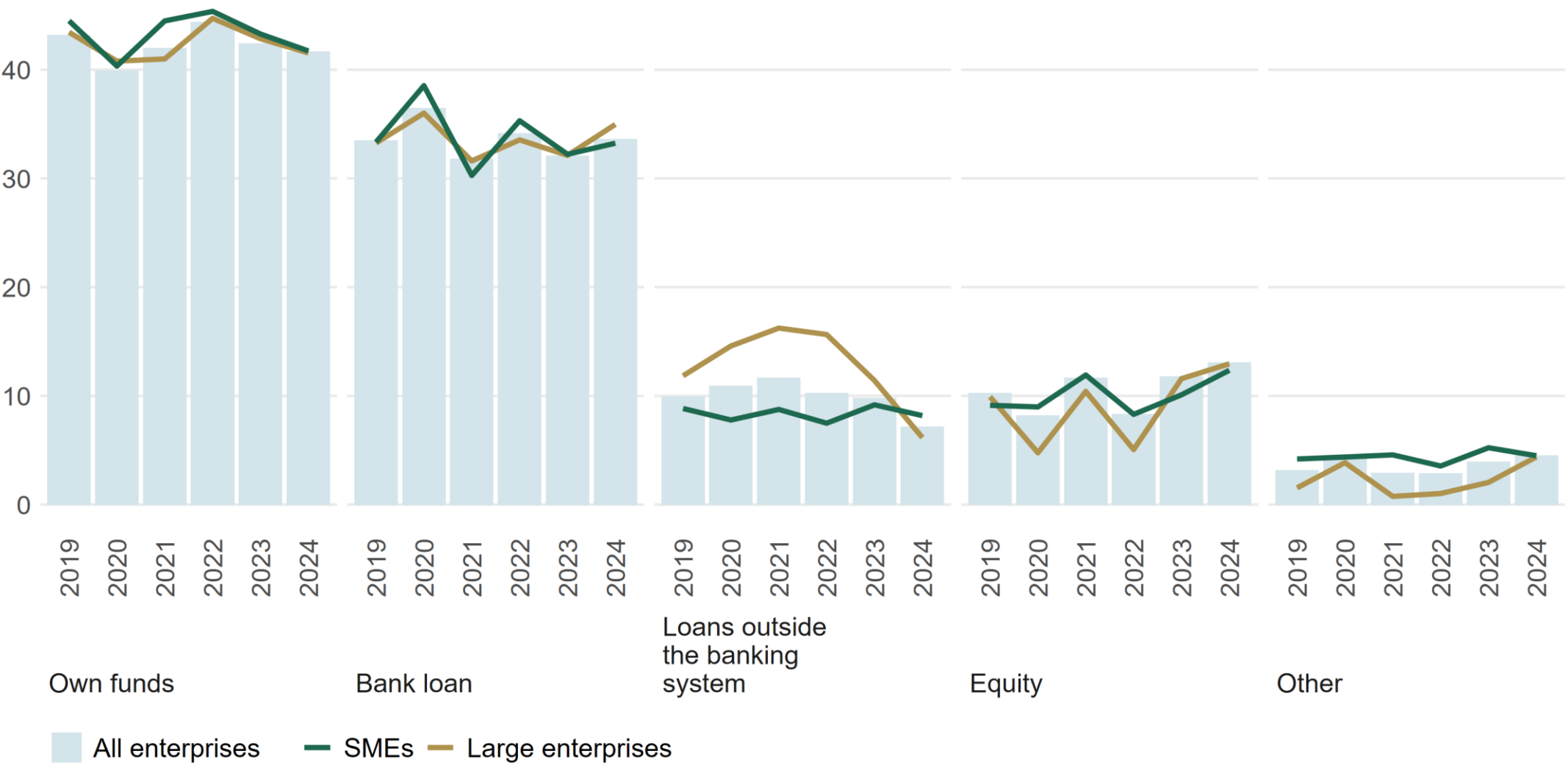


Source: BS survey. All Enterprises. Net percentages of respondents.
 Note: Net expected availability is the difference between the answers "It will improve" and "It will worsen".

Planned investments in three years (%)



Sources of funding for planned investments (%)

