



GOVERNMENT OF THE REPUBLIC OF SLOVENIA

Annual Progress Report 2026

April 2026

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1 INTRODUCTION

The year 2025 was the first full calendar year of implementation of the economic governance rules of the European Union (hereinafter: EU) that entered into force in April 2024. Under these rules, Member States must maintain in the medium term the general government deficit below 3% of gross domestic product (hereinafter: GDP) and keep general government debt below 60% of GDP, or reduce it towards that threshold. Member States set out the planned economic policy ensuring compliance with these rules in medium-term fiscal-structural plans, which are assessed by the European Commission and finally approved by the Council of the European Union (hereinafter: Council). To monitor the implementation of commitments in the medium-term fiscal-structural plans, Member States submit an annual progress report to the European Commission and the Council by the end of April each year. This is a primarily previous-year-orientated document, presenting data on the implementation of plans and descriptions of measures already implemented or still under way; Member States may also use it to announce new policies, particularly in the areas of structural reforms and investment.

The Annual Progress Report 2026 presents the implementation of the Medium-term Fiscal-Structural Plan of the Republic of Slovenia 2025-2028. The maximum growth of net general government expenditure set by the plan amounted for 2025 was 5.6% of GDP, or 12.1% of GDP cumulatively in 2024 and 2025. Despite the estimated slightly higher actual net expenditure growth in 2025, taking into account the lower net expenditure growth in 2024 and the national escape clause related to defence expenditure, the outturn remains within the permissible deviations of the Stability and Growth Pact.

The Annual Progress Report 2026 also includes estimates of fiscal aggregates for the current year. These point to larger deviations, but it must be emphasised that, because of the parliamentary elections in March, they were prepared on the basis of a no-policy-change scenario. The deviations also largely reflect legislative measures following the adoption of the amendments to the state budget for 2026. It is also important to note the rapidly changing geopolitical and macroeconomic circumstances, which increase risks to the realisation of the fiscal aggregates projections. In accordance with the requirements of the Public Finance Act, the estimates were prepared on the basis of the Spring Forecast of Economic Trends of the Institute of Macroeconomic Analysis and Development of the Republic of Slovenia (hereinafter: IMAD), published in March 2026.

Having taken note of the draft Annual Progress Report 2026, the Government instructed proposers of the financial plans and the Health Insurance Institute of Slovenia (hereinafter: ZZZS) to prepare proposals for laws, regulations and measures that reduce the financial consequences for the state budget and improve the structural balance of public finances. In doing so, the Government addressed the seriousness of the fiscal position associated with a potential deviation from the fiscal commitments. In the present circumstances, room for additional revenue reductions through systemic tax changes is very limited, as achieving the fiscal objectives set will require significant efforts and sound and consistent implementation of measures, already in the context of existing policies. Therefore any proposals to reduce tax or non-tax revenue must necessarily include well-defined compensatory measures, either by reducing expenditure or by securing other revenues. At the same time, account should also be taken of the need to ensure additional fiscal space for action in the event of a deterioration in conditions, particularly in the field of energy crisis. Further decisions will have to be taken in view of the overall macroeconomic and fiscal framework and the need to ensure medium-term sustainability of public finances.

The Annual Progress Report 2026 further reports on adopted measures addressing the reform and investment commitments in the valid Medium-term Fiscal-Structural Plan of the Republic

of Slovenia 2025-2028, as well as a more detailed description of the implementation of the country-specific recommendations addressed to the country within the European Semester and of the Recovery and Resilience Plan (hereinafter: RRP).

The draft Annual Progress Report 2026 was sent for assessment to the Fiscal Council of the Republic of Slovenia and the National Assembly of the Republic of Slovenia on 10 April 2026. The Fiscal Council of the Republic of Slovenia published its assessment on 20 April; the Government adopted a position on that assessment on 22 April and forwarded it to the National Assembly of the Republic of Slovenia, where it was discussed the same day at the Joint Committee session and again at the plenary session of the National Assembly of the Republic of Slovenia on 24 April.

The final Annual Progress Report 2026 was updated following the assessment received from the Fiscal Council of the Republic of Slovenia and the consideration by the National Assembly of the Republic of Slovenia, and taking into account the adopted Decree on compulsory health insurance service programmes, the capacities required for their implementation and the scope of funds for 2026, as well as the April Excessive Deficit Procedure Report 2022-2025.

Measures in the adopted Decree on compulsory health insurance service programmes, the capacities required for their implementation and the scope of funds for 2026 will have a positive impact on reducing pressure on public finances and on a slightly lower estimate of the general government deficit for 2026. Further potential measures with an impact on the fiscal position will be included in the estimates prepared for the Draft Budgetary Plan of the general government for 2027.

There was also some change in the composition of public finances in 2025 as a result of the reclassification of the bulk of personal assistance expenditure from social transfers to miscellaneous current transfers (without any impact on the general government balance).¹ As a result, this is also reflected in the composition of public finances in the Annual Progress Report 2026. The final Annual Progress Report 2026 also reflects a slightly revised reclassification of units in the general government, which presents significant challenges and uncertainties when methodological baselines are not yet sufficiently stable or verified.

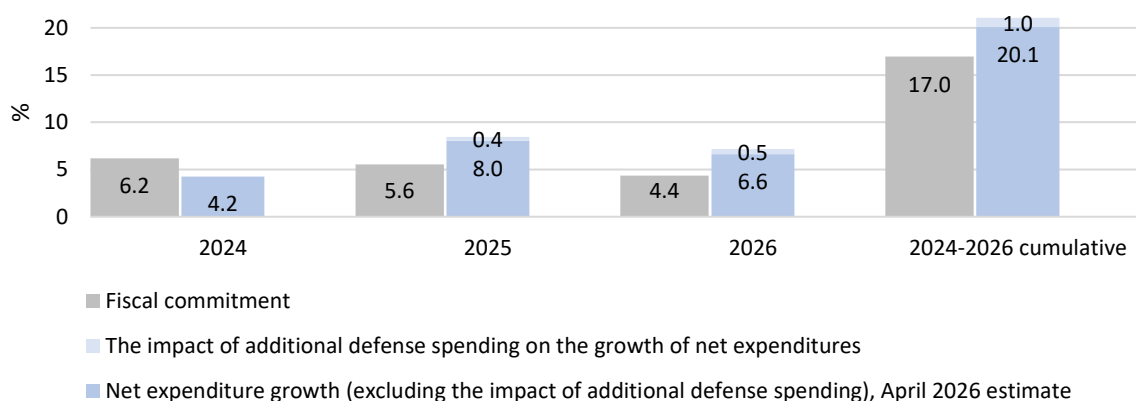
¹ SORS (21. 4. 2026). Available at: <https://www.stat.si/StatWeb/News/Index/14303>

2 INFORMATION ON RESPECT OF THE FISCAL COMMITMENT

According to the Republic of Slovenia's Medium-term Fiscal-Structural Plan 2025-2028, the medium-term sustainability of public debt and the maintenance of the government deficit below the 3% of GDP reference value are expected to be ensured by a growth in net expenditure of 6.2% in 2024, 5.6 % in 2025 and 4.4% in 2026 and a cumulative growth of 17% in 2024 to 2026, respectively. In April 2025, the Republic of Slovenia requested the use of the National Escape Clause (hereinafter: NEC) of the Stability and Growth Pact. The clause refers to flexibility and allows the country to temporarily deviate from the EU fiscal rules in order to increase defence expenditure without endangering public finances.

Net expenditure growth was 4.2% in 2024, while rising to 8.5% in 2025, of which 0.4 percentage points were contributed by higher defence expenditure.² This year, the Ministry of Finance of the Republic of Slovenia (hereinafter: MoF) estimates growth of 7.2 % (of which 0.5 percentage point is contributed for by defence expenditure)³, bringing the cumulative growth over this period above the fiscal commitment by 4.2 percentage points (or 3.2 percentage points without the impact of an increase in defence expenditure) – Figure 1. Taking into account the national escape clause for defence expenditure, the cumulative deviation in the control account is estimated at 1.3% of GDP in 2026. The increase in net expenditure would thus be above the allowed deviation under the control account in 2026, which allows a cumulative deviation of up to 0.6% of GDP.⁴

Figure 1: Overview of fiscal commitments



Source: SORS; MoF.

² The fiscal commitment was exceeded by 1 percentage point cumulatively in 2025 and the deviation in the control account is estimated at 0.3% of GDP, which is within the allowed deviation (up to 0.6% of GDP).

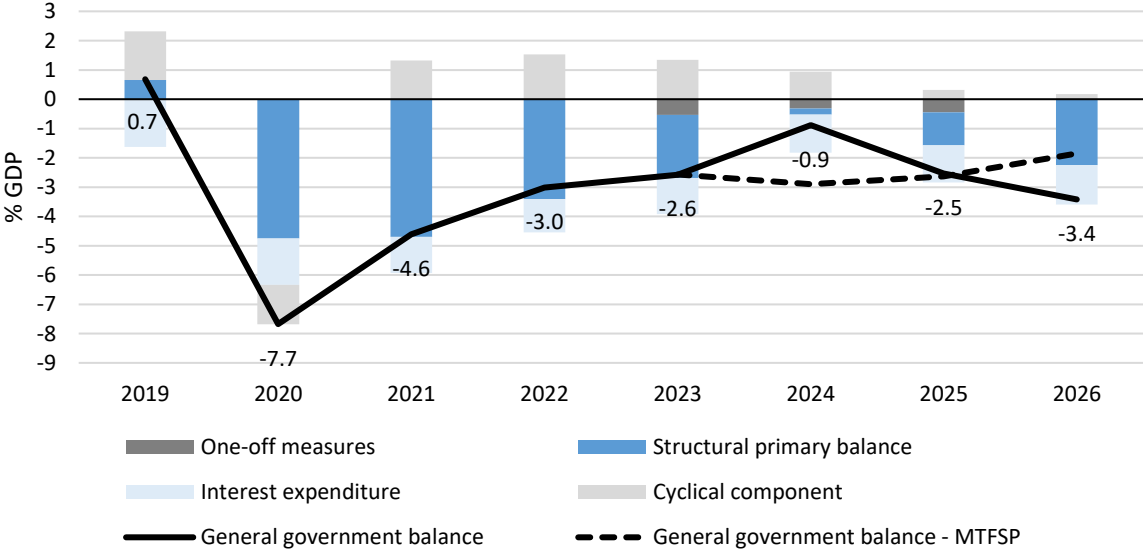
³ In 2025, Termoelektrarna Šoštanj d. o. o. and Premogovnik Velenje d. o. o. were classified into the general government, which resulted in an increase of 0.7% of GDP on the revenue and expenditure side (with a negligible impact on the balance). Therefore, when calculating net growth in 2025, we exclude the impact of the increase in expenditure in that year resulting from the structural break in the dataset.

⁴ The control account measures annual and cumulative deviations from the net expenditure path in the medium-term fiscal structural plan. However, during the period of application of the national escape clause, increases in defence expenditure will be taken into account as a mitigating circumstance. In the context of the control account, the NATO classification is not taken into account, but the classifications of functions of general government (COFOG) are used. There are discrepancies between the two due to two fundamental differences in classifications: the first is at the time of recording the expenditure resulting from the fact that NATO is based on cash and COFOG on the accrual flow, while the second difference is in scope, i.e. in the categories covered by each classification or its groups. Despite the differences in calculations between the classifications, they should not be systematic. In some years, NATO values are higher, reflecting advance payments for military equipment (cash flow), while in other years COFOG values are higher due to the delivery of equipment (accrual flow).

The values and estimate of defence expenditure according to the COFOG classification have been revised retroactively since 2021 in line with the revised content of covered expenditure in 2025. The Statistical Office of the Republic of Slovenia (hereinafter: SORS) has in accordance with Eurostat excluded certain items related to civil defence. Between 2021 and 2025, defence expenditure as a share of GDP increased by around 0.2 percentage points. For 2025, due to the change in the coverage of expenditure, the estimate was lowered and adjusted to the change in the estimate of advances. On this basis, COFOG-classified defence expenditure is estimated at 1.6% of GDP in 2026, an increase of 0.4 percentage points compared to 2021. More about defence expenditure according to NATO classification and plans, and about Dovos, the company for defence, security and resilience d. o. o., can be found in the fifth chapter.

In 2024, the general government deficit stood at 0.9% of GDP and increased to 2.5% of GDP in 2025, close to the estimate in the Draft Budgetary Plan (2.4% of GDP). The increase in the deficit in 2025 reflects, among others, the effects of the public sector wage reform, the increase in investment volumes, health expenditure and pension expenditure including the new winter bonus, as well as the payment of a winter bonus to civil servants. The deficit in 2025 was also still affected by flood-related measures, which until then were considered as one-offs. For 2026, on a no-fiscal-policy-change basis, the deficit is expected to increase to 3.4% of GDP (Figure 2).

Figure 2: General government balance and its components



Source: SORS; MoF.

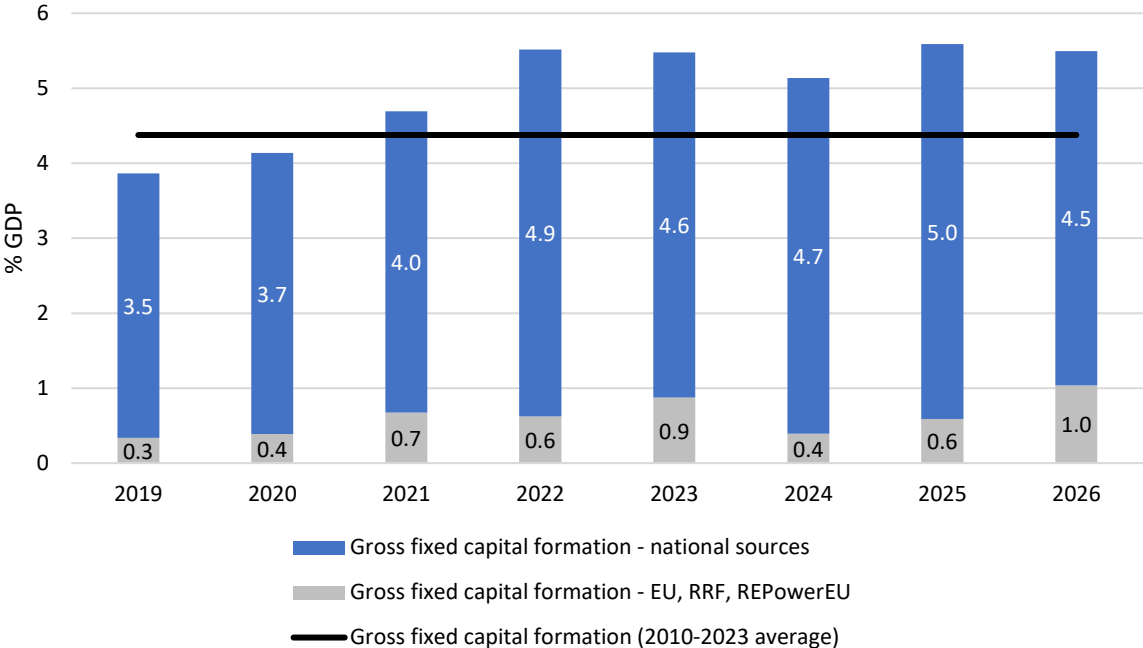
Having taken note of the draft Annual Progress Report 2026, the Government of the Republic of Slovenia instructed the proposers of financial plans and the Health Insurance Institute of Slovenia to prepare proposals for laws, regulations and measures that reduce the financial consequences for the budget of the Republic of Slovenia and improve the structural balance of public finances. Under current circumstances, the scope for further revenue reductions due to systemic changes in the tax area would be very limited.

In view of the new measures adopted after the Government was informed of the draft 2026 Annual Progress Report, the updated general government projections included in the final version of the 2026 Annual Progress Report include the effects of the adopted Decree on compulsory health insurance service programmes, the capacities required for their implementation and the scope of funds for 2026, which, despite the projected growth in

expenditure on health services under compulsory health insurance, yields savings of around EUR 100 million for the ZZZS. The measures of the newly adopted regulation will contribute to balancing inflows and outflows of compulsory health insurance and to a more sustainable operation of the ZZZS in 2026, while strengthening the management of expenditure growth, in particular in the areas of medicines, medical devices and medical absenteeism. From the point of view of public finances, the measures adopted also indirectly contribute to a partial easing of pressures on wage growth and intermediate consumption by public health institutions, whose growth is lower on the basis of new estimates.

The share of general government investment to GDP increased to 5.6% of GDP last year (from 5.1% of GDP in 2024), thus reaching the highest level in the history of the Republic of Slovenia. This was due to high level of government investment (5% of GDP) and EU funds (0.6% of GDP). For 2026, investments are planned to remain at a similar level (5.5% of GDP) while absorption of EU funds⁵ is accelerated (to 1% of GDP). General government investment will thus continue to exceed its 13-year average – Figure 3.

Figure 3: Gross fixed capital formation of general government by source of funding



Source: SORS; MoF.

Investments by public institutions, municipalities and other units of the general government (Slovenian Railways, 2TDK and similar) also contribute to the increase in the volume of investments. More on this is provided in the fourth chapter.

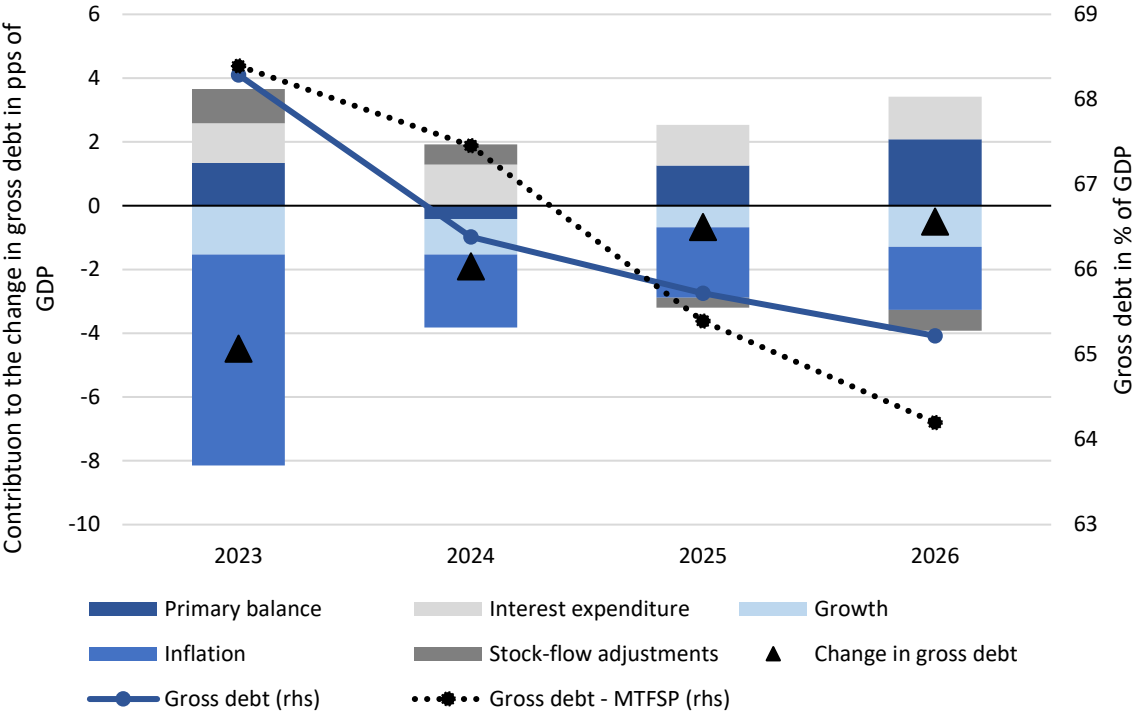
Development of general government debt

The general government debt stood at 65.7% of GDP at the end of 2025, 0.7 percentage points lower than at the end of 2024. Further debt reduction is planned mainly through nominal GDP growth and the use of the existing liquidity buffers of the state budget. The liquidity reserves contributes significantly to the reduction of the general government net debt-to-GDP ratio. Taking it into account, the general government debt falls significantly below the 60% of GDP reference value.