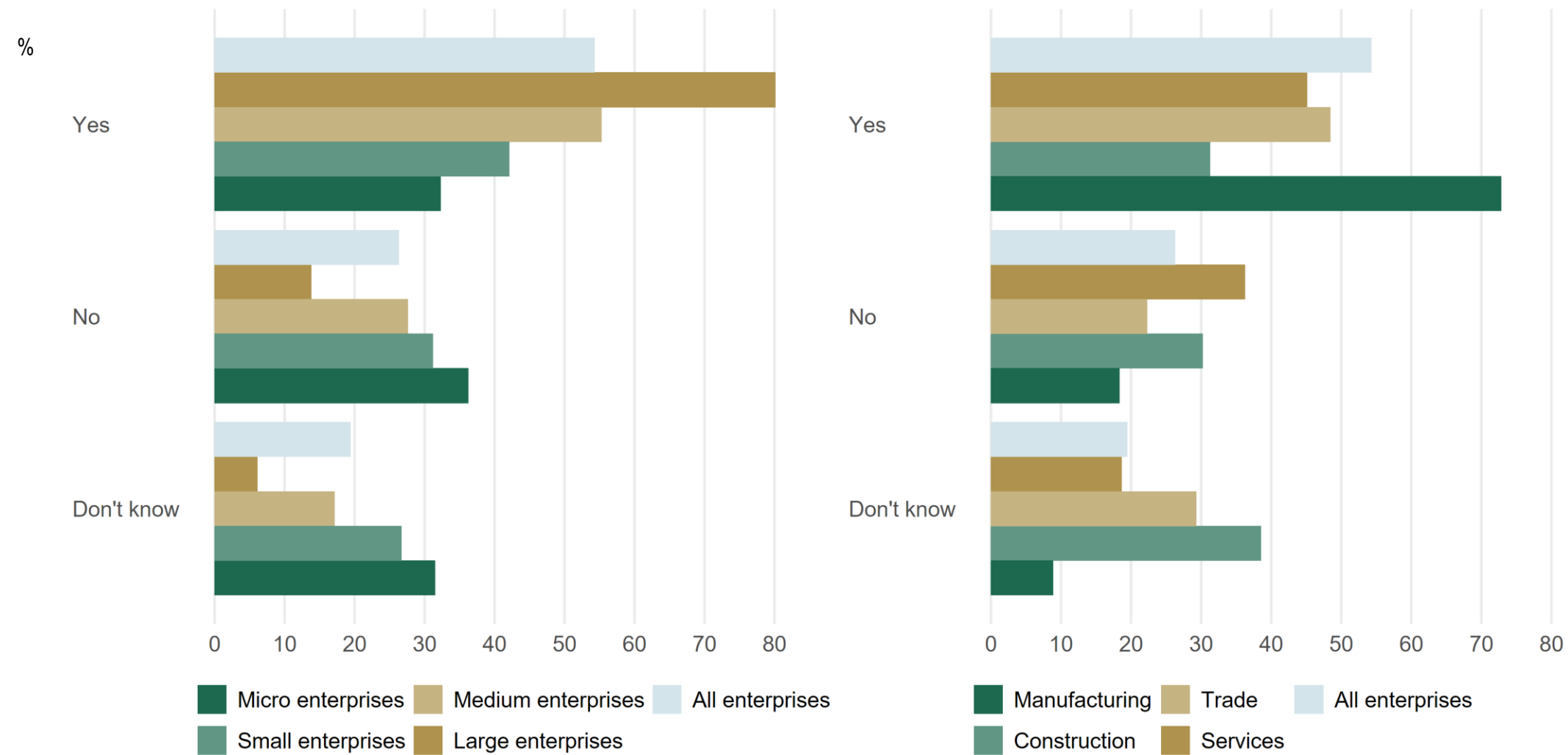


Source: BS survey. All enterprises. Net percentages of respondents.
Note: Net expected availability is the difference between the answers "It will improve" and "It will worsen".

Green transition

The green transition was defined as the shift to a carbon-free economy and resilience to climate extremes.