⁵ Such as the EU cohesion policy and the RRF.

According to IMAD's latest economic forecast, the debt-to-GDP ratio is projected to hover around 65% of GDP by the end of 2026 (Figure 4), the lowest level since 2012 (54.1% of GDP).

Figure 4: Contributions to the change in gross debt of the general government (in percentage points of GDP)



Source: SORS; MoF.

The credit rating of the long-term creditworthiness of the Republic of Slovenia is decisive for its access to sources of financing on the debt capital markets. This has a significant impact on borrowing costs and debt sustainability, which is why maintaining and improving debt is one of Slovenia's main strategic orientations.

The Republic of Slovenia is ranked among the countries with an upper-middle or high credit rating in the euro area. It has the highest rating at S & P and JCR, namely AA with a stable outlook, making it one of the countries with a high level of investor confidence.

The Republic of Slovenia is also assessed in the upper middle investment grade by long-term creditworthiness by other reference rating agencies, namely Fitch (A+, stable outlook), Moody's (A2, stable outlook) and DBRS (AAL, stable outlook).

At the end of February 2026, Moody's upgraded the credit rating of the Republic of Slovenia from A3 to A2 and gave it a stable outlook. The recent pension reform contributed to this, among other things, while the Agency also highlighted the continued reduction of general government debt as a share of gross domestic product.

Quality of public finances and medium-term sustainability

In addition to pension adequacy, the adopted pension reform has improved the medium- and long-term sustainability of the pension and disability systems. Model simulations suggest moderate growth in pension expenditure over the medium term, thereby also reducing pressure on public finances. Another important change to structurally increase the quality of public finances in 2025 (with the adoption of the reform) was the introduction of sustainability factors (see the section on Social benefits in Chapter 4).

In 2025, in order to assess the quality of public finances (country-specific recommendation 1) and their sustainability, two analyses were carried out: *Evaluation of the proposal to reform the Slovenian public pension scheme* and *The wide-ranging effects of active labour market policies in Slovenia*⁶. Early 2026 also saw the completion of *the Rapid Assessment of Health System Reform in Slovenia – Focus on Health Financing*. The analyses have been prepared by the OECD and are described in more detail in Chapter 5.

⁶ Available at: https://www.oecd.org/en/publications/the-wide-ranging-effects-of-active-labour-market-policies-in-slovenia_f79950c9-en.html (11 March 2026).

3 MACROECONOMIC DEVELOPMENTS AND OUTLOOK

Despite tensions in global trade policy, real economic activity in the euro area increased to 1.5% last year, surpassing autumn expectations. Amid intensive developments in trade prior to the introduction of US tariffs, growth was highest in the first quarter and then moderated in the following three quarters. IMAD in its Spring Forecast of Economic Trends (hereinafter: SF 2026) expects euro area real economic growth to decline by 0.2 percentage points this year, to 1.3%, before rising again to 1.4% in the next two years. Growth will mainly derive from domestic demand, high employment rates, lower saving rates and increased defence and infrastructure expenditure. In turn, the tightening of global trade policy is expected to continue to dampen export growth rates amid heightened competitive pressures and the appreciation of the euro.

Slovenia's economic growth in 2025 decreased compared to the previous year, to 1.1%, but nevertheless exceeded autumn expectations (0.8%). With slower export growth and a decline in value added in manufacturing, growth was based mainly on construction investment and household consumption. This year, economic growth will increase to 2.0%. It will remain at this level for the next two years, which remains within the framework of the autumn expectations (Figure 5).

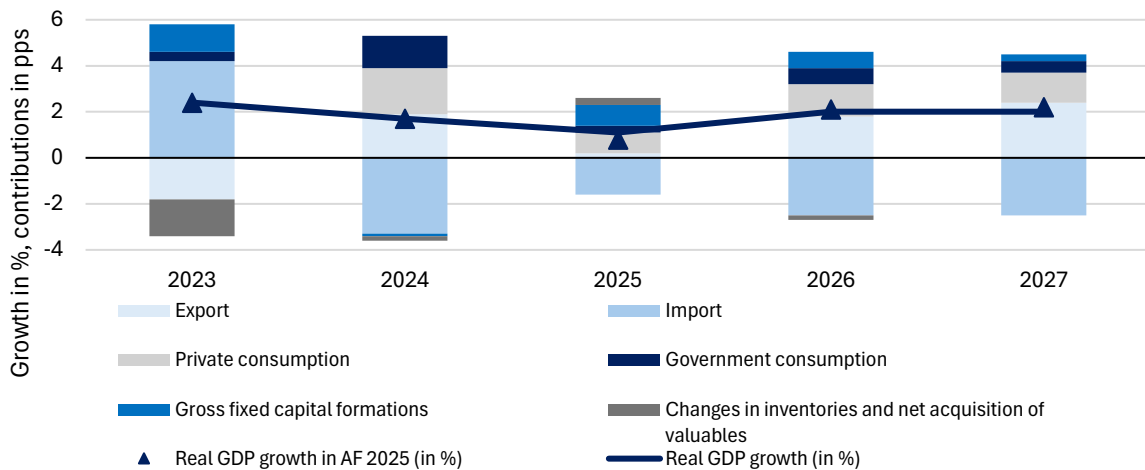
For this year, IMAD in SF 2026 expects an improvement mainly in the export part of the economy, as the forecasts for industrial production in Slovenia's key trading partners are improving, while at the same time investments in the automotive and pharmaceutical industry are being completed. Growth in exports of goods and services will thus increase to 2.3% this year (from 0.3% last year), and will further increase by 0.7 percentage points next year, to 3.0%.

Domestic demand is also expected to strengthen. Private consumption growth will increase by 1.1 percentage points this year compared to the previous year, to 2.8%, but will decline slightly again in the next two years (to 2.5%). Growth will derive mainly from growth in real disposable income, favourable labour market developments and a lower saving ratio, which will, however, remain above its long-term average. Growth in government spending will strengthen further. Compared to 2025, it is expected to increase by 1.9 pps this year (to 3.5%) and to gradually moderate to 2.3% and 2.0% over the next two years.

Compared to the previous year, growth in gross fixed capital formation is expected to be somewhat lower, at 3.4% (4.1% last year). Given the large amount of funds available under the RRP, cohesion policy and the Reconstruction Fund, growth in these investments this year will continue to be primarily driven by government and infrastructure investment, while modest growth is expected in private business investment. With the expected end of the RRP fund absorption in this year, growth in gross fixed capital formation is expected to decline by 2.0 percentage points to 1.4% in the future, but growth is expected to accelerate again in 2028 after the end of the RRP effect and the emergence of other sources of financing.

Increasing geopolitical uncertainty could have a significant impact on those economic forecasts and expectations, as the consequences are already reflected in rising commodity prices, inflationary pressures and supply chain problems. On the other hand, some levers may shift the outcome to the side of better economic outcomes. The potential for higher economic growth is reinforced by possible wider infrastructure and defence effects, the effects of adopted reforms and more effective labour market measures.

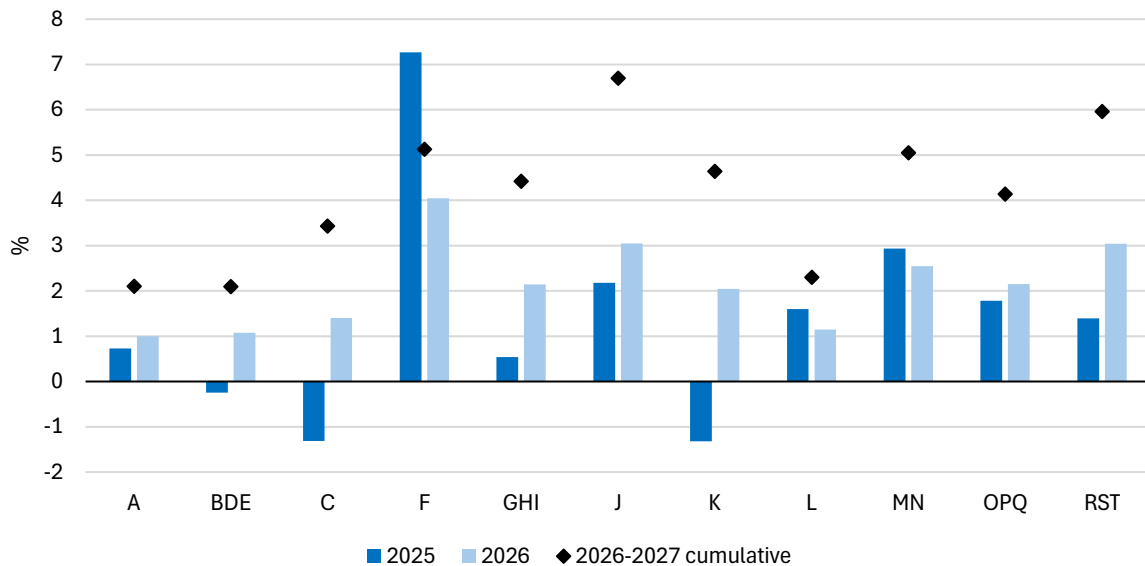
Figure 5: Real GDP growth and contributions to its growth



Source: SORS; IMAD SF 2026; IMAD Autumn Economic Forecast 2025; Calculations by the MoF.

Last year, the growth in value added of the Slovenian economy fell from 1.8% to 1.1%, with the highest growth in activities F (7.3%), MN (2.9%) and J (2.2%), while value added fell in C and K (both -1.3%) and BDE (-0.2%). For 2026, IMAD estimates that the annual growth in total value added will increase again, by 1 percentage point, to 2.1%. The main contributors to growth are expected to be SKD activities F (4.0%) and J and RST (3.0% each). In 2026 and 2027, the highest growth in value added is expected in activities J (6.7%) and RST (6.0%), the lowest but still positive for activities A and BDE (2.1% each) (Figure 6).

Figure 6: Real growth of value added by NACE activities⁷ (%)



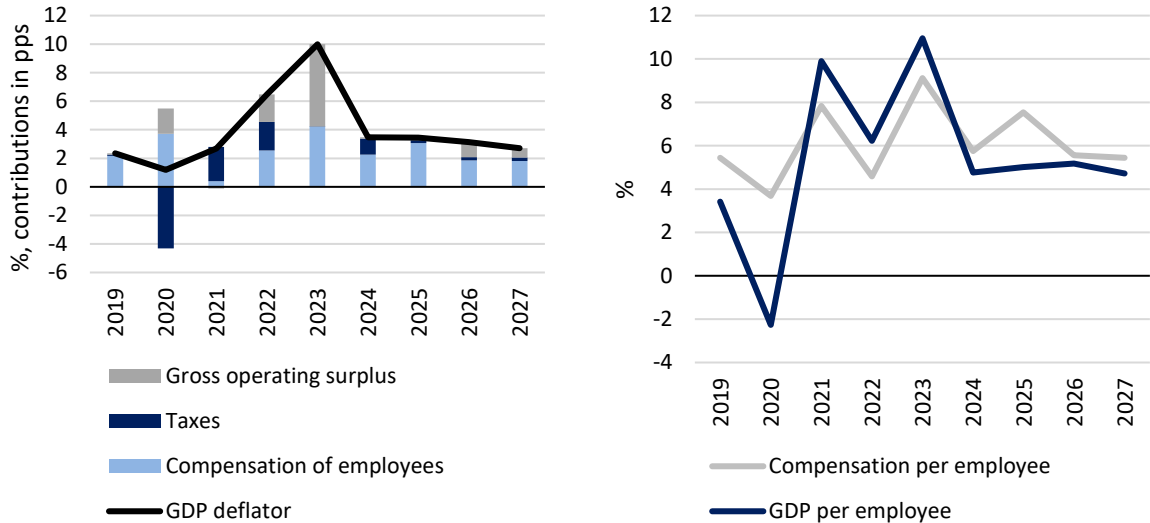
Source: SORS, IMAD SF 2026; Calculations by the MoF.

⁷ A = Agriculture, forestry and fishing; BDE = Mining and quarrying, electricity and water supply, waste management; C = Manufacturing; F = Construction; GHI = Trade, transportation and storage, accommodation and food service activities; J = Information and communication; K = Financial and insurance activities; L = Real estate activities; MN = Professional, scientific, technical, administrative and support services; OPQ = Public administration, education, human health and social work; RST = Other service activities.

Last year's GDP deflator remained broadly at the same level as in 2024. Within its structure, the contribution of labour costs increased, while the contribution of taxes net of subsidies declined, the positive contribution of the operating surplus remained at a comparable level (Figure 7 – left). As in 2025, labour costs will remain the main driver of GDP deflator growth over the forecast horizon, and the contribution of the operating surplus is expected to increase again. Nominal compensation of employees per employee will rise by 5.6% this year and by 5.4% next year. Consequently, it will continue to outpace the growth of GDP per employee⁸ by 0.4 and 0.7 percentage points, respectively, which is, however, considerably less than in 2025, when the excess amounted to 2.5 percentage points (Figure 7 – right).

At the same time, the average gross wage per employee increased nominally by 5.9% in 2025 (3.4% in real terms), mainly as a result of the implementation of the public sector wage reform, where wages rose by 9.4%. In the private sector, wage growth was more moderate, at 3.4%, partly reflecting a decline in extraordinary year-end payments (business performance-related bonuses) following the introduction of a mandatory winter allowance, which is not included statistically in wage growth. This year, wage growth is expected to accelerate to 6.7% (or 4.0% in real terms). With the continuation of the wage reform, wage growth in the public sector is projected to ease to 6.5%, while in the private sector it is set to increase to 6.7%, driven by continued labour market pressures and an increase in the minimum wage. In the coming years, wage growth is expected to gradually slow as companies seek to preserve competitiveness, nevertheless, real wage growth will remain above the rates observed a decade ago.

Figure 7: GDP deflator growth (%) and its contributions (expressed in real GDP, in percentage points) – left and nominal⁹ growth in compensation of employees per employee and GDP per employee – right



Source: SORS, IMAD SF 2026; Calculations by the MoF.

In its SF 2026, IMAD expects the average inflation rate measured by the consumer price index (i.e. CPI) to reach 2.5% this year. This is slightly higher than last year (2.4%), when inflation increased due to above-average growth in the prices of services and food.

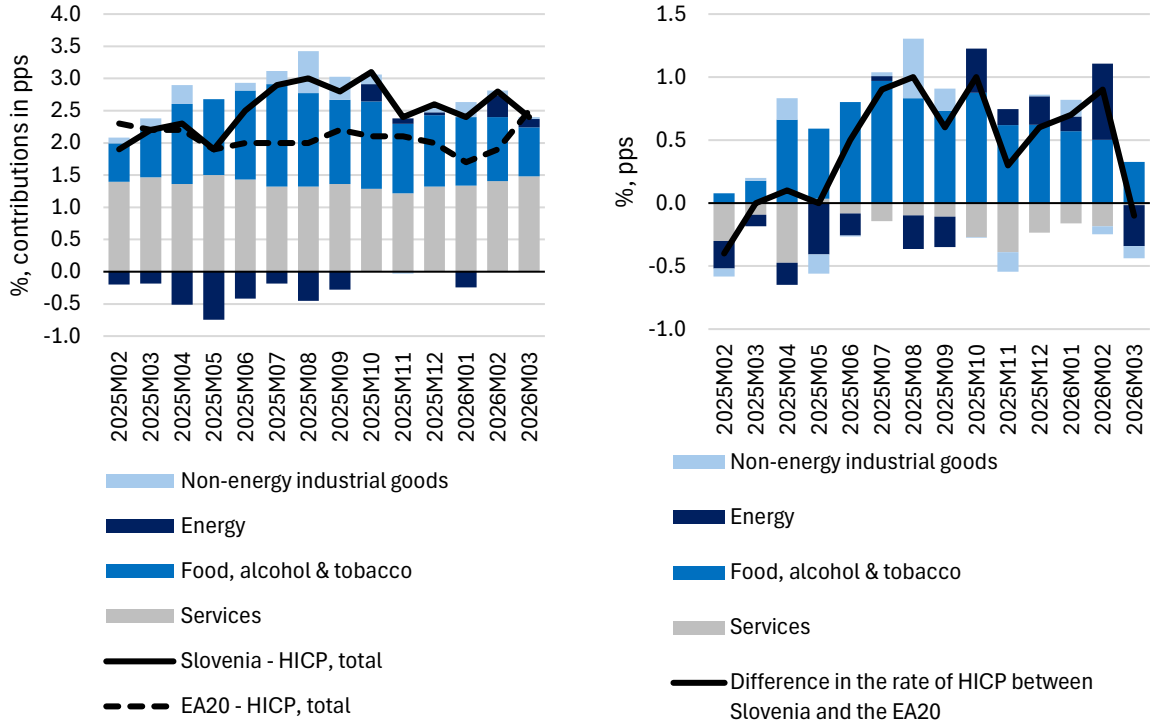
Inflation (measured by the Harmonised Index of Consumer Prices or HICP) has remained close to 2% in the euro area over the past year. In March, it rose to 2.5%, while in Slovenia it declined to 2.4% (from 2.8% in February). The contribution of higher year-on-year service price inflation

⁸ Used as an indicator of labour productivity.
⁹ As the relationship between wage and productivity developments may be affected by the use of different deflators, we compare the nominal indicators.

in Slovenia – similarly to the euro area – continues to be one of the main drivers of overall inflation (Figure 8 – left). The divergence from euro area inflation observed over the past nine months has been driven primarily by a higher contribution from food prices, which began to increase in Slovenia in March last year, and more recently also by a higher contribution from energy prices (which in February was 0.6 percentage points higher than in the euro area) (Figure 8 – right). In March 2026, monthly energy price growth in Slovenia amounted to 0.6%, compared with 6.8% in the euro area. This difference is most likely attributable to the regulation of energy product prices and government measures to reduce excise duties in Slovenia, which have mitigated price increases.

For 2027, inflation is expected to decline to an annual average of 2.2% in the absence of shocks, mainly due to more moderate growth in food prices, while service price inflation is projected to continue to slightly exceed overall consumer price inflation. A more persistent increase in the average oil price to USD 120 per 159 litre barrel, however, would raise average inflation by around 2.5 percentage points.¹⁰

Figure 8: Developments in the year on year HICP inflation rate (in %) and contributions (in percentage points) in Slovenia and the euro area – left; sources of the inflation gap between Slovenia and the euro area – right



Source: Eurostat; Calculations by the MoF.