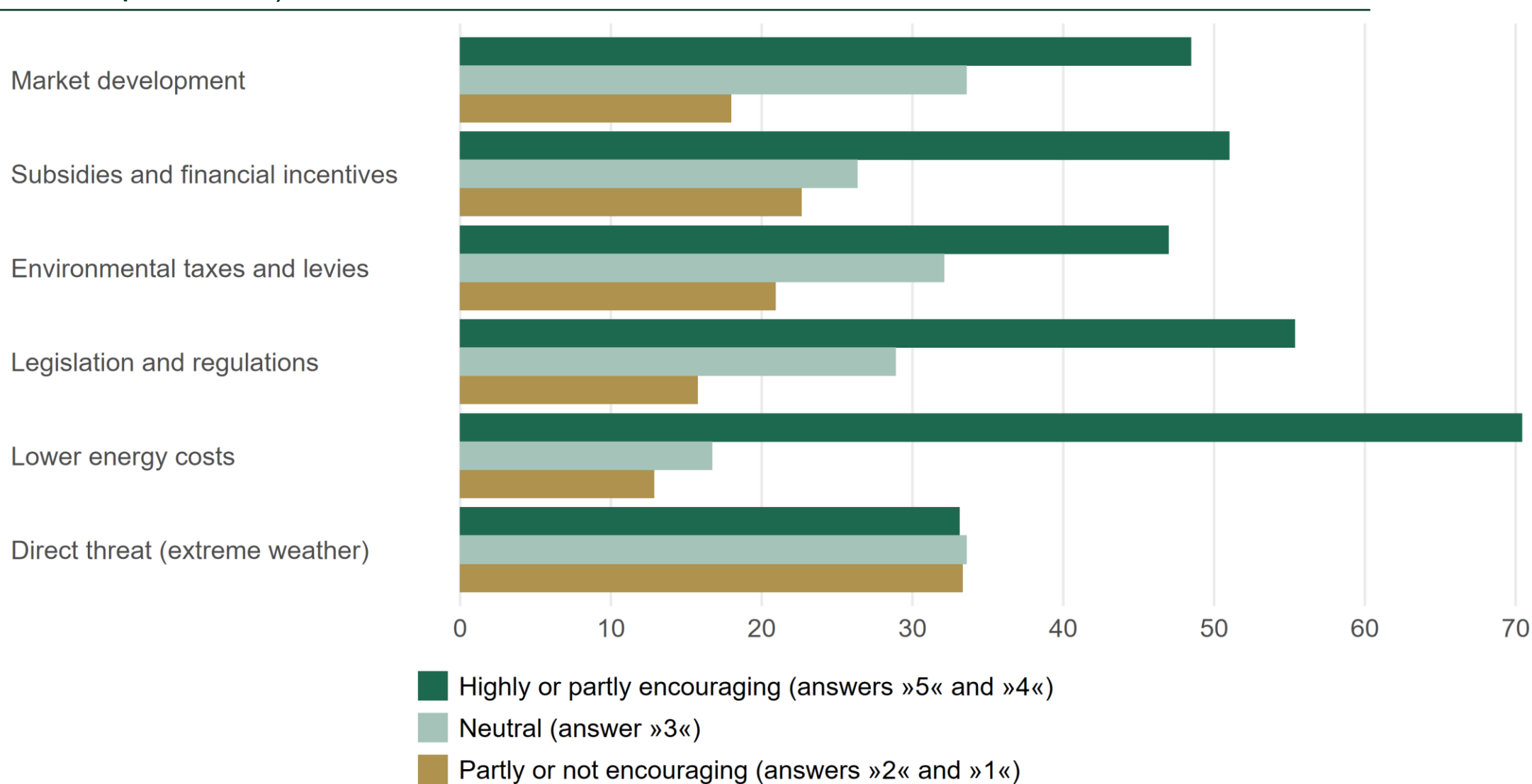
Does the green transition has or will have an impact on business?



Source: BS survey. All enterprises.

Incentives for investments in the green transition

(All enterprises, %)