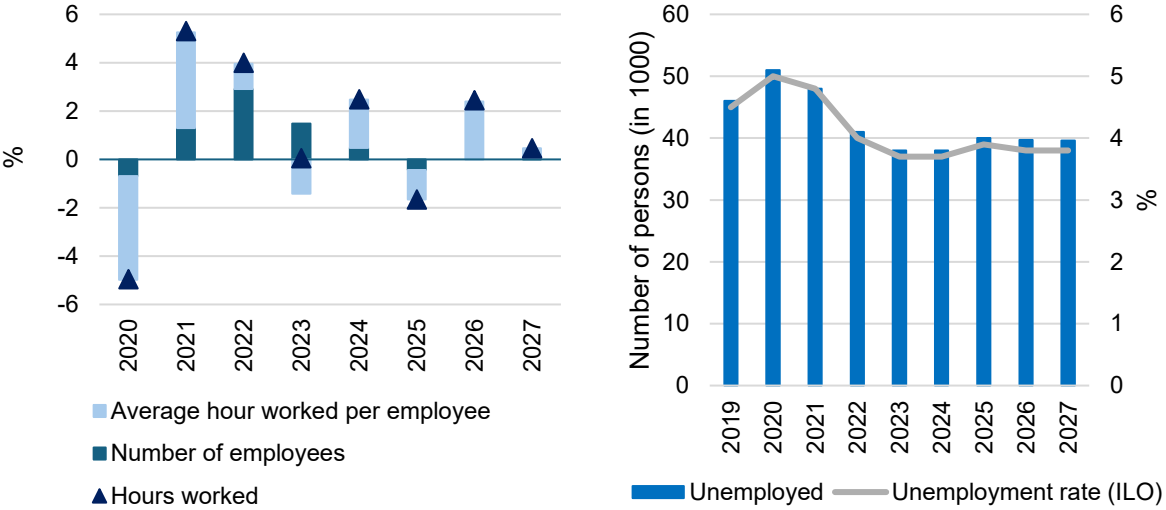
Structural labour shortages remain in the labour market. Employment of foreign nationals, who accounted for almost a fifth of the working population in the previous year, will remain a key factor in new employment.

After a decline in the employment rate last year, employment is expected to remain roughly unchanged this and next year. With employment growth stagnating and growth in hours worked per employee strengthening (to 2.4%), the average number of hours worked per employee will increase this year and then moderate to 0.4% next year (Figure 9 – left).

¹⁰ IMAD SF 2026.

The unemployment rate will remain at historically low levels. It will decline slightly further this year (by 0.1 pps), to 3.8%, compared with the previous year (Figure 9 – right).

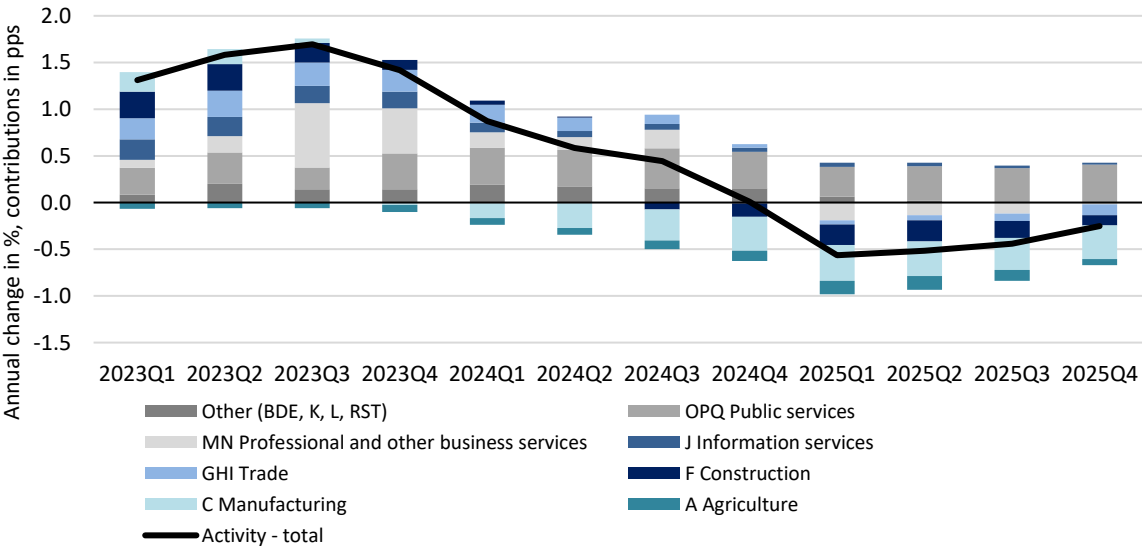
Figure 9: Growth in hours worked, number of employees, and average hours worked per employee – left; and number of unemployed persons and unemployment rate – right



Source: SORS, IMAD SF 2026; Calculations by the MoF.

In the last quarter of 2025, the number of employees decreased year-on-year in most NACE activities, most notably in Manufacturing (C – by 1.8%), followed by Construction (F – by 1.4%) and Agriculture, hunting, forestry and fishing (A – by 1.0%). The 0.3% decline in total employment was mainly mitigated by the increased number of employees in public services, in particular Health and social care and education (OPQ – by 2.1%), which accounts for more than 20% of total employment. The number of employees in the Information services also increased (J – by 0.5%), however enterprises in this sector employ less than 4% of total employees (Figure 10).

Figure 10: Annual growth in the number of employees (in %) and contributions by NACE activities (in percentage points)



Source: SORS; Calculations by the MoF.

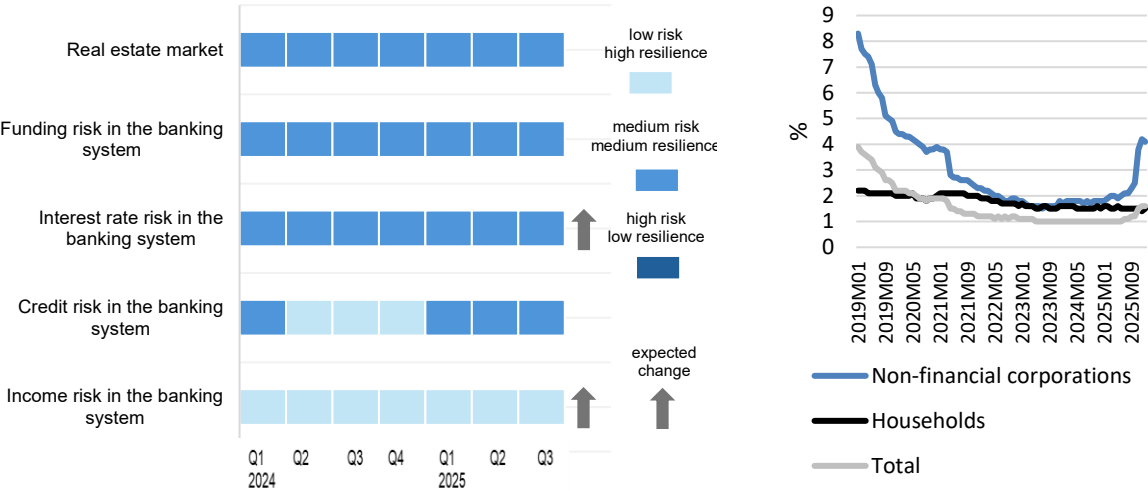
The level of systemic risks in the Slovenian financial system remains broadly unchanged while the resilience of the banking system to these risks remains high. In the first quarter, the most

pronounced deterioration among risk types was observed for credit risk, mainly owing to an increase in the volume and share of non-performing claims.

According to the Bank of Slovenia, the increased potential for risk is assessed in relation to interest rate and income risk in the banking system. Although interest rate risk is assessed as moderate and some major banks have already expanded the supply of financial derivatives as a backstop in recent years, banks' sensitivity to changes in interest rates is the main driver of the upward trend. There is also an increased risk tendency assessed in relation to income risk in the banking system, which, in contrast to interest rate risk, is assessed as low. The reason for the less favorable forecasts lies in the decline in net interest income (Figure 11 – left).

The share of non-performing exposures (NPE), which measures the quality of bank assets, increased at the total portfolio level from a historically low 1% in January 2025 to 1.6% in January 2026. Over the same period NPEs deteriorated most in non-financial corporations, where the share increased from 1.8% to 4.1%, while it remained roughly unchanged for households (Figure 11 – right). According to the Bank of Slovenia¹¹, the deterioration of NPEs in October 2025 (at the time to 2.5%) was related only to a few companies from the production of metals and the production of motor vehicles, trailers and semi-trailers. They expect the share of NPEs in the group of export-oriented firms to continue to decline due to uncertainties in the international environment and declining orders (as confirmed by the figure for January 2026 mentioned above).

Figure 11: A depiction of changing systemic risks for the Slovenian financial system – left; and the share of NPEs in the segment of non-financial corporations and households and the overall level – right



Source: Bank of Slovenia (October 2025). Financial Stability Report.

According to data from the Ljubljana Stock Exchange¹², the market capitalisation of the securities market amounted to EUR 56 billion at the end of 2025, representing an increase of 11.4% compared with the same period a year earlier. Equity market capitalisation reached EUR 17.6 billion, up by 47.9%. The SBITOP index rose by 50.3% in 2025, while the SBITOP TR index, which also includes dividend returns, increased by 57.6%. Turnover on the Ljubljana Stock Exchange amounted to EUR 834.6 million in the previous year, which is 65.1% higher than in 2024. Equities accounted for the largest share of turnover, amounting to EUR 798.7 million, followed by bonds at EUR 24.3 million, ETF funds at EUR 6.8 million, and Treasury bills at EUR 4.7 million. Average daily turnover on the Ljubljana Stock Exchange reached EUR

¹¹ Bank of Slovenia (December 2025). Report on Bank Performance with Commentary.

¹² Available at: https://seonet.ljse.si/?doc_id=92152.

3.4 million in 2025, representing a 70% increase compared with 2024, when it stood at EUR 2 million.

Taking into account the total volume of bonds issued in the first half of the previous year, Slovenia ranked as the leading EU country, accounting for 44.9% of total ESG labelled bond issuance, amounting to EUR 1 billion. By the end of the year, a total of 58 instruments were admitted to trading on the regulated market, comprising 17 equities, 26 bonds, 10 Treasury bills, and 5 ETF funds.

The strengthening of the capital markets union (with measures described in Chapter Five) is monitored using a range of indicators at both the national level and across the EU and the OECD. One important indicator that directly contributes to the deepening of capital markets, the increase in cross border investment flows, and the diversification of financing sources for small and medium sized enterprises (SMEs) beyond traditional bank lending is the so called ELTIF (European Long Term Investment Funds). According to data from the ELTIF register maintained by the European Securities and Markets Authority (ESMA), the number of such funds reached a record high last year on an annual basis, with 183 ELTIFs marketed in the EU – 65 more than in 2024. This represents a positive development and further confirmation of the success of the ELTIF review in facilitating this product as a channel for directing household savings into SMEs and infrastructure projects. In 2025, France overtook Italy in terms of the largest number of domestically marketed funds, indicating strong interest in this product in France. With regard to locally marketed ELTIFs, an improvement can be observed compared with the previous year, when Croatia and Slovenia had not yet been present in the ELTIF market.

The latest financial literacy survey in Slovenia, conducted by Deloitte in 2025, shows that our country would rank fifth based on the average financial literacy score, placing it above the OECD average.

POSITION IN CYCLE AND POTENTIAL GROWTH

According to MoF estimates based on SF 2026, the Slovenian economy reached its cyclical peak in 2022, when the output gap amounted to 3.3% of potential GDP. After declining to 0.7% in 2025, the positive output gap is projected to decline to 0.4% in 2026 and 0.1% in 2027, due to slightly lower real economic growth compared to potential growth (Figure 12 – left).¹³

The gap between the actual and the natural unemployment rate¹⁴ will remain close to -1.6 percentage points over the projection horizon (Figure 12 – left). Despite the cooling of the economy in recent years, the actual unemployment rate has not changed significantly and will remain similar over the forecast period, which is mainly related to demographic changes, which gradually increase the transition from unemployment to inactivity or retirement.¹⁵

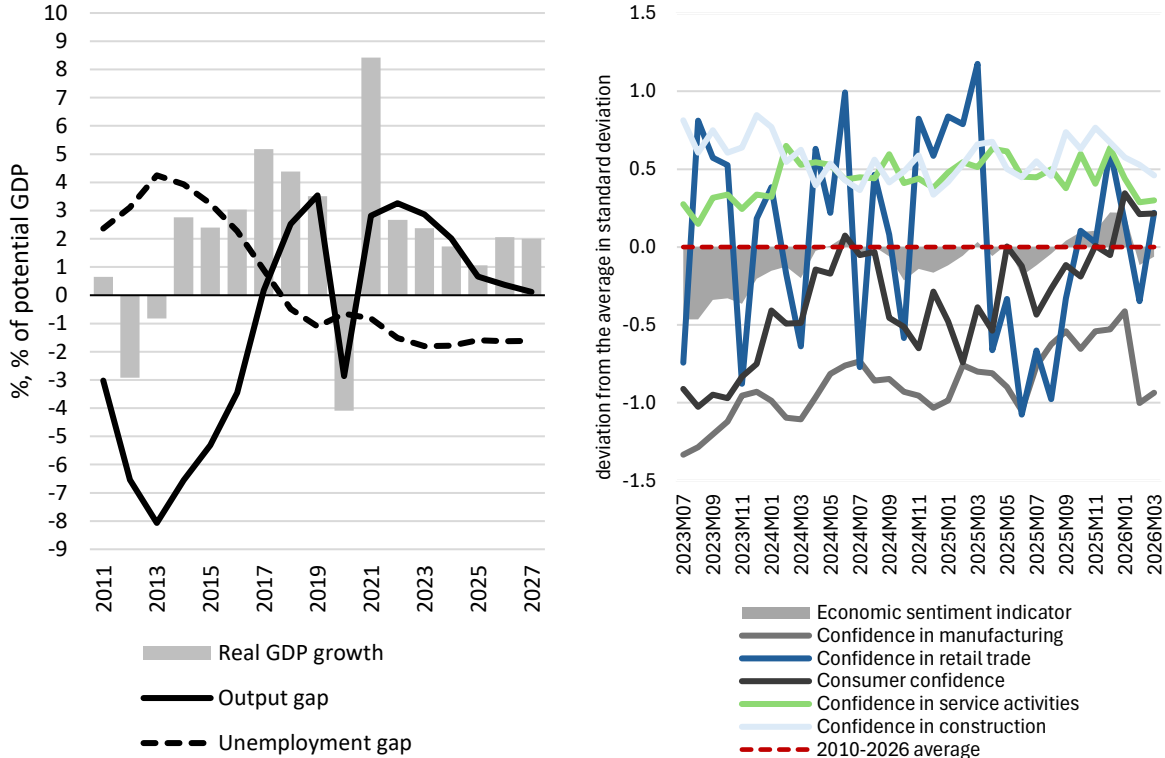
¹³ According to the European Commission, the economy is in the normal period of the business cycle when the output gap estimate is between -1.5% and 1.5% of potential GDP. See European Commission (2019). Vade Mecum on Stability and Growth Pact: 2019 Edition. Institutional Paper 101. April. European Commission. Available at: https://ec.europa.eu/info/sites/default/files/economy-finance/ip101_en.pdf

¹⁴ The positive value of the unemployment gap means that the actual unemployment rate is higher than the natural one, which is generally the case during a period of negative output gap. However, the negative unemployment gap points to unfavourable labour market conditions and overheating potential of the economy (additional inflationary pressures), which is in principle linked to a positive output gap. However, there may be deviations due to shocks or structural factors. See Foroni, C. & Furlanetto F. (2022). Explaining deviations from Okun's Law. ECB Working Paper Series No 2699. Available at: <https://www.ecb.europa.eu/pub/pdf/scpwps/ecb.wp2699~a1985f19ed.en.pdf>

¹⁵ IMAD SF 2026.

Over the period from August 2025 to February 2026, the economic sentiment indicator started to exceed its long-term average. The improvement in the indicator over this period was mainly driven by an increase in consumer and manufacturing confidence indicators, and also partly reflecting improvements in retail trade.¹⁶ In March 2026, following the deterioration in February, there was a slight improvement supported by confidence indicators in the retail trade, manufacturing and services sectors (Figure 12 – right).

Figure 12: Real GDP growth (%), output gap (% of potential GDP) and unemployment gap – left and economic sentiment indicator – right

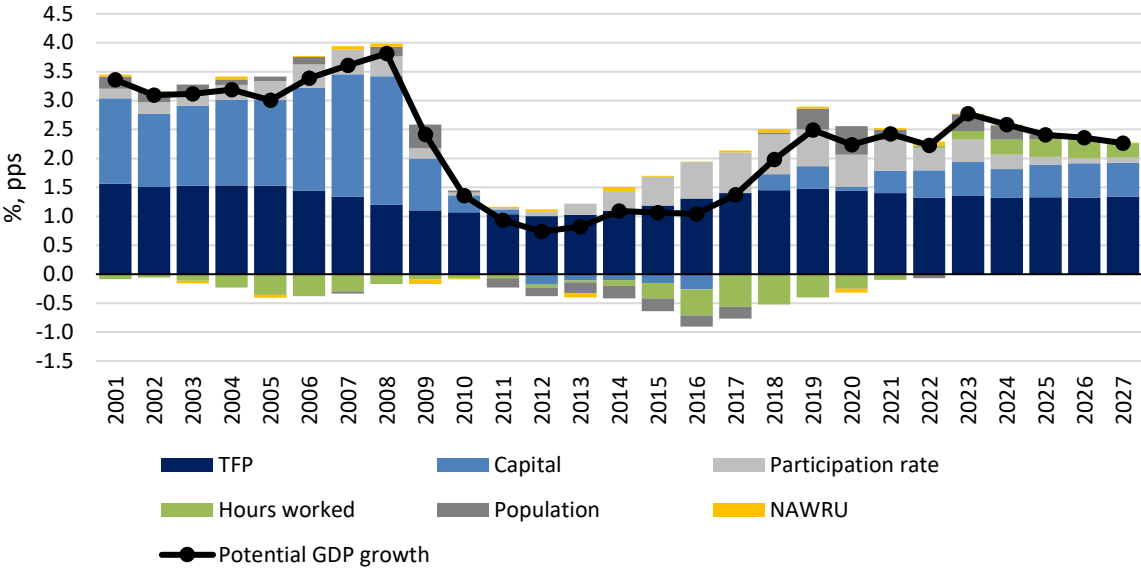


Source: SORS; IMAD SF 2026; Calculations by the MoF.

Potential GDP growth (Figure 13) declined slightly in 2025, reaching 2.4%. It will remain at such in 2026 and will decrease slightly to 2.3% in 2027. Total factor productivity will continue to be the main driver of potential GDP growth in Slovenia (1.3 percentage points, which is also close to the long-term average). Meanwhile, the contribution of labour will continue to decline over the forecast horizon, mainly as a result of a lower contribution from the population and the participation rate. The contribution of capital will be 0.6 percentage points in 2026 and 2027, similar to the previous three years.¹⁷

¹⁶ The economic sentiment indicator is a weighted synthesis indicator. It consists of confidence indicators in manufacturing (40%), services (30%), consumers (20%), retail (5%) and construction (5%).
¹⁷ The average capital contribution was 0.1 percentage points in 2009-2019 and 1.7 percentage points in the period before the financial crisis (2000-2008).

Figure 13: Potential GDP growth (%) and contributions to potential growth (pps)



Source: SORS; IMAD SF 2026; Calculations by the MoF.

4 BUDGETARY PROJECTIONS OF THE GENERAL GOVERNMENT

The general government deficit amounted to 2.5% of GDP in 2025 and is estimated at 3.4% of GDP in 2026 under a no-policy-change scenario. Revenue is positively affected by the long-term care contribution, which will be fully implemented in 2026, and by the reclassification of two larger units into the general government. On 30 September 2025, the Commission for resolving disputed cases of classification of units in the Business Register by Standard classification of the institutional sector decided that Premogovnik Velenje d. o. o. and Termoelektrarna Šoštanj d. o. o. should be reclassified from the non-financial corporations sector (S.11) to the general government (S.13). The reason was that both companies are regulated by the state to such an extent that they are no longer autonomous in carrying out their activity. The decision was adopted after the preparation of 2026 forecast data for the Draft Budgetary Plan, so the reclassification was not included in that forecast. The reclassification has no significant impact on the general government balance but significantly affects the level of its revenue and expenditure.

GENERAL GOVERNMENT REVENUE

Favourable labour market conditions were reflected in the growth of general government revenue in 2025, while discretionary revenue measures also contributed.

Revenue amounted to EUR 33.2 billion in 2025, 7.9% or EUR 2.4 billion more than in 2024. The largest contribution came from higher social contributions, which increased by just over EUR 1 billion or 8.8%, mainly because of the introduction of the compulsory long-term care social contribution, paid partly by employers (1% of gross wage) and partly by employees (1% of gross wage). The contribution was first charged for July 2025. Tax revenue also increased strongly, by EUR 552 million or 3.8%, mainly because of higher value-added tax (VAT) revenue (by EUR 254 million or 4.8%) and personal income tax revenue (by EUR 202 million or 5.6%). Corporate income tax revenue increased more modestly (by EUR 47 million or 2.6%), while excise revenue declined slightly because of lower revenue from excise duties on mineral oils, gas and tobacco. Among other revenue types, revenue from distributed profits of corporations increased (by EUR 52 million or 9.7%), while interest revenue was lower (by EUR 111 million or 25.9%)

This year, revenue growth will moderate to 6.3%. Revenue will amount to EUR 35.3 billion, EUR 2.1 billion more than the previous year. Social contributions will again grow the most (by EUR 1.2 billion or 9.6%) due to favorable employment indicators and the full-year payment of the long-term care contribution. In March 2026, the compulsory health contribution was also regularly adjusted in line with the previous year's average gross wage growth, to EUR 39.36. VAT revenue will increase by EUR 364 million or 6.5%, personal income tax by EUR 210 million or 5.5% and corporate income tax by EUR 71 million or 3.9%. Excise revenue will decline further (by EUR 65.3 million or 3.9%), still because of lower excise duties on mineral oils, gas and tobacco. Among other revenue groups, capital transfer revenue will rise the most (by EUR 500 million or 109%) mainly because of the expected ending of the Recovery and Resilience Facility and higher EU budget revenue from structural funds. Property income will be lower than in 2025 (by EUR 160 million or 16.7%) because of lower interest revenue and lower profits of state-owned companies.

Table 1: General government revenue¹⁸

			2023	2023	2024	2025	2026
	Revenue	ESA code	bn. EUR	% of GDP	% of GDP	% of GDP	% of GDP
1	Taxes on production and imports	D.2	8.3	12.9	12.9	12.7	12.6
2	Current taxes on income, wealth, etc	D.5	5.0	7.9	8.5	8.5	8.4
3	Social contributions	D.61	10.2	15.9	17.2	17.9	18.6
4	Other current revenue	(P.11+P.12+P.131) + D.39 + D.4 + D.7	4.0	6.3	6.5	7.2	6.5
5	Capital taxes	D.91	0.0	0.0	0.2	0.2	0.2
6	Other capital revenue	D.92+D.99	0.6	1.0	0.4	0.6	1.3
7	Total revenue (= 1+2+3+4+5+6)	TR	28.2	44.0	45.6	47.1	47.6
8	Of which: Transfers from the EU (accrued revenue, not cash)	D.7EU+ D.9EU	0.8	1.3	0.9	1.0	1.5
9	Total revenue other than transfers from the EU (= 7-8)		27.3	42.6	44.7	46.0	46.1
10	p.m. Revenue measures (increments, excluding EU funded measures)		0.1	0.2	1.0	0.5	0.3

Source: SORS (21. 4. 2026); MoF.

DISCRETIONARY REVENUE MEASURES

Discretionary revenue measures for 2024, 2025 and 2026 are in the areas of providing funds for flood reconstruction, tax changes and legislative changes.

Due to flood rehabilitation, the government adopted a series of measures in the Reconstruction, Development and Provision of Financial Resources Act (Official Gazette of the Republic of Slovenia, No. 131/23):

- a temporary increase in corporate income tax by three percentage points from 19 to 22 percent (for the years from 2024 to 2028 inclusive; the effect of the increase in the tax rate for 2024 was already reflected in advance tax payments during 2024, with refunds to be made in 2025, if necessary);
- temporary tax on the balance sheet total of banks and savings banks (introduced for the calendar years from 2024 to 2028 inclusive - these revenues were first transferred to the state budget in 2025 for the calendar year 2024);
- temporary use of the net and distributable profits of the Slovenian Sovereign Holding.

For 2024, the measure of non-indexation of the personal income tax scale and allowances was adopted, which had a positive impact on public finances. In 2025, 100% indexation in line with wage growth was introduced. For 2026, the personal income tax scale and reliefs were indexed at 75% of wage growth. Indexation is envisaged annually by the Personal Income Tax Act by at least 50% of wage growth, but the amount must always be agreed with the social partners.

The increase in excise duties on tobacco products in 2024 represents additional annual revenues of EUR 20 million, but given that this change was only in effect for half of 2024, this means an additional inflow of EUR 10 million and an additional EUR 10 million in 2025. As of 1 June 2025, excise duties on tobacco products have increased again, which will bring an additional inflow of around EUR 8 million annually.

¹⁸ The guide to compiling general government revenue projections (2019) describes the procedures and methods used by the MoF in its budgetary planning. Available at: <https://www.gov.si/assets/ministries/MF/economic-and-fiscal-politics/Blagajne-JF/Prirocnik-forecast-revenue-2019.pdf>.

In the second half of 2025, the long-term care contribution was introduced, providing a financing source; inflow in 2025 amounted to EUR 269 million. In future years inflows from this source will increase because they will apply for the full year; for the current year the estimate is EUR 670 million. Because of the contribution, personal income tax revenue is expected to be lower by EUR 25 million in 2025 and by an additional EUR 65 million in 2026.

For taxation of business income, the conditions changed for taxpayers determining their tax base on the basis of actual revenue and standardised expenditure. The measure is estimated to increase revenue by around EUR 10 million in 2026.

The compulsory health contribution is adjusted once a year, on 1 March, in line with growth in the average gross wage in Slovenia in the previous year according to SORS. The amount is set by the Minister of Health and published in the Official Gazette.

The amount of the environmental tax for air pollution by carbon dioxide emissions increased from EUR 17.3 to EUR 30.85 in September 2024, which increased revenues by EUR 30 million in 2024, and an inflow of EUR 110 million is estimated in 2025 and 2026.

On 23 March 2026, the Government issued a decree changing excise duties on energy products and electricity. Given the global movements in gas oil prices for transport and heating, retail prices would have risen with unchanged excise duties. The change will reduce the price increase and therefore inflation, but also lowers incentives to reduce fossil fuel use and increases environmental risk. The changes are expected to reduce excise revenue by EUR 44 million annually.

At the end of 2025, mandatory payment of a winter bonus by all employers was introduced. The bonus has special tax treatment for all employees: up to 50% of the minimum wage is exempt from social security contributions and personal income tax. For 2025, the revenue shortfall from social contributions was estimated at EUR 75 million, while the change is also expected to lower the corporate income tax base by around EUR 10 million annually.

Table 2 presents the impact of discretionary revenue measures for 2024, 2025 and 2026. The total impact is estimated at 1% GDP in 2024¹⁹, 0.5% GDP in 2025 and 0.3% GDP in 2026.

¹⁹ In 2023, the amendment to the Personal Income Tax Act (Official Gazette of the Republic of Slovenia, No. 158/22) contributed to improving the state of public finances and eliminating the financial consequences of previous amendments to the Personal Income Tax Act on public revenue (gradual increase in general relief), as a result of which the negative financial impact was eliminated in 2024. In 2022, the government also adopted numerous measures on the revenue side to mitigate the consequences of price increases, which were gradually eliminated in 2023 and 2024 due to the general easing of inflationary pressures.

Table 2: Estimated impact (year-on-year change) of discretionary revenue measures²⁰

	Title/description of measure	One-off	Expenditure/Revenue		2024	2025	2026
				ESA Code	% of GDP	% of GDP	% of GDP
1	The amendment ZDoh-2AA, which eliminates the financial consequences due to the increase of the general income tax reliefs in the years 2023, 2024 and 2025.	No	Revenue	D.51	0.1	0.0	0.0
2	Gradual elimination of energy measures to mitigate price increases (reduction of excise duties on energy products for fuels, heating oil, natural gas, reduction of value added taxes for certain energy products from 22% to 9.5%, reduction of CO2 duties).	No	Revenue	D.21	0.2	0.0	0.0
3	Increase of corporate income tax by 3 pps (Article 64 ZORZFS) for the period 2024 – 2028 (dedicated revenue of the Reconstruction Fund).	No	Revenue	D.51	0.3	0.0	0.0
4	Tax on the balance sheet of banks and savings banks (Article 78 ZORZFS) for the period 2024 – 2028 (dedicated revenue of the Reconstruction Fund).	No	Revenue	D.91	0.2	0.0	0.0
5	Non-harmonization of the income tax scale and allowances in 2024 (Article 77 ZIPRS2425).	No	Revenue	D.51	0.2	0.0	0.0
6	Increase in the price per unit with carbon dioxide emissions from the current 17.3 euros to 30.85 euros (2328. Decision on the level of the environmental levy for air pollution with carbon dioxide emissions).	No	Revenue	D.29	0.0	0.1	0.0
7	Long-term care contribution.**	No	Revenue	D.61		0.5	0.5
8	Loss of revenue from income tax due to the introduction of the long-term care contribution.	No	Revenue	D.51		0.0	-0.1
9	Winter bonus – impact on social security contributions and corporate income tax.	No	Revenue	D.6/D.51		-0.1	0.0
10	Energy measures (reduction of excise duties on energy products, reduction of CO2 duties).	No	Revenue	D.21			-0.1
	TOTAL				1.0	0.5	0.3

Note: *Non-indexation of the income tax scale is defined as a discretionary measure, while regular adjustment is defined as unchanged fiscal policy and is therefore not a measure. See European Commission (2016). Report on public finances in EMU - 2016. Institutional Paper 045. **Accrual flow.

Sources: Calculations by the MoF in accordance with the classification of discretionary measures in the European Commission (2015). Report on public finances in EMU - 2015. Institutional Paper 014. and in European Commission (2016). Report on public finances in EMU - 2016. Institutional Paper 045.

GENERAL GOVERNMENT EXPENDITURES

General government expenditure amounted to EUR 35.0 billion in 2025, 11.6% more than in the previous year. Expenditure growth was partly affected by the reclassification of two larger units from non-financial corporations sector to the general government. In 2026, growth is expected to fall to 8.2%.

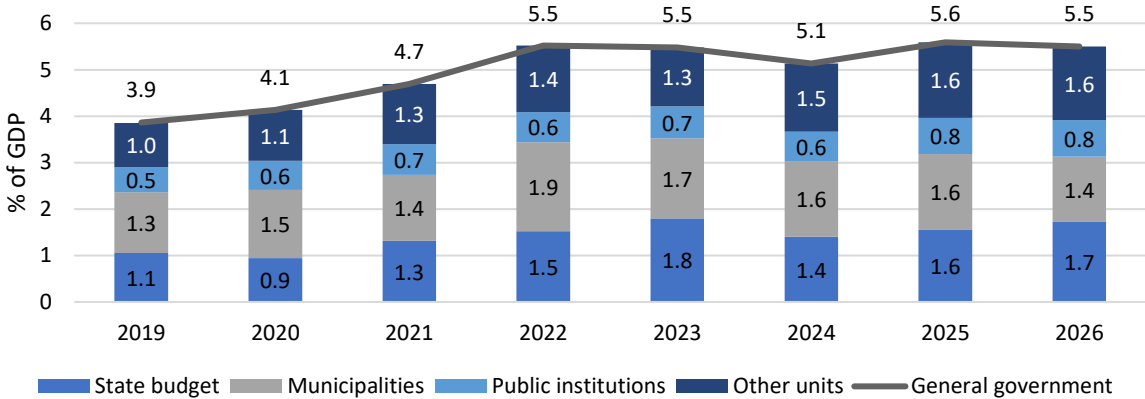
²⁰ Estimates of the impact of changes in the field of personal income tax legislation are prepared based on a microsimulation model, taking into account all taxpayers for personal income tax in a particular year, which allows for the consideration of all personal allowances and other benefits that taxpayers have. Models are used to assess the effects of remaining changes to tax legislation, which are also based on individual data, and the Financial Administration appropriately adjusts the received data, taking into account individual macroeconomic indicators.

Investments

In 2025, gross fixed capital formation in the general government increased by 14% compared to the previous year. The largest contributors to this were investments in defence and resilience, railway infrastructure, and maintenance and construction of state roads. Gross fixed capital formation are projected to amount to 5.5% of GDP in 2026, with an increase in investments from the state budget (Figure 14).

Investments in defence and security and transport infrastructure will also contribute the largest share in 2026. High investments will also continue in healthcare with investments at the secondary and tertiary levels, and in the field of environmental protection and environmental infrastructure with investments in water management and waste management. Investments for reconstruction and development after the floods in August 2023, carried out by municipalities, among others, will also continue. In addition to the state budget and municipalities, other units (business companies such as Slovenian Railways, 2TDK, etc.) will also carry out large-scale investments. General government investment in 2026 will total 5.5% of GDP, with state budget investment accounting for around 31% or 1.7% of GDP, municipal investment accounting for around 26% or 1.4% of GDP, and investment by other general government units (public institutions, companies and other general government units) accounting for 43% or 2.4% of GDP (Figure 14).

Figure 14: Gross fixed capital formation of general government, by subsector (% of GDP)



Source: SORS; MoF.

Compensation of employees

Compensation of employees increased by 14.9% in 2025 according to the latest data, exceeding the autumn estimate of 11.1%. The increase mainly reflected the gradual implementation of the public sector wage reform, which entered into force in January 2025, the payment of a winter bonus to public employees and new employment in public institutions (according to AJPES data 2,600 new employees). The reform will be fully implemented over four years (for more information on the reform see chapter 5). This year's level of compensation of employees will be affected by two wage increases under the reform, in June and December. It will also be affected by regular promotion, which is somewhat limited because of the wage reform, and by indexation of the wage scale on 1 April which is in line with the legal act.²¹ The value of wage brackets will be aligned with the difference between the official inflation in 2025 and value 1.8%. According to SORS, price growth in 2025 reached 2.7%, which means wage indexation of 0.9%. A change in legislation governing the wages of public servants posted abroad, expected in the second half of 2026, will also partly increase the wage bill.

²¹ Act on the Common Foundations of the Public Sector Wage System (ZSTSPJS).

This year, compensation of employees will amount to 12.8% of GDP, 0.4 percentage points more than in 2025. The impact of the reform on expenditure growth is already slowing, as compensation growth is estimated to decline to 8.3%. Implementation and consequences of the reform are monitored regularly.

Subsidies

Subsidy expenditure increased by EUR 48 million or 6.3% in 2025. Subsidies from the green transition provided by the Borzen Support Centre contributed the largest share to growth in 2025. The high level of these subsidies will be maintained in 2026, when general government subsidies will grow by just under EUR 50 million or 6.1%. The scope of subsidies also includes the Climate Fund and the remaining part of the subsidies arising from the Recovery and Resilience Plan.

Social benefits

Expenditure on social benefits increased by 7.8% in 2025 (or by approximately EUR 1 billion).²² The largest share of the increase came from social benefits and assistance in cash, which increased by EUR 760 million, mainly due to a 7.3% increase in gross pensions. This reflected a regular adjustment of 4.5%, while past legislative changes²³ also contributed to the increase, including the introduction of a guaranteed widow's pension and an increase in the number of beneficiaries, leading to a 19% increase in widow's pensions, exceeding the initially planned 9% growth. In 2025, a winter allowance for pensioners was also paid for the first time, with a financial impact of EUR 86.8 million. This represents an important systemic measure within the pension reform, which is planned at EUR 100 million for 2026.

The growth in social transfers in cash was also driven by the gradual implementation of the long-term care reform, involving the gradual introduction of rights and services. The assistance and attendance allowance was temporarily transferred from the Pension and Disability Insurance Institute (ZPIZ) to the Health Insurance Institute of Slovenia (ZZZS) in 2025 and 2026 pursuant to Article 69 of the Long-Term Care Act (ZDOsk-1b). In 2025, EUR 108 million was allocated for this purpose, representing 40% of all earmarked funds collected from compulsory long-term care insurance. Expenditure on sickness benefits increased by 5.9%, mainly due to higher wages and employment, as well as an increase in the number of beneficiaries and lost working days covered by compulsory health insurance.

Social transfers in kind increased by approximately 10.4% (EUR 206 million) in 2025, mainly due to an 8.5% increase in expenditure on medicines and higher current payments to other healthcare service providers (13.2%). A smaller part of the increase was also related to a temporary measure to cover additional labour costs in elderly care homes and among providers of home family assistance services, aimed at maintaining stable prices for users during the transition to the new long-term care system.

²² The growth of social benefits (D.6) would have been higher in 2025; however, due to a reclassification of the majority of personal assistance expenditure to miscellaneous current transfers (D.75) under ESA methodology from 2025 onwards, the recorded growth is therefore lower. Without this reclassification, growth in 2025 would have been approximately 2 percentage points higher. The change therefore mainly reflects a methodological change, rather than the actual moderation of social expenditure compared to 2024.

²³ At the end of 2023, the National Assembly of the Republic of Slovenia adopted amendments to the Pension and Disability Insurance Act (ZPIZ-2N), which entered into force on 1 January 2024, introducing the guaranteed widow's pension, as well as amendments to the Register of Insured Persons and Beneficiaries of Rights under Pension and Disability Insurance Act (ZMEPIZ-1B), extending the deadline for submitting claims for the guaranteed widow's pension until 31 December 2026.