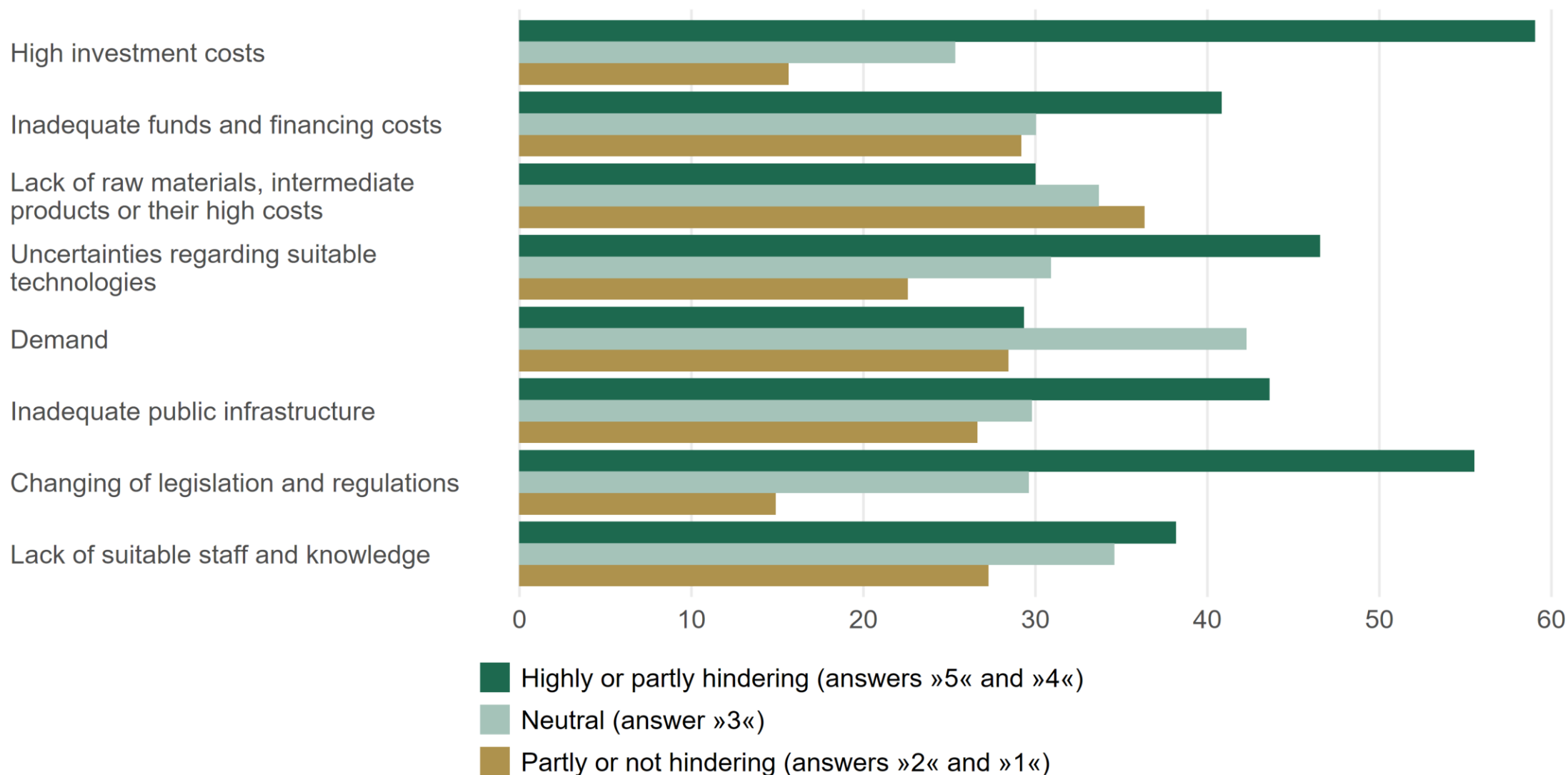


Source: BS survey. All enterprises.

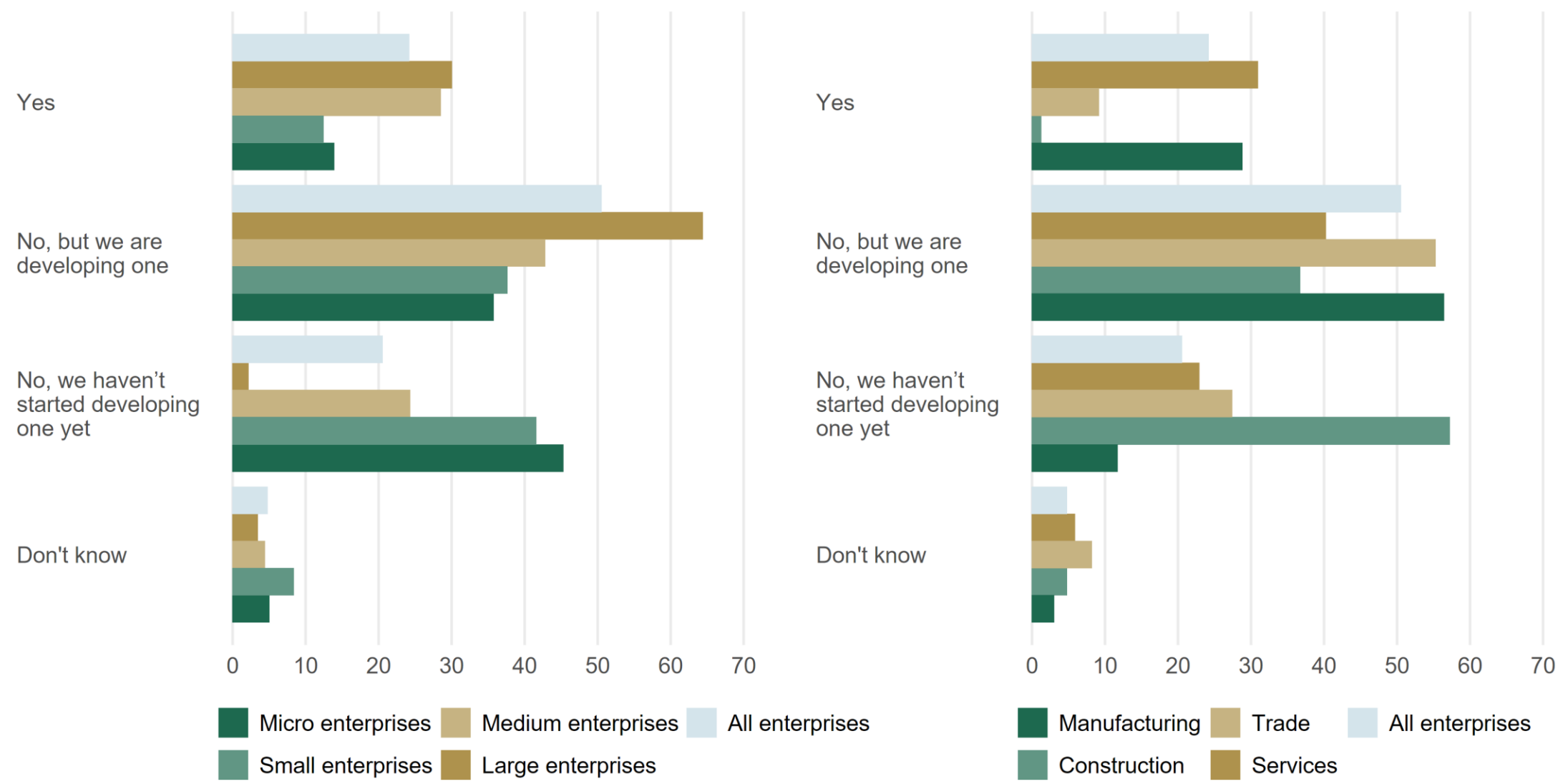
Note: Market development in terms of innovation and changes in future demand.

Obstacles to investing in the green transition

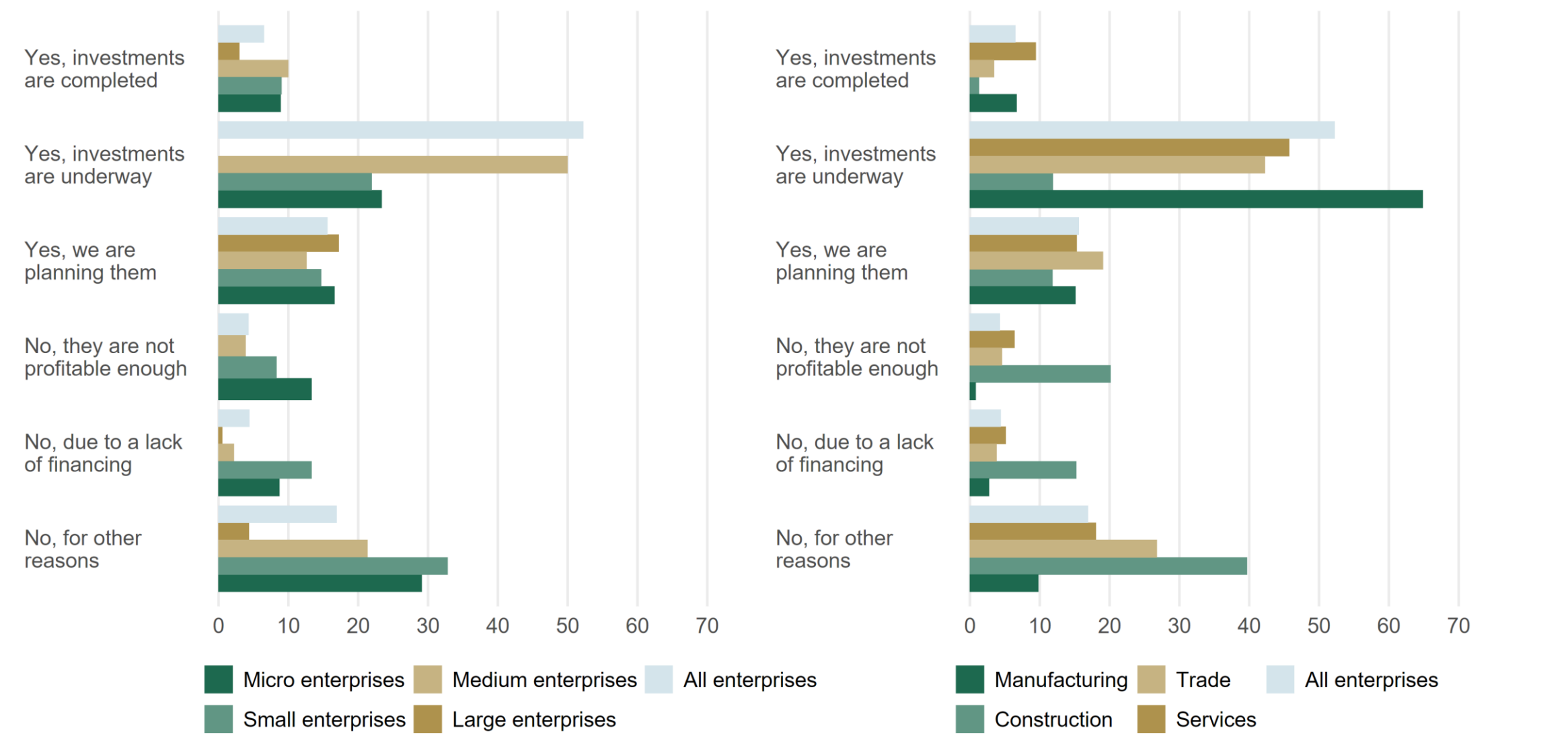
(All enterprises, %)



Green transition plan in place (%)