In 2026, social benefits are projected to grow by around 8%, primarily due to continued growth in social transfers in cash linked to higher gross pensions (by 7.5%) and the full implementation of the long-term care services, which will significantly contribute to an increase in social transfers in kind (by 13%). Pensions will be adjusted both regularly and extraordinarily in 2026, ensuring growth at the level foreseen in the ZPIZ Financial Plan for 2026. The new indexation formula (50% wage growth and 50% inflation) will reduce expenditure by approximately EUR 25 million, while the overall effects of the reform will, in addition to ensuring pension adequacy, contribute in the medium and long term to greater financial sustainability of the pension system and public finances (long-term effects are described in Chapter 5). The reform also introduced an important measure²⁴ for monitoring actual expenditure developments compared to long-term projections. In the event of deviations, discussions are held among social partners on possible measures or adjustments to ensure financial sustainability.

The full implementation of the long-term care system will require additional funds, particularly for institutional care providers and payments to caregivers of family members, the latter estimated at EUR 54.6 million in 2026, when their financing will be fully transferred to the Health Insurance Institute as the system's manager and provider. A sustainability factor is also introduced in long-term care system, as the Government must review a report at least every three years, including proposals for legislative or other measures to ensure long-term financial sustainability.²⁵ If contributions collected for long-term care are insufficient in the future, additional funding may be provided from the state budget, up to EUR 190 million,²⁶ and through co-payments by service users.²⁷

Transfers to the unemployed will also increase by 27% due to the amendments of the Labour Market Regulation Act, which increases the amount of cash benefit as of 1 January 2026. The growth of cash social benefits will also be affected by changes in parental benefits and family benefits.²⁸

In addition to the effects of the wage reform and increases in the minimum wage, which are reflected in higher prices, the cost of healthcare services will also be affected by changes in compulsory health insurance programmes, including additional funds for the implementation and expansion of programmes and renewed payment models.

Without taking into account the effects of the long-term care reform, the growth of social benefits in 2026 would be more moderate, as expenditure will be constrained by planned measures in healthcare in accordance with Article 45 of the Health Care and Health Insurance Act (ZZVZZ), which requires the Health Fund (ZZZS) to ensure a balance between revenues and expenditures. These include measures to manage the growth of pharmaceutical expenditure (estimated growth of 4.2%, which is lower than in previous years) and measures to reduce health-related absenteeism under the Act on Additional Intervention Measures in Healthcare (ZDIUPZ), including stricter rules on sick leave and sanctions for violations. These measures are expected to reduce the number of lost working days by around 750,000 and lower expenditure on sickness benefits by around EUR 60 million, leading to a 1.3% decrease of this expenditure in 2026. At the same time, a further strengthening of the role of the Health Insurance Institute in managing and supervising the efficient use of compulsory health

²⁴ Pension and Disability Insurance Act (ZPIZ-20), Article 162a.

²⁵ Long-Term Care Act (ZDOsk-1), Article 8.

²⁶ Long-Term Care Act (ZDOsk-1), Article 58.

²⁷ Long-Term Care Act (ZDOsk-1), Article 57, applicable from 1 January 2028.

²⁸ On 3 February 2026, the National Assembly adopted the Act amending the Parental Protection and Family Benefits Act (ZSDP-1H; Official Gazette of the Republic of Slovenia, No. 12/26).

insurance (OZZ) funds is also expected. For 2026, a Decree²⁹ has already been adopted, prepared on the basis of the ZZZS Financial Plan. By steering payments within the framework of 2025 programme implementation, introducing additional conditions for financing services that exceed the contractually agreed programme, adjusting prices of healthcare services for providers, optimizing the scope of programmes, and implementing other measures, the Decree enables significant savings and reduces the expenditure pressures on the Health Insurance Fund. It directly supports the balanced operations of the ZZZS and, from the perspective of the general government or public finances, indirectly contributes to easing cost pressures on wage growth and intermediate consumption in public healthcare institutions.

Intermediate consumption

Intermediate consumption increased by 10% in 2025, or EUR 440 million, mainly because of the reclassification of Termoelektrarna Šoštanj d. o. o. and Premogovnik Velenje d. o. o. into general government. Intermediate consumption of public institutions also contributed significantly. Growth will continue in 2026, amounting to 15.1% or EUR 726 million. The main contribution will come from the Public Passenger Transport Management Company (DUJPP), which in 2026 will no longer perform agency transactions for the state but will record all revenue and expenditure in its own accounts. As the central budget funds for the performance of a public economic service is recorded under budgetary item 4135 Current payments to other public service providers other than indirect budgetary users, consolidation of flows between central budget and DUJPP accounts is recorded under D.3 subsidies. This change is expected to affect intermediate consumption by EUR 300 million. Higher intermediate consumption by public institutions and expenditure under the RRF fund will also contribute.

Table 3: General government expenditure

			2023	2023	2024	2025	2026
	Expenditure	ESA code	bn. EUR	% of GDP	% of GDP	% of GDP	% of GDP
12	Compensation of employees	D.1	7.2	11.2	11.3	12.5	12.8
13	Intermediate consumption	P.2	4.2	6.5	6.5	6.8	7.5
14	Interest expenditure	D.41	0.8	1.2	1.3	1.3	1.3
15	Social benefits other than social transfers in kind	D.62	9.7	15.2	15.5	15.9	16.1
16	Social transfers in kind via market producers	D.632	1.5	2.3	2.9	3.1	3.3
17	Subsidies	D.3	1.2	1.9	1.1	1.1	1.2
18	Other current expenditure	D.29+(D.4-D.41)+ D.5 + D.7 + D.8	1.3	2.1	2.0	2.4	2.3
19	Gross fixed capital formation	P.51	3.5	5.5	5.1	5.6	5.5
20	<i>Of which: Nationally financed public investment</i>		2.9	4.6	4.7	5.0	4.5
21	Capital transfers	D.9	0.4	0.6	0.6	0.8	0.8
22	Other capital expenditure	P.52+P.53+ NP	0.0	0.1	0.1	0.2	0.2
23	Total expenditure (= 12+13+14+15+16+17+18+19+21+22)	TE	29.8	46.5	46.5	49.6	51.0
24	Of which: Expenditure funded by transfers from the EU (= 8)	D.7EU+ D.9EU	0.8	1.3	0.9	1.0	1.5
25	Nationally financed expenditure (23-24)		29.0	45.2	45.6	48.6	49.5

Source: SORS (21. 4. 2026); MoF.

²⁹ On 17 April 2026, the Government of the Republic of Slovenia adopted the Decree on the programmes of services under compulsory health insurance, the capacities required for their implementation, and the scope of funding for 2026.

ONE-OFF EXPENDITURES – POST FLOOD RECONSTRUCTION

According to the Reconstruction, Development and Provision of Financial Resources Act (ZORZFS), a total of EUR 1,479 million was disbursed from the state budget for reconstruction after floods from September 2023 to the end of March 2026, of which EUR 588 million or 0.9% of GDP in 2023, EUR 465 million or 0.7% of GDP a year later, EUR 393 million was disbursed in 2025, which amounts to 0.5% of GDP (Figure 15), and EUR 32 million in 2026 until the end of March.

The largest part of the investment expenditure is required by projects to renovate local infrastructure, amounting to EUR 370 million. The Water Directorate of the Republic of Slovenia (DRSV) has so far spent EUR 342 million on the rehabilitation of watercourses. EUR 172 million to help the economy and EUR 194 million to help rebuild regional roads. Compensation for the demolition of houses paid to their owners amounts to 96 million euros and various forms of social assistance to 67 million euros. The intervention costs of the protection and rescue forces amounted to EUR 78 million and the various forms of aid to agriculture amounted to EUR 42 million.

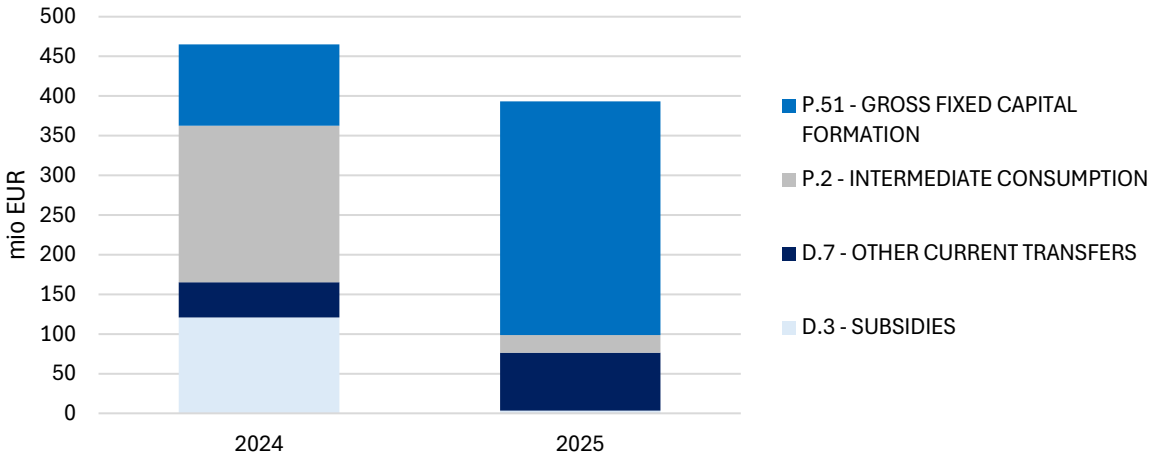
The value of all programmes, measures and activities from 2023 to 2028 is estimated at EUR 3,442 million.

Reconstruction Fund

Starting in 2025, the funds of the Reconstruction Fund of Slovenia (RSF) started to be used, reaching EUR 327 million in that year. By the end of 2025, the Reconstruction Fund had raised a total of EUR 962 million and an additional EUR 24 million in 2026 by the end of March. The balance of the Fund amounted to EUR 627 million at the end of March 2026. By the end of 2028, the fund is expected to raise EUR 1,995 million. The use of SOS funds will follow the collection of funds and will not lead to an additional increase in expenditure (it will be neutral by the end of the period).

From 2026 onwards, expenditure related to reconstruction following floods is no longer recognised as "one-off", which worsens the structural situation.

Figure 15: Scope of flood reconstruction funds by ESA categories - one-off expenditures



Source: MoF.

5 KEY REFORMS AND AREAS OF ACTION

As also defined in the Medium-term Fiscal-Structural Plan and the RRP, Slovenia has implemented the following key measures:

Table 4: Progress on reforms and investments

	Recovery and Resilience Facility (RRF) / Partnership Agreement (PA)	Country-specific recommendations (CSR)	Common EU priorities*	Implementation status
Pension system	RRF	CSR 2025/1	ii	Implemented
Healthcare	RRF PS	CSR 2025/1	ii	Implemented and ongoing
Taxation		CSR 2025/1	ii	Partially implemented
Public sector – wage system	RRF	2025/5	ii	Implemented
Productivity (RDI, education, labour market, migration, capital markets, business environment)	RRF PS	CSR 2025/3, 4, 5	ii	Implemented and ongoing
Green transition (energy, environment, transport)	RRF	CSR 2025/4	i, iii	Ongoing
Digital transition	RRF PS	/	i	Implemented
Housing policy	RRF	/	ii	Implemented
Public finances		CSR 2025/1		Implemented and ongoing
Defence and security policy		CSR 2025		Ongoing

Note: *(i) a fair green and digital transition, including consistency with the European Climate Law; (ii) social and economic resilience, including the European Pillar of Social Rights; (iii) energy security; and (iv) where necessary, the build-up of defence capabilities.

Pension reform:

The pension reform entered into force on 1 January 2026. Its key objectives are to ensure the fiscal sustainability of the pension system, provide adequacy of pensions in the long term and improve system transparency. The retirement age for old-age and early pensions is being raised. The pension indexation formula has changed, with inflation gradually receiving greater weight than wage growth. The accrual rate is being increased and the reference period for calculating the pension base is being extended. The pension base period increases from the best consecutive 24 years to 40 years of contributory period, with the possibility of excluding the five least favourable years. The transition period for this change ends in 2035, while the transition to the new indexation method ends in 2045. By 2035, the accrual rate will increase from 63.5% to 70%.

Table 5: Amendments adopted to the basic parameters of the pension system

Year	Accrual rate*	Indexation (%)***		Reference period calculating the pension base		Statutory retirement age	
		Wage growth	CPI**			40 years of contributory period	15 years of contributory period
2026	63.5	50	50	24		60	65
2027	63.5	50	50	24		60	65
2028	64.75	50	50	26	-0	60'3	65'3
2029	65.5	50	50	28	-1	60'6	65'6
2030	66.25	50	50	30	-1	60'9	65'9
2031	67	50	50	32	-2	61	66
2032	67.75	50	50	34	-3	61'3	66'3
2033	68.5	50	50	36	-3	61'6	66'6
2034	69.25	50	50	38	-4	61'9	66'9
2035	70.0	40	60	40	-5	62	67
2036	70.0	40	60	40	-5	62	67
2037	70.0	40	60	40	-5	62	67
2038	70.0	40	60	40	-5	62	67
2039	70.0	40	60	40	-5	62	67
2040	70.0	30	70	40	-5	62	67
2041	70.0	30	70	40	-5	62	67
2042	70.0	30	70	40	-5	62	67
2043	70.0	30	70	40	-5	62	67
2044	70.0	30	70	40	-5	62	67
2045	70.0	20	80	40	-5	62	67

Source: Ministry of Labour, Family, Social Affairs and Equal Opportunities

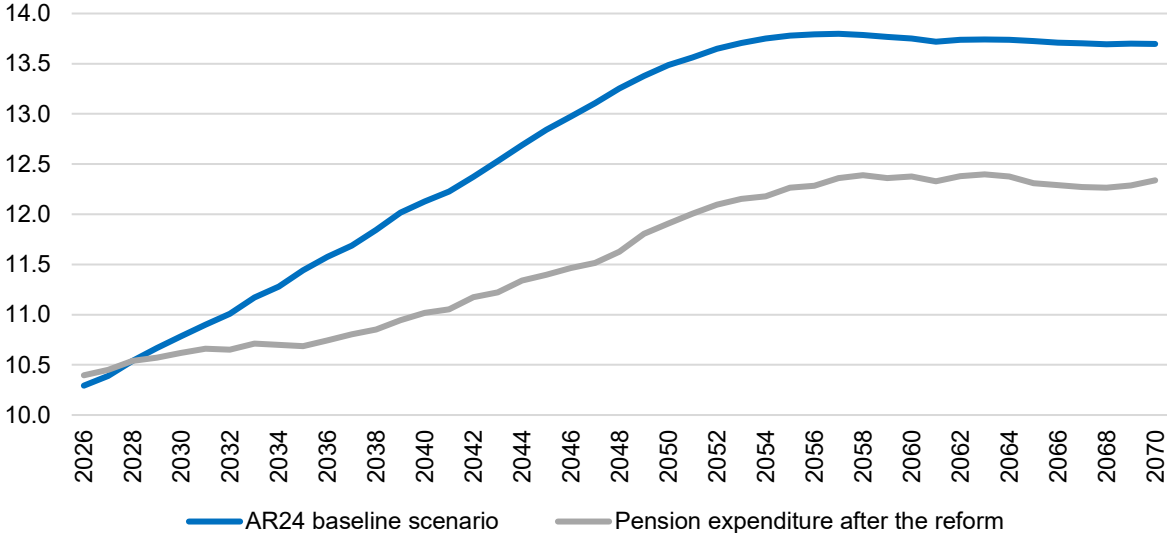
Comments: *Percentage of charge for completed 40 years of contributory period; CPI **consumer price index.

The reform raises the retirement age from 65 to 67, and for those with 40 years of contributory period from 60 to 62 (the condition of contributory period without purchase still applies during the transitional period). The increase will be gradual, by three months per year, beginning in 2028. For individuals who complete 40 years of contributory period (the condition of contributory period without purchase still applies during the transitional period), each further

year of insurance will be valued more favourably, at 1.5% for each completed six months of contributory period, up to a maximum of three additional years of insurance.

As a result of the reform, the long-term projections of the pension expenditure expressed as a share of GDP, are more sustainable. Projections show expenditure staying below 11% of GDP until 2040, below 12% until 2050 and not exceeding 12.5% in the long term (Figure 16).

Figure 16: Pension expenditure as a share of GDP (%)

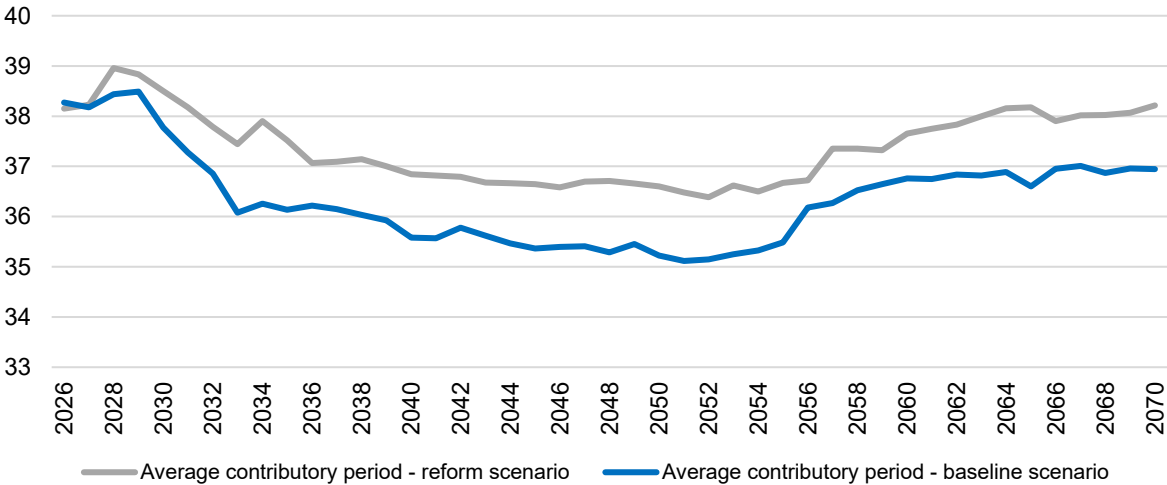


Note: Pension expenditure projections are based on the assumption of 2,000 persons migrating to Slovenia each year, i.e. higher net migration compared to EUROPOP2023 assumptions.

Sources: The 2024 Ageing Report and the Institute for Economic Research (IER).

After the reform, the average contributory period at retirement will be longer than it would have been without the legal changes. It will first increase and then decline until 2050, when it is expected to fall to 36.5 years, mainly because the financial crisis of 2008 resulted in low youth employment. Those cohorts will retire at a higher age but with fewer years of contribution period. After reaching the minimum, the average pensionable period of new old-age pensioners will rise again to 38 years in the coming decades (Figure 17).

Figure 17: Contributory period achieved by new pensioners



Source: Institute for Economic Research (IER)

The average retirement age of new pensioners would increase between 2026 and 2050, even without legal changes, and will increase even more as a result of the pension reform. Maintaining the previous pension legislation, the average retirement age would increase mainly due to the later entry of a group of future pensioners into the labour market compared to current pensioners. The adopted pension reform will further increase the average retirement age. The impact of legislative changes on the higher average retirement age becomes more visible from 2035 onwards. Between 2045 and 2055, the average retirement age of new old-age pensioners is projected to exceed 66 years and to be about 1.5 years higher than it would be without the adoption of the pension reform.

In 2025, the OECD evaluated Slovenia's pension reform to verify achievement of fiscal objectives and compliance with OECD recommendations. It found that the reform will improve financial sustainability and adequacy of pensions in a rapidly ageing society and that the proposal is largely in line with OECD recommendations.