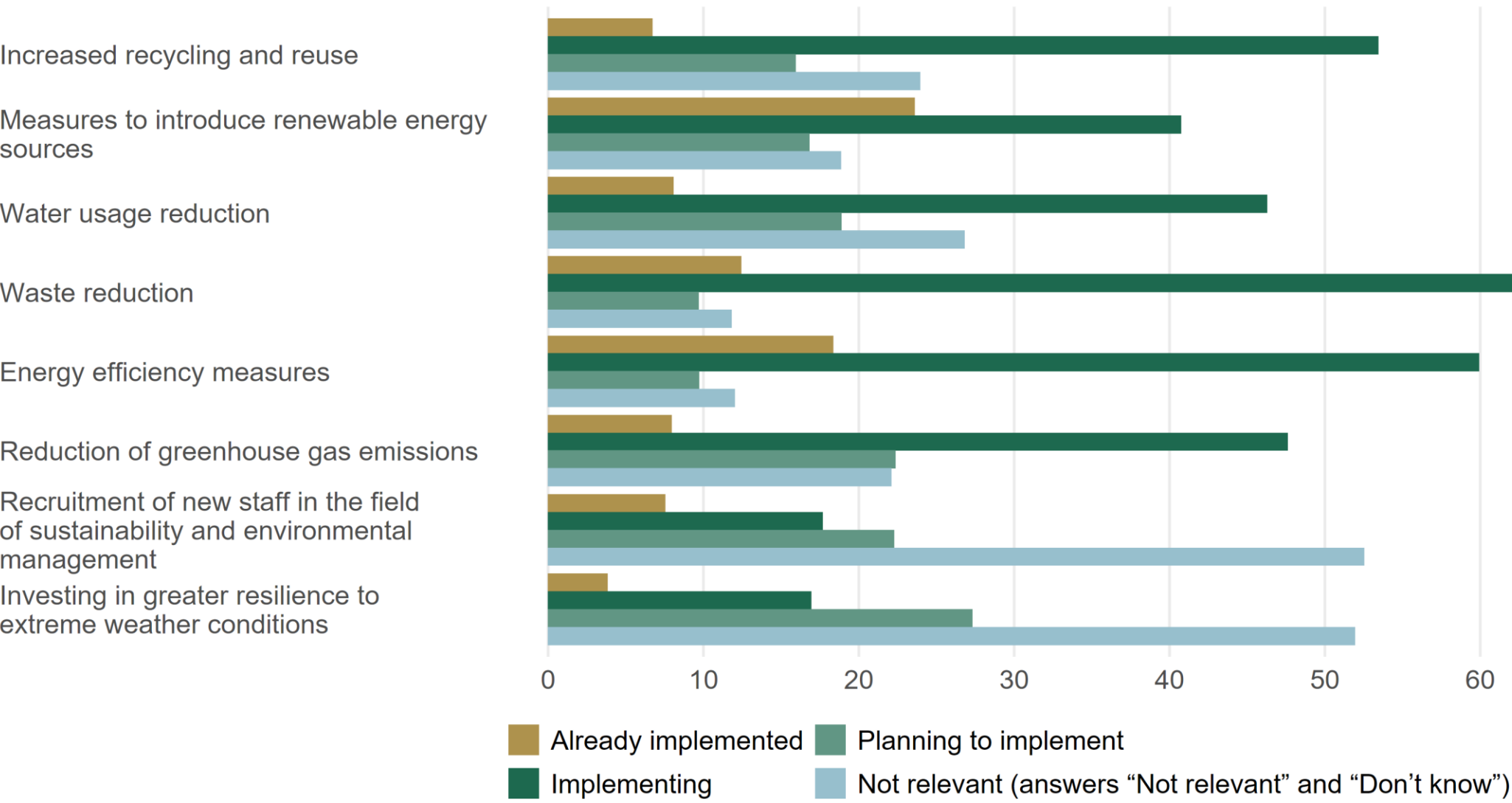
Investments in the green transition (%)



Source: BS survey. Enterprises that stated that the green transition has or will have an impact on their business.