In addition to the measures implemented as part of the pension reform, the **Labour Market Regulation Act (ZUTD-I)** was adopted. It provides, inter alia, for part-time work for workers before retirement, more temporary or occasional work for pensioners and incentives to hire older recipients of cash benefits.

Wage reform and human resources in the public administration

The implementation of the wage reform in public sector adopted in October 2024 started in 2025. With the salary scale revised, it foresees a gradual increase in the salaries of civil servants between 2025 and 2028. After the first and second partial salary increases in the previous year, two salary increases will follow this year; in June and December, while the last two salary increases will take place in 2027 and 2028. In April 2026, the basic salaries of civil servants and the salary scale will be aligned for the first time with a part of inflation for 2025, at 0.9%.

The new Civil Servants Act introduces, among other things, renewed selection procedures for recruitment to permanent public office holder positions. Particular attention is paid to transparent and objective recruitment and the provision of professionally qualified and competent staff. For candidates, this means equal entry conditions, greater transparency in the recruitment process and the possibility of mobility on the internal labour market. To this end, on 1 June 2025, the Human Resources Centre started operating at the Ministry of Public Administration, which, in accordance with the schedule, on 1 January 2026, launched centralised competition procedures for state administration bodies.

In addition to the above, the Human Resources Centre also carries out tasks for the development of a system of personal abilities and skills for performing work (hereinafter: Competency) and other human resources management tools in the civil service, provide assistance in the assessment of competencies in specific open competitions selecting the highest-ranking officials and to the authorities in the second part of the selection procedure. In addition, it is responsible for conducting open competitions for the award of scholarships within state administration bodies, and also provides assistance to the state administration bodies in labour law procedures.

Health, long-term care and social policy measures

In the field of health important systemic changes are taking place aimed at improving the accessibility and quality of health services and at increasing the efficiency and sustainability of the public health system. Measures include strengthening the primary level of health care,

revamping the financing of health services, developing health personnel and accelerating the digitalisation in health care.

The strategy for the development of health care at the primary level of health care puts the strengthening of primary health care at the forefront, as more accessible and better quality treatment reduces the need for more expensive hospital and specialist treatment and emergency visits, which contributes to the reduction of overall health expenditure. The efficiency of public spending is also supported by a strengthened quality management system, including the establishment of a **public, independent quality health agency**, responsible for control of a quality system and health technology assessment, which will contribute to a more economical use of funds, achieving savings and improving treatment outcomes in the long term.

The public health system is also being strengthened through legislative changes. In order to improve the accessibility and quality of health services, **the Act amending the Healthcare Services Act** was adopted in 2025, which regulates the field of health care services and encourages health professionals to work in public health institutions.

At the end of 2025, **the Act on Additional Intervention Measures in the Field of Health Care** was also adopted, which introduces stricter conditions regarding sick leave and sanctions for its abuse and the pursuit of other gainful activity while receiving compensation during temporary absence from work. The act strengthens the supervision of the eligibility of sick leave and introduces insurance-medical supervision, which ensures the effective use of the funds of compulsory health insurance. In addition, the act also provides for one-off measures for the short-term financial stabilisation of public health institutions, for which EUR 63.8 million of funds were provided in the state budget in the previous year.

An important part of systemic change is also the reform of the financing of health care services. The reform is taking place while preserving the scope of statutory health insurance rights and involves the gradual modernisation of payment models. In this context, the financing of hospital treatment is also being updated. A **renewed payment model for acute hospital care, based on a more realistic valuation of providers' costs**, is being introduced as of 2026. This allows for fairer and more transparent funding, promotes greater business efficiency of providers and contributes to the long-term financial stability of public health institutions. As part of the amendments to the **Regulation on compulsory health insurance programmes for 2025**, EUR 61 million from compulsory health insurance was earmarked for this measure.

To strengthen the health workforce, measures were introduced in 2025 to improve working conditions, increase the attractiveness of professions and ensure the long-term stability of staff. Programmes of four new specialisations in the field of nursing have been prepared and published, as well as scholarships for key professions funding ensured. For the academic year 2025/26, 100 scholarships were offered for the professions of doctor of medicine, graduate nurse, nursing technician and master of pharmacy, thus strengthening professional development and motivation of employees.

As part of primary health care measures, new capital ratios have also been introduced for family medicine and paediatric clinics, as well as allowances and rewards for specialisations, including allowances for the selection of specialisations in family medicine. Additional incentives for specialisation in emergency medicine were introduced by the emergency legislation in December 2025. These measures contribute to better access to health services and staff stability at the busiest levels of the system.

Over the past year and at the beginning of this year, the OECD carried out an evaluation of changes in the field of health. It estimates that the Slovenian health system has wide

accessibility and strong financial protection, as it is based on compulsory social insurance with one payer Health Insurance Institute of Slovenia (HIIS), which ensures low direct costs for residents. The 2025 reforms aim to improve accessibility, financial sustainability and strengthen the role of the HIIS as an active purchaser of health services. The OECD underlines that this is an important transition, but further measures to increase efficiency and control over expenditure will be needed for the long-term stability of the system.

In June 2025, the **Act on the Recognition of Professional Qualifications in Healthcare** entered into force, simplifying and accelerating the procedures for the recognition of qualifications and facilitating the integration of health professionals from abroad. In 2026, the **Nursing and Midwifery Act was also adopted**, which for the first time systemically regulates these areas as independent and professionally autonomous activities.

The **Strategy for the Management and Development of Healthcare Professionals and Associates in the Healthcare System 2026-2036 also envisages** the establishment of a special organisational unit tasked with coordinating the implementation of strategic objectives, adapting the health system to future challenges and improving the HR image of healthcare system in the coming years. The aim is to implement measures to attract and retain staff in the healthcare system and to ensure an integrated way of working that takes into account financial incentives, working conditions, career prospects and the well-being of employees.

In addition to human and financial measures, organisational changes are also made in specific areas of the healthcare system. **The reorganisation of the entire emergency medical system is still** underway in terms of the creation of an appropriate network of practitioners, the need to strengthen and optimise human resources and to unify the functioning of the system. The main objective is to establish a single, professionally managed and efficiently organised state emergency medical system, which will ensure equal accessibility and quality of services throughout the country.

Digitalisation of health is an important supporting pillar of health system processes and decision-making. Digitalisation measures aim at increasing the resilience of the system, increasing operational transparency and optimising the use of resources. A key measure in this area is the adoption **of the Digitalisation of Health Act**, which entered into force in December 2025. The act provides for a comprehensive reform of the collection, processing and protection of health data, the establishment of a centralised infrastructure and the avoidance of duplication of data collection and reporting, which reduces administrative burdens. It is also planned to set up a new state-owned company that will as a lead authority maintain and develop the central health information system.

In 2023, an act lawn act was adopted that, for the first time, comprehensively and systemically regulated **the area of long-term care**, both in terms of funding and the provision of rights and their implementation. In 2025, most of the collected long-term care funds were earmarked for the financing of the assistance and attendance allowance, financing of additional labour costs in nursing homes and e-care.

The Long-Term Care Act provided gradual introduction of rights. On 1 January 2024 the right to a family caregiver came into force, which was financed from the state budget until 31 December 2025. In February 2026 there were 2,016 family caregivers. In 2026 long-term care fund took over the financing of the family caregivers. As of 1 July 2025, the right to long-term home care, the right to e-care and the right to services to strengthen and maintain autonomy entered into force. On 1 December, two other rights followed, namely the right to long-term care in the institution and the right to a cash benefit. As of 2026, all rights to long-term care have been enforced, while approximately 30,000 users are included in the long-term care

system, the majority of them exercise the right to long-term care in an institution (around 20,000), followed by users of the right to e-care (around 5,000) and family caregivers(around 2,000), the rest being users of other rights.

With a view to modernising the family benefit system, strengthening social justice and promoting participation in early childhood education, the **Parental Protection and Family Benefits Act has been amended** . The amendments to the law abolish the 20% increase in child allowance for preschool children under the age of four who do not attend kindergarten. Slovenia strives for the greatest possible involvement of children in kindergarten, as it brings important benefits for the development of children and facilitates the reconciliation of family and professional life of parents. Large families remain additionally protected as, in addition to child benefit, they are also entitled to the allowance for a large family, with the circle of beneficiaries being extended by law to foster parents. Another important innovation is the introduction of 15 days of parental leave for foster parents who are placed in foster care with a child aged between eight and 15 years. The law also introduces a new definition of the concept of single-parent families in the exercise of rights from public funds.

Tax changes

In the field of tax policy, development-oriented and strategically considered measures have been adopted to strengthen the competitiveness, openness and efficiency of the Slovenian economic environment. Reducing the tax burden on labour has been one of the key areas that has been upgraded in recent years. This includes increasing the general allowance and the threshold of total income for entitlement to the additional general allowance, and increasing the allowance for dependent family members by 7%.

Special emphasis was also placed on young people, with the introduction of a tax relief for recipients of employment income up to the age of 29. In addition, the tax-exempt portion of reimbursements for meal expenses during work and commuting costs has also been increased.

Among the important steps that strengthen Slovenia as an attractive environment for knowledge, experience and new opportunities is the introduction of a 7% tax credit on the gross salary for an individual who returns to Slovenia or a foreigner who comes to Slovenia and earns at least twice the average salary and is under 40 years of age. This opened the door to returnees and talents. In this way as well, tax policy is helping to create an environment to which knowledge returns and in which the future is built. For 2025 and 2026, an indexation of the personal income tax scale and allowances was carried out, thereby further contributing to the relief of taxpayers.

Productivity and competitiveness

In order to increase the competitiveness of the Slovenian economy, accelerate the transfer of knowledge from the research environment to entrepreneurship and to create new quality jobs, the **Slovenian Start-up Strategy** was adopted at the beginning of March 2026 by the government. It responds to global technological and development challenges and underlines the need for a transition to an innovative, digital and sustainable economy. The strategy offers solutions that represent key steps to improve the startup ecosystem and preserve the most prosperous companies and entrepreneurs in Slovenia. The key strategic initiatives resulting from the strategy are the development of the venture capital market, a startup visa to attract global high-tech talent, the creation of an internationally comparable solution for rewarding employees and enforcing stock options solutions, a lean company or a special form of digital company, and an excellent support environment or ecosystem for startups and scaleups.

When deciding on investments, a dynamic and attractive startup ecosystem is an important factor for investors. In addition to the Slovenian Startup Strategy, which puts the goals for 2030 in this area at the forefront, there are open calls for innovative start-ups (P2), the Development Plus programme and calls and activities prepared by the national startup consortium.

Within the Slovene Enterprise Fund, a so-called Slovenian Technology Fund has been established. EUR 10 million in public funding has generated EUR 50 million in equity financing for SMEs, together with private resources. Through this instrument, the Slovene Enterprise Fund supports the seed and venture capital market by selecting fund managers that attract private investors.

Two venture capital funds have already been supported: Silicon Gardens Fund III, with EUR 32.5 million, and Tivoli Ventures. Both focus on early-stage technology companies.

The integration of the Slovene Enterprise Fund into the Central European Fund (CEFoF) promotes **access primarily to private venture capital**. CEFoF manages the EIF and mobilises EUR 674 million for high-growth SMEs across Central Europe. This ensures that Slovenian companies benefit from cross-border investment opportunities.

In addition, **equity financing is also promoted through other measures**. SID Bank continues to strengthen its role through the Slovenian Investment Programme for Capital Growth (SEGIP), which has increased from EUR 100 million to EUR 220 million. SID Bank is also one of the key investors in the Three Seas Initiative Fund with a commitment to invest EUR 23 million with the aim of reducing the infrastructure gap.

In 2025, SID Bank also established SID Kapital, a specialised subsidiary for managing equity and quasi-equity financing in line with European best practices. Between 2026 and 2028, SID Bank plans commitments of EUR 230 million to venture capital and private equity funds.

Incentives **are also being developed for high-growth and innovative start-ups to boost entrepreneurship and competitiveness in 2024-2030**. The measures will provide funds for the transition of new enterprises and start-ups to the faster growth phase (start-ups and companies in the transition to the next growth phase) and for measures for scale-ups, where it is planned, inter alia, to encourage young enterprises and new enterprises (start-ups) to start up; strengthening the knowledge, skills and competences of innovative potential entrepreneurs, innovative start-ups, scale-ups and other innovative SMEs by providing a variety of highly specialised and targeted support services (i.e. mentoring, expert advice, group education and training, study visits, networking and targeted *matchmaking services*, and promotional services) in different business areas (e.g. business model design, product development and marketing, foreign market entry and expansion, value chain integration, sustainability and circular economy). With the support of the European Cohesion Policy (hereinafter: The ECP), worth EUR 190 million, created a so-called **holding fund** within SID Bank, which includes financial instruments in the form of loans, guarantees and a combination of loans and grants in the fields of research, development and innovation (RDI), SMEs, the circular economy, energy efficiency and urban development.

The OECD has published an overview of the implementation of **the Slovenian Industrial Strategy 2021-2030**, based on three development pillars: green, creative and smart industries. In its report, the OECD encourages Slovenia to strengthen the efficiency and transparency of support mechanisms, improve access to finance for small businesses and start-ups, and provide more targeted incentives by adjusting their number.

At the end of 2025, an **evaluation of the implementation of the Resolution on the Scientific Research and Innovation Strategy of Slovenia 2030** was prepared. The findings show that

the involvement of academic researchers in projects with an economy is often not treated on an equal footing with scientific or pedagogical work. Scientific research often fails to take sufficient account of market needs, which reduces the usefulness of research results for the economy. The evaluation also found that a significant proportion of larger Slovenian companies operate in a closed manner and do not want to cooperate with academic institutions in the implementation of R&D and innovation activities or (for various reasons) cannot cooperate with them. Closer cooperation between business and science is also an important building block for increasing added value and transferring knowledge more effectively into practice.

Since the beginning of 2025, Slovenia has been a full member **of the European Space Agency (ESA)**, which enables Slovenian companies and institutions engaged in research and development activities to participate in ESA projects in the field of space technologies. In Slovenia, together with the universities of Ljubljana, Maribor and Nova Gorica and ESA, an event was organized to inform young people about the possibilities offered by the field of space technologies. At the Government meeting in early March 2026, the **Space Programme of the Republic of Slovenia in the area of national security** was discussed.

In addition to tax breaks, direct incentives allow companies to apply for public calls for research and development projects, projects of common European interest (IPCEI), projects within the Just Transition Fund, as well as being part of STEP strategic technologies initiatives (clean, zero-carbon and resource-efficient technologies, digital technologies and deep-tech innovations, and biotechnologies). The allocation of incentives and investments for innovation and research and development is also defined in the Investment Promotion Act. As mentioned above, the granting of incentives is possible for industrial research and experimental development, both for small and medium-sized enterprises and for large enterprises.

As part of **attracting and retaining qualified personnel**, the **Employee Participation in Profit Sharing Act**, adopted at the beginning of 2026, implements established legal mechanism for employee compensation through three profit-sharing schemes, namely cash based, partnership based and share-based schemes.

Debureaucratisation

In the area of debureaucratisation, a number of measures were taken in 2025. A single set of measures to improve the regulatory and business environment and increase competitiveness is a permanent mechanism in which many – but not all – debureaucratisation measures are placed. In 2025, 25 measures were implemented, including the implementation of amendments to **the General Administrative Procedure Act**, which brings a number of simplifications and reliefs for parties and authorities, the introduction of the eGraditev system in all administrative units, which facilitates electronic communication and filing and the submission of an electronic filing of applications for a building permit, the reform and optimisation of the court network, which aims to ensure a more balanced load between districts, faster resolution of cases and improved enforcement of parties' rights in judicial proceedings.

An upgrade of the **e- JN information system** (public procurement) was carried out with a better user experience and greater automation, which shortens the deadline for the implementation of individual activities and reduces the complexity of procedures for contracting authorities and tenderers. The last major functionality ensures the publicity of the contract and the possibility to submit tenders from all interested tenderers, not only those invited by the contracting authority to submit a tender. The e-JN e-procurement portal has established the "Odprta skrinja", a new analytical tool for displaying data on awarded public contracts in the

Republic of Slovenia. This makes it possible to access data on contracts awarded in the period from 2017. It ensures a higher degree of transparency of the procurement system, enables the use of data to monitor and plan the development of that procurement system, and can be used as a business intelligence tool to process data and produce analyses that can assist contracting authorities, tenderers and the general public.

In order to reduce administrative barriers for commercial companies and improve the reliability, transparency and interoperability of data, which contributes to a more competitive and digital business, a new **Business Register of Slovenia Act was adopted in 2025**. It regulates the management and administration of the business register, identifies enrolment entities and data, simplifies uniform procedures for enrolment of business entities, increases the accessibility and publicity of data on business entities, and enables unified electronic registration through the SPOT system. An important part of the renovation, which is part of the broader Digital Slovenia 2030 strategy, is the introduction of a corporate digital identity. This will support the digital transformation of business entities in Slovenia.

The **Act amending the Act amending the Companies Act was also adopted in order to relieve companies of administrative obligations, in particular due to sustainability reporting**. It defines the adaptation of companies' sustainability reporting obligations by postponing the initial reporting deadlines for certain groups of undertakings, mainly due to challenging economic conditions and administrative burdens on undertakings.

A proposal for a **2030 Strategy for the Sustainable Development of Public Administration has been prepared**. Aiming to achieve the objectives of the Strategy, an action plan with actions will be launched within nine months of its adoption, defining the objectives and result indicators of the measures, as well as the implementing authorities, participants and implementation deadline.

Knowledge, the labour market and migration policy

The labour market in Slovenia remains stable and demand for workers is relatively high. Nevertheless, more difficult to employ groups or unemployed remain and face greater challenges in integrating into the labour market. The **Guidelines for the implementation of active labour market policy (ALMP) measures for the period 2026-2030 were thus adopted in early 2026**. Aim of the programmes for the employment, training and education of the unemployed and their integration into the labour market is to contribute to the effective and fast activation of the working age population, with a particular focus on vulnerable groups such as the long-term unemployed, the low-skilled, unemployed social benefits recipients, the elderly and young people.

In early 2026, the OECD published a cost-effectiveness analysis of four key active labour market policy (ALMP) measures. Overall, the estimated Slovenian measures – training, on-the-job training, wage subsidies and public works – have a positive impact on the employment opportunities of participants and on the incomes of the individuals involved in the measures. The importance of APZ measures in health and the inclusion of programme participants in society is also recognized. The OECD recommends to direct resources be directed towards cost-effective ALMP measures, that programmes be targeted at specific groups of jobseekers depending on the effectiveness of the programme, that ALMP programmes be aligned with the needs of the green and digital transitions, that such programme evaluations and analyses become regular, and that a legal framework is established for access to administrative data for research purposes.

In order to further promote longer working life and prevent early retirement, amendments to **the Labour Market Regulation Act (ZUTD-I)** were adopted in 2025.