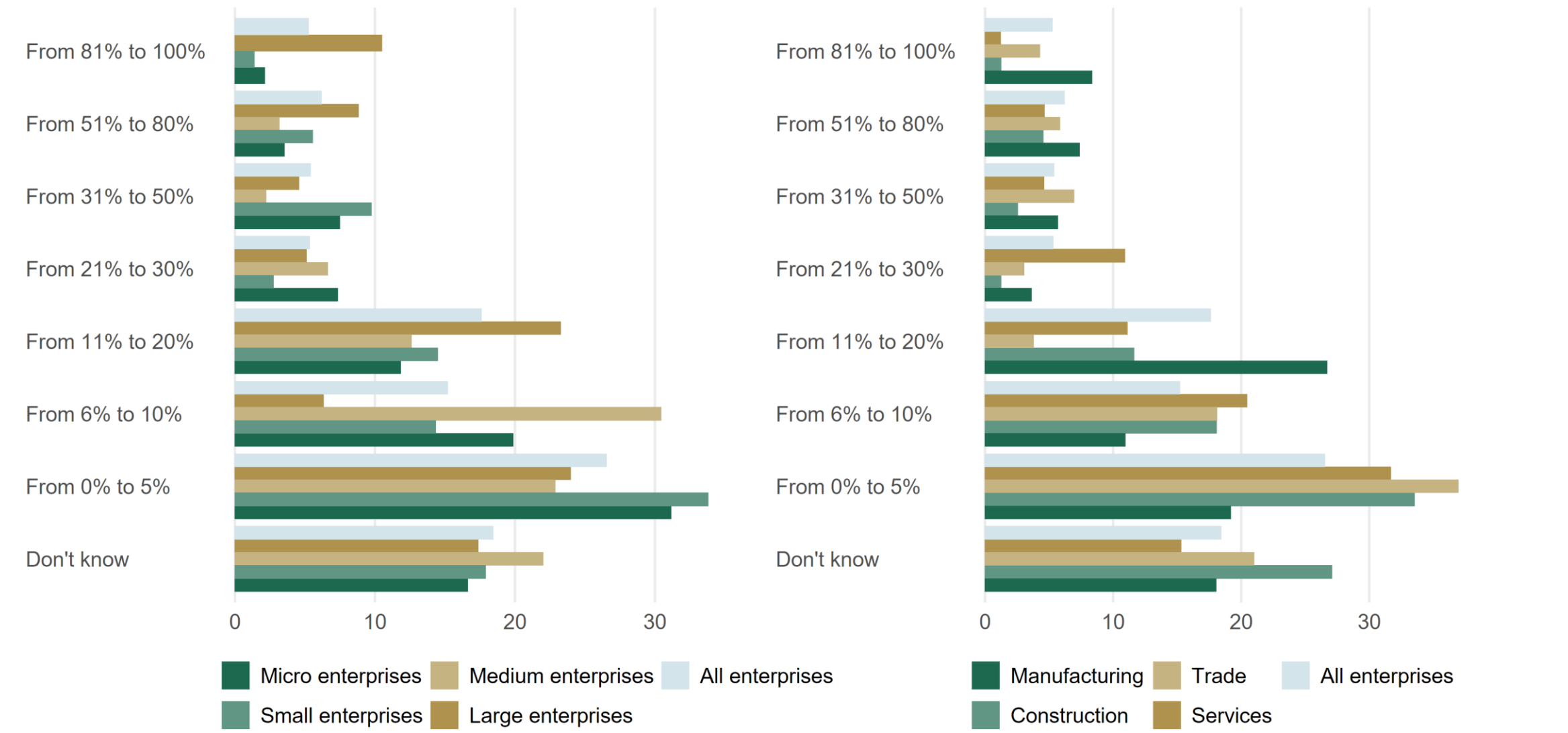
Investments or measures implemented

(All enterprises, %)



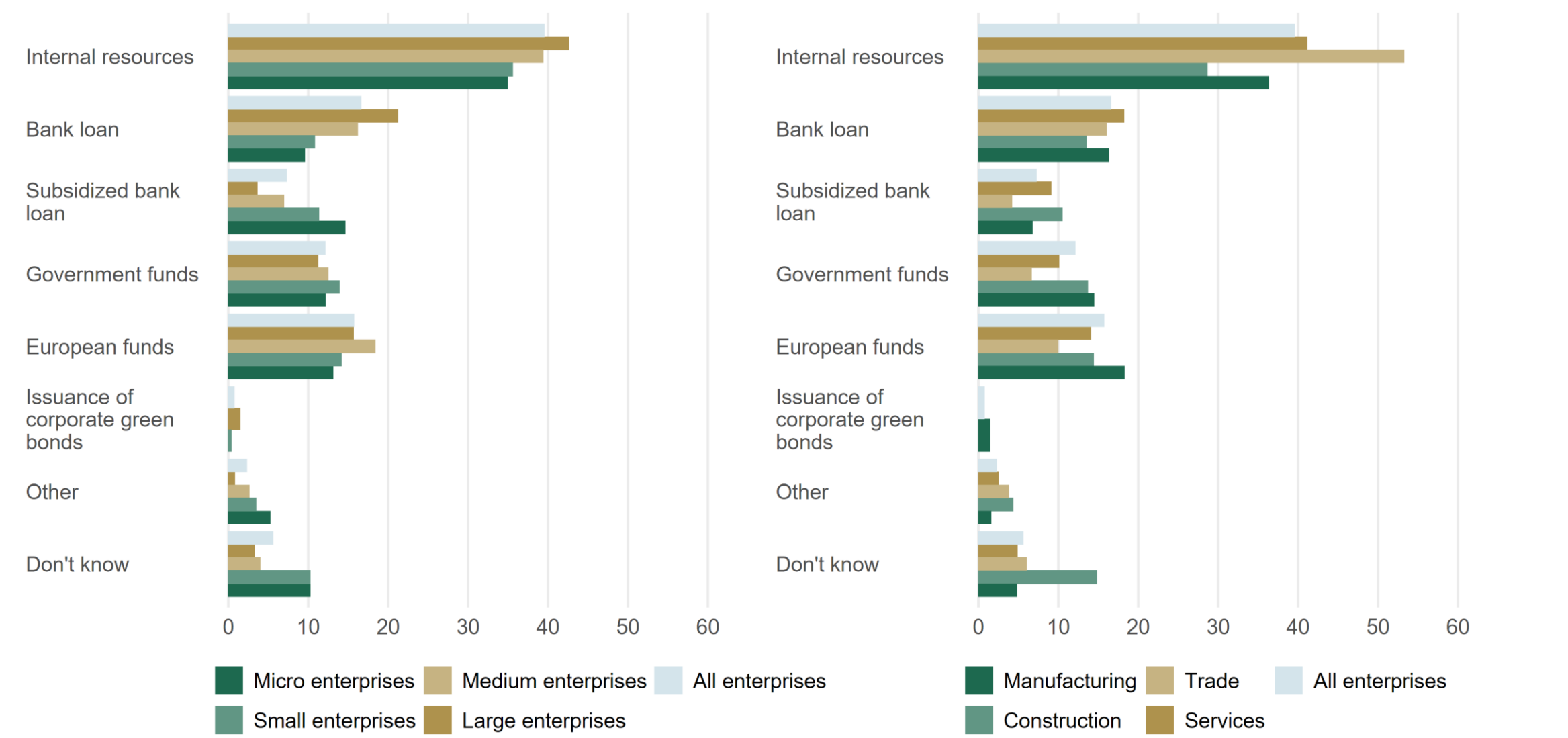
Source: BS survey. Enterprises that stated that the green transition has or will have an impact on their business.