Despite favourable labour market conditions, firms in some industrial activities, in particular the manufacture of metals, paper and motor vehicles, had difficulties in doing business and providing work to workers at the end of the previous year. Therefore, at the end of the year, on the basis of the Act on the Partial Wage Reimbursement Compensation for short time work, **the Government adopted a Decision of partial wage reimbursement compensation** for the period from 5 December 2025 to 5 March 2026. The purpose of the measure is to preserve jobs in cases where the employer is temporarily unable to provide work, whereby the measure is implemented over a certain period and in certain activities. In the first three-month period, 32 employers (1,640 employees) were involved in the measure.

An online **Labour Market Platform** was launched at the end of 2025 to link labour market needs and education more effectively, to make data more transparent and accessible, and to better understand and design labour market decisions for individuals, employers and the expert public. It provides an overview of available vacancies, occupations most sought after by region, insights into deficits and surpluses and the monitoring of labour market trends, as well as an overview of data on available candidates by occupation and region and an overview of occupations for which the most or the least staff is available. Forecasts of labour market needs will be available on the platform in the next phase, i.e. spring 2026.

Based on the analyses and recommendations of the OECD and those of the Council of the EU, **a Strategy for the Development of the Social Economy 2025-2035** has been developed and adopted in 2025. It defines four strategic objectives that will significantly contribute to the development of the social economy in Slovenia, namely increased visibility of the social economy and social entrepreneurship, increased opportunities for the development, operation and strengthening of social economy organisations and social enterprises.

In order to address the labour market needs, Slovenia continues to regulate the employment of foreigners through bilateral agreements with other countries. At the end of **April 2025, the Act amending the Aliens Act (ZTuj-21-2025)** was adopted, which, inter alia, allows aliens to engage in employment, self-employment or work without an additional residence permit for a maximum period of two years during the period of validity of the single permit. The same applies for permits for researchers, higher education workers and volunteers, with the first permit previously limited to one year.

A special achievement is also the introduction of a new course in informatics and digital technology in primary school, as provided for by **the Act amending the Primary School Act (ZOsn-L)** from 1 September 2028. Teaching this course will enhance the knowledge of digital skills and raise students' awareness of the responsible use of information technologies. New curricula systematically include digital competences, sustainable development, health and well-being, citizenship, culture, arts and entrepreneurship, along with financial literacy. The revision of the remaining (optional) curricula will continue with the second phase of reform in 2026 and 2027. The reform of educational programmes is also underway in the field of vocational education and training. In addition to strengthening competences for the digital and green transitions, the **project Modernisation of Vocational Education and Training** aims to develop the adaptability, resilience and responsiveness of vocational education to labour market needs, impact on economic recovery, balanced economic, environmental and social development and the promotion of social inclusion. The first programmes will start in the school year 2026/27.

In July 2025, the aforementioned **Act amending the Organisation and Financing of Education Act was adopted**, introducing a legal commitment to ensure stable financing of development and investment in the education system of 0.5% of GDP, thereby strengthening

the long-term sustainability and quality of this system. From 1 January 2027, resources will increase each year in line with budgetary limits, until the target is reached.

The new **Higher Education Act**, which entered into force in August 2025, implements a number of novelties that will contribute to an even higher quality of Slovenian higher education institutions and their financial stability and independence. The Act introduces and regulates micro-credentials in higher education aimed at acquiring specific knowledge, skills and competences that also meet the labour market needs and are evaluated with ECTS. The new act increases funding for higher education up to 1.5% of GDP. The budget allocation for financing higher education may be reduced in a given year if GDP growth is negative. The Act introduces innovations regarding the functioning of the National Agency of the Republic of Slovenia for Quality in Higher Education (NAKVIS) and regulates the normative pedagogical obligation, thus linking it more closely to research work.

Under the RRP, public universities – the University of Ljubljana, the University of Maribor and the University of Primorska – have established a system of offering micro-credentials as part of lifelong learning. In June 2026, the higher education reform project for a green and resilient transition to society 5.0 is coming to an end, aiming at a systemic overhaul of Slovenian higher education in a way that makes it more adaptable, resilient and responsive to the needs of society, the environment and the economy, in particular in the context of the green and digital transitions and the long-term development of society 5.0.

The LIFE4ADAPT project is also developing educational content, materials and trainings in the field of climate change adaptation for formal education, experts and public administration.

In order to ensure the smooth implementation of educational work and at the same time maintain and attract qualified staff, as well as more effective integration of available human resources in the education system, the **Act amending the Organisation and Financing of Education Act (ZOFVI-R)** was adopted in July 2025. Among other things, it introduces the possibility of concluding employment contracts for supplementary work of up to 20% of full-time work with the same employer, if this is necessary for the smooth implementation of educational work. By the end of 2029, an employment contract may exceptionally be concluded for supplementary work with the same employer for the implementation of development or research work in projects, namely with employees who are members of a project or development team, or research work in the field of education. In order to further integrate the available staff resources, a call for retired teachers to be involved in school work was also published.

The wage reform in the public sector has also contributed to a more adequate assessment of the work in the field of education. This is reflected in an increase in basic wages and a more favourable valuation of remuneration for an increased learning obligation, which was arranged in the framework of negotiations between the social partners.

The attractiveness and reputation of the teaching profession is further strengthened by measures such as scholarships for students of pedagogical study programmes and subsidising further education and training for already employed teachers and educators. In order to respond to the labour market needs, especially in the field of social protection, a new call for scholarships was published for students of the undergraduate programme of social work in the third and fourth year and for students of the first year of the master's programme in the academic year 2025/26. In line with its scholarship policy, the Republic of Slovenia will provide funding for approximately 1,000 new scholarships each year in 2025-2029 for scholarships for shortage occupations.

In the field of adult education, the **project Core Competences 2023-2029** is being implemented. It aims to increase the participation of adults in lifelong learning and improve their basic competences in responding to technological, demographic and climate change in modern society. To increase the visibility of the importance of lifelong learning, the national campaign "Lahko.si" was launched. The aim of the project is to raise general awareness of the importance of lifelong learning and to contribute to a greater involvement of adults in any form of education or training.

Research and development

An increase in funding for scientific research and innovation activities has been newly introduced and funding for both basic and applied research projects and innovations has been regulated (**Scientific Research and Innovation Act**). The amendment regulates, among other things, the operation of the Slovenian Agency for Scientific Research and Innovation (ARIS). The amendment will adapt all legal bases for the operation of the Agency and for the design and implementation of scientific research and innovation policy measures.

Slovenia promotes research, development and innovation and the integration of companies into international innovation networks through various financial and support measures. Companies can benefit from **co-financing of research and development and demonstration projects in the framework of** public tenders (SPIRIT/ARIS), favourable loans from SID Bank for innovative products, processes or services, and support in international cooperation. Particular emphasis is placed on the above-mentioned STEP technologies (biotech, clean tech, digital, deep tech), where EUR 90 million in grants will be available under the cohesion funds, and support is also provided by the national STEP Slovenia contact point, which provides help to companies applying for European programmes such as the Innovation Fund and Horizon Europe.

The promotion of research, development and innovation is carried out in accordance with **the Slovenian Strategy for Sustainable Smart Specialisation (S5)**. The S5 implementation report (2025)³⁰ confirms that Slovenia has a science-based and – compared to other regions of the EU Member States – above-average highly specialised innovation ecosystem, successfully integrated into the European Research and Innovation Area, but at the same time facing multifaceted operational implementation challenges and long-term competitiveness risks.

Capital markets

In January 2025, the government adopted a new national financial literacy programme. It provides comprehensive financial literacy that includes elements of awareness, information, knowledge, skills, attitudes and behaviour. It is oriented towards the specific needs of Slovenian citizens, involves small and medium-sized enterprises and coordinates various strategies, programmes and initiatives for financial literacy at local, regional, national, EU and international level. An important novelty is the direction to gradually integrate financial literacy into primary and secondary school programmes.

The Republic of Slovenia also continues to implement the Capital Market Development Strategy (2023-2030). Slovenia's inclusion in the MSCI Advanced Frontier Markets Group in June 2025 is one of the achievements of the implementation of the strategy and an important step towards achieving the status of an emerging market. In the area of the inclusion of retail investors in the capital market, following the first issuance of government bonds for citizens in

³⁰ <https://www.gov.si/news/2025-09-26-porocilo-o-implementation-s5-slovenia-must-strengthen-innovation-with-integration-science-companies-and-regions/>

February 2024, Slovenia implemented the second issuance of retail bonds in March 2025 and the third issuance in March this year. This continues efforts to increase retail investor participation in the capital market and to strengthen the investment culture.

An important legislative step was achieved with the adoption **of the Individual Investment Accounts Act (ZINR)** in June 2025, which became applicable on 5 March 2026. The act introduces an administratively and fiscally more favourable framework for long-term investment in financial instruments and encourages greater activity by retail investors in the capital market. The measure also aims to mobilise domestic savings and expand sources of financing for businesses and is in line with the objectives of the European Savings and Investment Union.

On 25 February 2026, the **Act amending certain acts on the establishment and functioning of the European single access point** entered into force, which, by transposing the provisions of Directive (EU) 2023/2864 of the European Parliament and of the Council, regulates the establishment of the European single access point and provides centralized access to publicly available information of relevance to financial services, capital markets and sustainability.

The **Act amending the Pension and Disability Insurance Act (ZPIZ-20)** was adopted with the aim of increasing the visibility and attractiveness of saving for old age, thereby strengthening the scope of supplementary pension savings and improving the material situation of persons after retirement. This would also increase the volume of pension funds' assets, which, from the perspective of the development of the capital market, could be an important source of long-term financing of the Slovenian economy and strengthening of the domestic capital market.

In the field of alternative investment funds, the ZDDPO-2V amendment was adopted in November 2025. It adapts the tax treatment of certain forms of alternative investment funds to the new legislative framework and again allows for the application of a special tax regime to qualifying funds.

At the same time, an amendment to **the Derivatives Divestment Profit Tax Act was adopted**, reducing the taxation of short-term profits from 40% to 25% as of 1 January 2026. The amendments aim at rebalancing the tax treatment of different forms of investment and promoting equity investments as an alternative to risky instruments.

In 2025, activities to strengthen the supply of bonds on the Slovenian capital market continued, with an emphasis on establishing new borrowing opportunities at the local level. The National Assembly adopted an amendment to **the Municipal Financing Act (Zakon o financiranju občin)**, which established the legal basis for issuing municipal bonds. On this basis, the Rules on procedures for granting consent to the borrowing of municipalities were drawn up, which for the first time regulate this new type of assignment in more detail, including the technical elements of the issuance.

Additional measures are also being implemented to support SMEs' access to the capital market. Two targeted instruments are envisaged: (i) the co-financing of financial education for SMEs, with an emphasis on preparing companies for the issue of securities, and (ii) the co-financing of the costs of issuing corporate securities and their admission to trading on a regulated market or on a multilateral trading facility. The aim of the measures is to reduce information and cost barriers for companies and to encourage more corporate securities issuances.

Cooperation on capital markets has also been strengthened at regional level. In August 2025, Slovenia, together with seven countries of the region, signed a Memorandum of Understanding to strengthen the regional integration of the capital markets of Central and Eastern Europe.

In March 2025, the National Assembly adopted an amended **Ordinance on the State's investment management strategy**, which expanded the content of strengthening the Slovenian capital market. With the addition of a new chapter in the framework of the development policies of the Republic of Slovenia, it is determined that, for certain important state-owned companies, disposal is generally carried out using the initial public offering of shares, which may also be combined with a sale to institutional investors.

Green transition

The **Climate Law (PoZ) was adopted in** July 2025, establishing a comprehensive legal framework to achieve climate neutrality by 2045 at the latest and strengthening measures to reduce emissions, increase carbon sinks and adapt to climate change. The law provides for access to investments in the green transition, while making mandatory the involvement of state authorities, municipalities and non-governmental organisations in the design and implementation of climate policies. In the area of adaptation to climate change, the Climate Act introduces the following solutions: a national climate change adaptation strategy and regional climate change adaptation action plans. The inter-ministerial Adaptation Working Group (under LIFE4ADAPT) plays an important operational role in the preparation of sectoral evaluations and the coordination of priorities and actions. Sectoral climate vulnerability and risk assessments are currently being prepared, which will provide an expert basis for the development of the strategy. The Local Contact Point, a climate office established in 2024 and upgraded under LIFE4ADAPT provides support to municipalities and regions, in planning and implementing climate adaptation projects.

A special chapter of the Climate Act regulates green house gas emissions allowance trading under the EU (ETS), covering energy, industry, aviation and shipping sectors, and from 2027 the buildings, road transport and additional sectors will be included in accordance with the revised ETS BRT Directive. At state level the Act designates the Financial Office of the Republic of Slovenia as the national competent authority for carrying out the functions and duties under the Carbon Border Adjustment Mechanism (CBAM).

An important addition to the legislative framework is also **the Act on the Promotion of the Use of Renewable Energy Sources (ZSROVE-1)**, which was adopted at the end of 2025. The purpose of the act is to transpose the provisions of Directive (EU) 2023/2413 into Slovenian law and to improve the possibilities for increasing the use of renewable energy sources. Key provisions include requirements for the integration of renewable energy in buildings, industry and transport, the promotion of joint projects between Member States, and the establishment of a register of renewable energy communities. The law also provides for measures to increase the share of renewables in district heating systems and lays down sustainability criteria, criteria for greenhouse gas emission savings and the methodology for their calculation. Particular emphasis is placed on the cascading use of biomass and measures to facilitate the system integration of renewable electricity. In addition, the Act introduces a new support scheme for renewable energy sources and controls its implementation, regulates the reimbursement of costs from self-supply of electricity from renewable sources in accordance with the Energy Act (EZ-1), and determines the operation of the contact point and the support centre.

The coal phase-out process has been legislatively supported by a number of measures. **Two more laws followed the adoption of the Act on Transitional Financing of Accelerated**

and Fair Exit from Coal (ZPFPPIP) in December 2024. **The Act on the Development Restructuring of the Savinjsko-Šaleška Coal Region** lays the foundations for the strategic objectives of the transformation of that region. These include maintaining and creating new jobs, diversifying economic sectors and creating a supportive environment for the development of the economy. The act also provides for the provision of alternative sources of heating, the development of new sources for the production of electricity, the development of degraded areas and the sustainable development of the region, as well as the preservation of the cultural heritage of coal mining and energy. The second act, **the Act on the gradual closure of the Velenje Coal Mine (ZPZPV)**, establishes the framework for the gradual closure of the Velenje coal mine. It governs the scope, method and planned timetable of closure works, measures in the field of personnel management, the liquidation of Premogovnik Velenje, d. o. o., the implementation of monitoring in accordance with the legislation, and the amount and method of providing funds for the implementation of the programme.

To support the economy, the **Act on Promoting Competitiveness and Decarbonisation of Electro-Intensive Enterprises (ZSKEP)** was proposed at the end of 2025. The aim of the draft act is to ensure the competitive position of companies exposed to international trade, where electricity costs are one of the key factors of business. The act is limited in time and will apply retroactively from 1 January 2026 to 30 June 2029.

At the end of 2025, a proposal for a **Regulation on compensation for indirect costs resulting from the costs of greenhouse gas emissions in favour of certain sectors or subsectors at risk of carbon leakage** for the period 2025 to 2027 was **also submitted to public and inter-ministerial consultation**.

In February 2025, due to the introduction of a new network charges system and the expected higher electricity bills during the winter season, the government adopted cost-measures measures. From November 2024 to February 2025, electricity price regulation was introduced and the exemption from the contribution for renewable energy sources (RES) and combined heat and power (CHP) for households was extended. According to the intervention act for January and February 2025, the payment of network charges to all households was reduced by assimilating the most expensive slot with the tariff of the cheaper second slot. As of March 2025, those measures have been relaxed.

In the period from November 2025 to February 2026, the government again reduced the payment of network charges to households by equating the most expensive tariff with the cheaper tariff for the second slot. For the six-month period of regulated energy prices in the second half of 2024, compensation of EUR 19.8 million was paid to suppliers in 2025, covering the difference between purchase prices and regulated prices.

The financing of the green transition is envisaged under the Integrated National Energy and Climate Plan (NECP version 5.2 of December 2024) from several different sources. These include the Climate Fund, the Eco Fund, the Just Transition Fund, the Modernisation Fund and the Social Climate Fund, as well as dedicated contributions such as the contribution to support renewable electricity generation and combined heat and power (RES + CHP) and the contribution to energy efficiency (URE). An important financial source are also the state and municipal budgets and revenues from public service activities, such as network charges. For the purpose of decarbonising industry and innovation, the Innovation Fund funds are also available at EU level, with the Ministry of the Environment, Climate and Energy operating as a national contact point offering support in preparing for calls.

Under the Modernisation Fund, Slovenia implemented two investment schemes in 2025: a scheme to support the production of electricity from renewable sources – solar and wind

(totalling EUR 84.1 million of the Fund's assets) and a scheme to modernise the electricity transmission and distribution network (totalling EUR 95.7 million of the Fund's assets). The first decisions of allocation of funds to beneficiaries were signed in the second half of that year.

The Climate Fund remains the key budgetary fund to achieve climate objectives and to finance climate change mitigation and adaptation actions. In October 2025, the Government adopted the Ordinance on the Climate Fund Spending Programme 2025-2028, which continues the most important measures from the previous programming period and adds funds for 2027 and 2028. The funds are distributed across thematic areas addressing the main climate challenges in the area of mitigation and adaptation, with actions implemented through several ministries and institutions. As transport in Slovenia accounts for about half of greenhouse gas emissions in sectors outside the EU ETS, it remains the largest source of emissions and one of the key areas for achieving national climate targets, and therefore half of the available funds of the Fund are earmarked for sustainable mobility. A significant part of the funds is also dedicated to the decarbonisation of the economy and the building sector.

The eco-fund is financed from energy efficiency levies (URE), which are paid as an earmarked levy on the purchase or consumption of energy products.

The Just Transition Fund aims to restructure the economy in regions where coal use has been or will be phased out. In Slovenia, the Savinjsko-Šaleška and Zasavska coal regions are eligible for these funds. In total, around EUR 250 million is available for both regions, of which EUR 173.9 million for the former and EUR 74.9 million for the latter. Part of the funds, about half of them, must be used by the end of 2026, which means that projects must be completed by mid-this year. The remaining funds can be used until the end of 2029.

The Social Climate Fund, which will finance measures and investments to mitigate energy and transport vulnerabilities, will become operational in 2026. It is expected that funds will be absorbed in 2027, when ETS BRT and ETS 2 allowances, as foreseen by the European Commission as part of the Fit for 55 measures, will start trading.

The proposal for a Social Climate Plan 2026-2032 was submitted for public consultation in October 2025. The plan for Slovenia envisages measures and investments aimed primarily at increasing the energy efficiency of buildings among energy poor and vulnerable households and reducing dependence on internal combustion engine vehicles among transport poor and vulnerable transport users.

Contributions to support the production of electricity from renewable sources and high-efficiency cogeneration (RES + CHP) are part of the support system for the production of electricity from renewable sources. Both contributions are the source of funding the Support centre within Borzen.

Charges from CO₂ emissions and excise duties on energy products are a source of the state budget and are not earmarked funds, as they finance general public spending.