Share of investments in the green transition (%)



Source: BS survey. Enterprises that stated that the green transition has or will have an impact on their business.

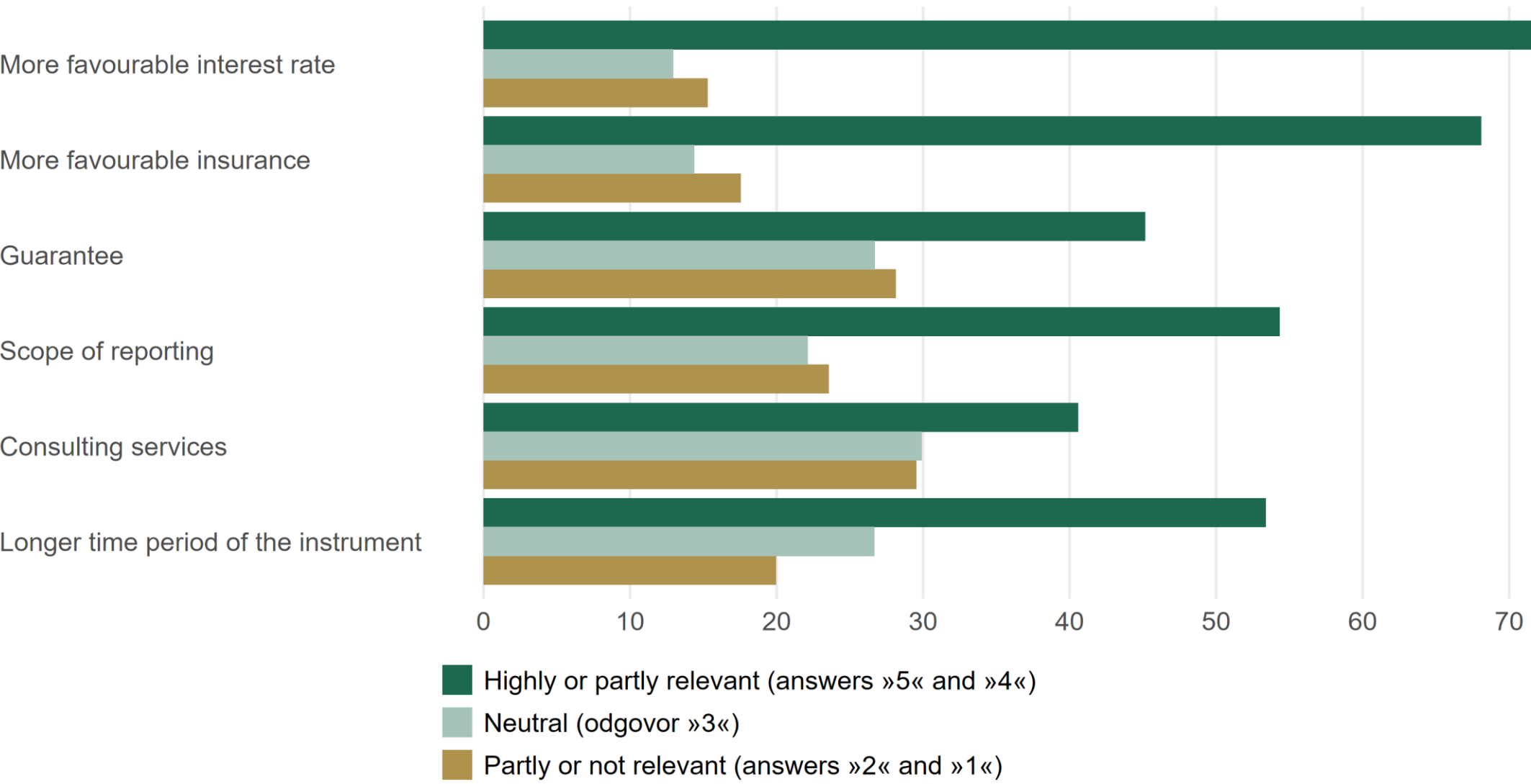
Sources of investment in the green transition (%)



Source: BS survey. Enterprises that stated that the green transition has or will have an impact on their business.

Factors for financing the green transition

(All enterprises, %)



Source: BS survey. Enterprises that stated that the green transition has or will have an impact on their business.

Thank you for your attention

Questions or comments?