Environment

The LIFE23-IPC-SI-LIFE4ADAPT project has been running since the beginning of 2025, includes the upgrade of the climate services at ARSO (Climate Service Center), the strengthening of inter-ministerial consultation, the upgrade of the climate portal, operational support for regions and municipalities, and activities in the field of good practices, communication, education, impact monitoring and the mobilisation of complementary financial sources for climate change adaptation. Major legislative and infrastructural investments are carried out under other national and EU instruments.

An amendment to the **Integrated Transport Planning Act (ZCPN) was adopted in** April 2025. It foresees the development of a new strategy that, in addition to transport targets, takes climate and environmental objectives and commitments more consistently into account and establishes an improved system of prioritisation, monitoring of measures and their impacts, including at a lower level. Comprehensive professional-technical, organisational and development measures in the field of construction, upgrading, renewal and maintenance of public railway infrastructure are implemented as part of the priority-oriented investments in railway infrastructure. Emergency prevention measures and improved operational traffic management further enhance safety in the railway system. In combination with the development of the Port of Koper and technological upgrades of the railway network, this strengthens the capacity to absorb larger quantities of international freight and improves the overall efficiency of the transport system, which has long-term positive effects on the environment, mobility and economic development.

A digital platform will also be set up to monitor the implementation of integrated transport strategies at the level of measures, targets and key performance indicators. It will be developed in time for the preparation of the Action Plan and will enable for continuous planning of measures and monitoring of the implementation of the Strategy since its adoption.

In February 2026, amendments to the public call for the co-financing of sustainable mobility measures in the period 2023-2029 were published. In doing so, the available co-financing funds are increased and, in addition to the ECP 2021-2027 programme (priority 5, objective RSO 3.2), the operation is also extended to the Climate Fund Spending Programme 2025-2028, measure 2.1 – investments in sustainable mobility infrastructure. In addition, a public call for grants for legal entities to purchase new or used electric vehicles was launched with the aim of accelerating the transition of companies to zero-emission vehicles and increasing the share of electric transport in final energy consumption. A public tender for the preparation of plans for the implementation of parking policy in municipalities has also been published.

In 2026, in the area of increasing climate and water resilience, measures and projects will be funded for the deployment of new digital twin technologies in the preparation of flood and erosion risk areas and in the monitoring of floods and landslides. An information system for monitoring will be developed and state control of the provision of public drinking water services and the discharge and treatment of urban wastewater will be strengthened, including the implementation of the Urban Waste Water Treatment Directive (renovation). Special attention will be on the monitoring of erosion processes and landslides, the development of targeted and problem-oriented inland water and sea management plans and flood risk reduction plans for the coming period, as well as rainwater management in settlements and the preparation of water management plans in case of drought events.

In 2025, a **new Floods Regulation** (Regulation on conditions and restrictions for spatial interventions and activities in areas at risk of floods and related erosion of inland waters and the sea) was adopted. As part of the annual Flood Recovery Programme, Slovenia implemented key measures for flood damage remediation in August 2023, such as providing additional funds to finance geotechnical measures and the restoration of local infrastructure (roads, bridges, water management facilities). It has also implemented important measures and investments in water infrastructure as part of the country's comprehensive response to water and infrastructure challenges related to climate change, aimed at strengthening flood resilience and improving water supply. LIFE4ADAPT complements investment measures in this area by developing methodological bases and guidelines for climate-resilient water management, climate resilience assessment of buildings and treatment of urban water cycle and water balances.

The **Resolution on strengthening earthquake Safety by 2050 "Be ahead of the Earthquake"** was adopted in order to prevent possible seismic events. The implementation of the resolution is foreseen gradually – from the establishment of the system framework and awareness raising until the final consolidation of the building stock.

In 2025, the new **Drinking Water Supply, Discharge and Treatment of Urban Waste Water Act** entered into force, which lays down the manner and forms of implementation of the mandatory municipal commercial public service of drinking water supply and domestic water supply, and the mandatory municipal commercial public service of discharge and treatment of municipal and precipitation waste water, which are public services of environmental protection. The Act also regulates the pricing of mandatory municipal public utility services and the recording of data on public service infrastructure.

A **National Nature Restoration Plan (NNON)** is under preparation and will be the key document for the implementation of the Nature Restoration Regulation. NNON will contribute to the protection and restoration of habitats and to the improvement of the condition of ecosystems, including by improving river connectivity, supporting pollinators and agricultural and forest ecosystems, maintaining green spaces and tree canopy cover in urban ecosystem areas. In the long term, these measures will help restore biodiverse and resilient ecosystems, achieve climate change mitigation and adaptation objectives and achieve land degradation neutrality, as well as increase food security.

Pursuant to Article 22 **of the Health Care Quality Assurance Act**, one of the tasks is to carry out carbon footprint research at healthcare providers. The research is focused on the systematic collection and processing of data on energy and material consumption, transport and other factors that affect the carbon footprint of healthcare activities. The purpose of the report is to obtain a comprehensive overview of environmental impacts, prepare expert bases for the design of measures to reduce the carbon footprint and thus contribute to the sustainability of the healthcare system and the fulfilment of national and European climate goals.

Digital transition

As part of Slovenia's overarching digital transformation strategy **Digital Slovenia 2030**, the government adopted an action plan for 2025 and 2026 in June 2025, comprising a total of 66 measures.

In June 2025, the government also adopted **the Information Security Act**, which strengthens the country's cybersecurity system and transposes Directive (EU) 2022/2555 (NIS 2) into domestic legislation.

In November 2025, the **Act implementing Regulation (EU) laying down harmonised rules on artificial intelligence** entered into force, which designates the competent authorities under the Artificial Intelligence Act and establishes a functional entry point (HelpDesk) for SMEs and the general public. In March 2026, the government adopted **the National Strategy for Artificial Intelligence 2030 (NsUI 2030)**. In addition, the supportive environment for artificial intelligence (AI) was strengthened in 2025. In January 2026, the **Competence Centre for Artificial Intelligence (KCUI)** was launched, which is the central national point for connecting the knowledge, development and use of AI in Slovenia. It aims to accelerate the responsible, safe and competitive deployment of AI solutions in the economy, public sector and society.

The strategic national project **Slovenian AI Factory (SLAIF)** was selected in March 2025 as part of the EuroHPC Joint Undertaking initiative. It aims to establish advanced AI and High Performance Computing (HPC) infrastructure in Slovenia and will provide expert support and

access to facilities for research organizations, universities, businesses (in particular SMEs) and the public sector. The project includes the creation of AI-optimised supercomputing capacities and the development of a supportive ecosystem for innovation, knowledge transfer and capacity building.

In the context of the digital transformation of public administration, significant progress was made in 2025 in **the area of eLawmaking (eZakonodaja)**, which digitalises the process of planning, preparing, adopting, publishing and evaluating legislation, and **the Green Slovenian Location Framework (SLO4D)**, which links spatial, land and environmental policies and enables the digitalisation of many administrative procedures related to governance. Major achievements in the field of digital services include the upgrade of the national eUprava **portals** (extending the scope of services, improving the connection with digital identity solutions) and eGraditev, which enables the digitalised process of obtaining building permits, and **the project eARHIV.si**, which supports the digitisation of key historical records and cultural heritage.

An important step from last year in citizens' access to digital services and in increasing their digital inclusion in 2025 is the publication of the upgraded eOsebna mobile application, which can be used as a stand-alone means of e-identification of a high level of reliability, for example for the purpose of registration and electronic signature via SI-PASS.

In the area of strengthening digital infrastructure as a foundation for a competitive economy and digital society, investments in gigabit infrastructure continued in 2025, especially in areas where access to high-speed internet is not yet guaranteed, and **investments in further improving 5G coverage**, with a focus on increasing the coverage of the population with this signal.

Housing policy

In 2025, the **Financing and Promotion of the Construction of Public Rental Housing Act** was adopted, which established a systemic framework to provide a predictable and affordable financial resource to finance the construction of 20,000 public rental housing over the next ten years. The act defined the provision of funds from the state budget for the implementation of projects for the construction or renovation of public rental housing and public rental serviced housing.

In 2025, the government also amended the European Cohesion Policy Programme and through redeployments provided additional funds for the construction of public rental housing and public assisted rental housing. The measures and investments identified in the RRP are implemented. Just over 1,000 additional non-profit housing units have already been provided across Slovenia. A new Resolution on the National Housing Programme 2026-2035 is being prepared, with the aim to increase the public rental housing stock.

In 2025, an **amendment to the Housing Act** was adopted, which simplifies the procedures for the allocation of public rental housing, which will make tenders for the award of public rental housing more efficient and faster. Municipalities and local funds have more flexibility in setting tender conditions for housing rentals, making it easier for them to keep up with their development needs. The system of state-funded subsidies for vulnerable social groups has also been reformed, meaning that more public rental housing will no longer be a burden on municipal budgets. In public rental housing, according to the amendment, rents will gradually rise over the next five years, enabling housing funds and municipalities to have more funding available to renovate and maintain the housing stock, which has so far been shrinking due to the poor financial sustainability of the public housing system. Rents will still be affordable

compared to rents on the private market, while the most vulnerable groups will continue to be protected by a subsidy system.

In 2025, amendments to the **Spatial Planning Act** and the **Construction Act** were also adopted, which bring clearer rules, shorter procedures and more effective control of spatial interventions. The changes are aimed at simplifying procedures in the planning of space and construction of buildings, at greater legal certainty, faster decision-making and better cooperation between the state, municipalities and the profession. Particularly important are solutions that enable faster preparation of spatial planning documents for the construction of public rental housing, more efficient municipal fitting-out and a more predictable land policy of municipalities.

In the previous year, an **amendment to the Catering Act** was adopted, which lays down the types of catering activities, the conditions for their performance and special conditions for special forms of catering activities, including short-term rental of apartments. In the first half of 2026, a list of municipalities with a high risk of adverse impacts due to high short-term rental volumes and housing shortages will be adopted at country level. The municipalities on the list will be subject to a legal limit of 60 days of renting per calendar year for 2027 and 2028. Municipalities on the list will be able to set a different limit, ranging from 30 to 270 days per calendar year. Municipalities that are not part of the list will be free to set a limit of 60 to 270 days per calendar year. The time limits for renting will apply from 1 January 2027.

Defence

The changed geopolitical situation and the international security environment are also reflected in the orientations and development of the defence system in Slovenia, in the modernisation of the Slovenian army and in the planned and already adopted budget plans and decisions. Slovenia continues to strengthen its defence and security by implementing reforms and adopting measures aimed at the long-term development and equipping of the Slovenian Armed Forces and increasing the efficiency, preparedness and resilience of the country and its population, thus gradually adapting the defence system to the changed security situation. It continues to implement the orientations of **the Resolution adopted in 2025 on the overall long-term programme for the development and equipping of the Slovenian Armed Forces until 2040** (ReDPROSV40-1; hereinafter referred to as Resolution), which is the basis for planning the development and equipping of the Slovenian army.

The funds are also intended for investments in dual-use projects, implemented by national authorities and other relevant stakeholders to support the needs of the Slovenian Armed Forces, the defence plan and for the implementation of the regional plans of the Alliance. Such budgetary planning shall at the same time target civilian capabilities supporting the implementation of host country support and military mobility, the development of dual-use in road and rail infrastructure, the improvement of communication links, digital infrastructure, cybersecurity, satellite capabilities and the increase of energy supply resilience.

The Resolution adopted in 2025 sets annual defence expenditure targets according to the NATO nomenclature, while assuming an increase in expenditure to 3.0% of GDP by 2030. Over the past years, expenditure as a share of GDP under the NATO nomenclature has gradually increased: they amounted to 1.24% of GDP in 2021, 1.30% of GDP in 2022, 1.31% of GDP in 2023 and 1.34% of GDP in 2024. Defence expenditure, which includes both core

military expenditure and defence-related expenditure, is estimated to have amounted to 2.04% of GDP in 2025,³¹ reaching the annual target level set in the Resolution (2.00%).

In 2025, the Republic of Slovenia allocated 22.7% of total defence expenditure to equipment expenditure, which includes expenditure on major equipment and research and development (R&D) relating to major equipment. Staff expenditure, which includes military and civil expenditures, as well as pensions, accounted for 36.5% of total defence expenditure. The lowest share, at 2.7%, was dedicated to NATO's common infrastructure and national military construction. The remainder, 38.1%, was used for operation and maintenance, other R&D expenditure and expenditure not allocated to the categories mentioned above.

The adoption of the **Strategy for the Development of the Defence Industry and Technology Base in the Republic of Slovenia** promotes and strengthens the defence industry and its integration into the wider environment of the European Union and contributes to the strengthening of the EDTIB (European Defence Technology and Industrial Base).

Institutional measures include the establishment **of the defence, security and resilience company Dovos**, founded by the Slovenian Sovereign Holding, and **the Trivelis Institute for Defence, Security and Resilience**. The purpose **of Dovos** is to support the development and marketing of products and services in the field of defence and security, strengthening national resilience, technological sovereignty and long-term security of the country through investments in Slovenian companies. Dovos launched a public call for non-binding declarations of interest to participate in the establishment or expansion of capabilities in the field of defence, security and resilience in the Republic of Slovenia, which was opened between 24 October and 22 December 2025. 162 interested parties applied, including 120 individual companies and 42 consortia. The priority areas of the public call are dual-use and resilience building, unmanned systems and protection against them, mobility and multi-purpose logistics support, cybersecurity, artificial intelligence and digital technologies, closing critical gaps, anti-air and anti-missile defence and sensors, and space and satellite communications. **At the end of January 2026, Trivelis** established the Centre for European Perspective, with funding from the Ministry of Defence. The Institute works in the fields of awareness-raising and public debate, strategic research and analysis, co-creation of European security and promotion of Slovenian knowledge and good practices, while the main objectives include the development of a security culture, strengthening professional and public discourse, strengthening resilience and supporting strategic development.

As of January 1 2026, Slovenia took over the one-year chairmanship **of the Central European Defence Cooperation Initiative (CEDC)**, which brings together the ministries of defence of six countries, namely Austria, Croatia, the Czech Republic, Hungary, Slovakia and Slovenia, Poland participates in the meetings as an observer. The initiative forms the basis for cooperation in the field of defence and security. The central objective of the initiative is to contribute to strengthening regional security within the framework of the European Union and NATO, by promoting the specific regional interests of the Member States.

³¹ There is a discrepancy between the presentation of expenditure according to the NATO nomenclature and the Government expenditure by function (COFOG) due to two fundamental differences: the first is at the time of recording the expenditure resulting from the fact that NATO is based on cash and COFOG on the accounting flow, while the second difference is in scope, i.e. in the categories covered by each classification or its groups. Although there are differences in the calculations between the two classifications, they should not be systematic. In some years, values according to NATO classification are higher, reflecting advances for military equipment (cash flow), and in other years, values according to COFOG due to the supply of equipment (accrual flow).

The European Defence Fund (EDF) has endorsed **the Sustainable Energy Capabilities for Enhanced Military Camps and Operations (SENTINEL)** project, led by Slovenia. The project involves 40 partners from 15 European Union Member States. Activities related to the project started in February 2026. The project aims to improve the operational efficiency and tactical autonomy of military camps and operations, while reducing the logistical burden and supporting a flexible and high-capacity energy supply.

Implementation of the recovery and resilience plan

For the implementation of the investments within the National Recovery and Resilience Plan (RRP) EUR 1.61 billion in grants and EUR 526 million in loans was allocated to Slovenia from the European Recovery and Resilience Facility (hereinafter: mechanism) by the end of 2026

Slovenia has received the largest possible disbursement of all payment claims it has sent to Brussels so far, as it has fulfilled all milestones and targets related. So far, it has received EUR 1.54 billion of available funds (72%), and the fifth payment request, worth EUR 230 million in grants, is expected to be paid in April 2026. The European Commission has issued a preliminary positive assessment of the request, in which it assesses that Slovenia has fulfilled all 16 milestones and targets related to the request, including the successful implementation of the pension reform and the adaptation of the legislative framework for a more resilient health system. Following the inflow of funds from the fifth request, Slovenia will thus absorb 82.7% of the available funds of the mechanism, which ranks it among the most successful EU countries. 107 milestones and targets, or 59.1% of 181 milestones and targets, will be fulfilled. Out of a total of 36 reform measures, Slovenia has already fully fulfilled 33 measures or 59 related milestones and targets (out of a total of 62). For this year, the country plans to submit another payment request by 30 September 2026 at the latest, when the official deadline for the submission of the last payment requests expires.

The Government regularly monitors the implementation of the RRP and eliminates potential risks in investments that, due to objective circumstances, are no longer feasible to the envisaged extent and within the timeframe of the Facility's programming period. Since February 2026, it has been coordinating with the EC the fifth amendment to the RRP. The amendment foresees an adjustment of investments in such a way that the country will be able to satisfactorily fulfil the milestones and targets and thus the conditions for obtaining the available funds. Financial and substantive amendments are proposed in the areas of flood risk reduction, energy efficiency and decarbonisation of the economy, strengthening the electricity distribution network, promoting alternative fuels infrastructure in transport, increasing rail infrastructure capacity and greening education infrastructure.

Efficient absorption of EU funds

Due to the changed geopolitical context and slower dynamics of infrastructure investments, changes to cohesion regulations announced by the EC and risk management for the achievement of financial milestones under the N+3 rule, amendments to the 2021-2027 ECP programme were adopted at the end of 2025.

Within the programme amendment, Slovenia has reallocated funds from the safety net to new strategic content. The programme amendment also introduces systemic improvements, namely the extension of the implementation of the European cohesion policy until the end of 2030 and the possibility of a higher co-financing rate of the new objectives, which can be increased up to 100%. By doing so, Slovenia is gaining greater financial flexibility and better conditions for the effective implementation of development projects in the coming years.

In November 2025, the baselines for the second programme amendment were also confirmed at the level of both cohesion regions. On 27 November 2025, the Government approved the amendment to the European Commission's 2021-2027 programme, approved additional spending entitlements under the safety net and ordered the submission of the programme for approval by the European Commission. This improved the possibilities for implementing Strategic Projects, provided additional financial relief to achieve the N+3 rule and significantly reduced the risk of losing cohesion grants in 2026. The amendment to the ECP 2021-2027 programme was approved by the Commission on 4 March 2026, thus providing Slovenia with EUR 124 million in additional pre-financing, which further reduced the financial milestone N+3.

ANNEX

Table 1a: Fiscal commitment

			Council Recommendation			Outturn/forecast		
			2024	2025	2026	2024	2025	2026
			(growth rate)	(growth rate)	(growth rate)	(growth rate)	(growth rate)	(growth rate)
1	Net nationally financed primary expenditure	(Annual)	6.2	5.6	4.4	4.2	8.5	7.2
		(cumulative)		12.1	17.0		13.1	21.2

Source: Calculations by the MoF.

Table 1b: Main variables

		2023	2024	2025	2026
		% of GDP	% of GDP	% of GDP	% of GDP
1	Net lending/borrowing	-2.6	-0.9	-2.5	-3.4
2	Structural balance*	-3.4	-1.5	-2.3	-3.6
3	Structural primary balance*	-2.2	-0.2	-1.1	-2.3
4	Gross debt	68.3	66.4	65.7	65.2
5	Change in gross debt (a.k.a. GDP)	-4.5	-1.9	-0.7	-0.5

Note: *% of potential GDP.

Source: SORS (21. 4. 2026); IMAD SF 2026; MoF.

Table 2: Macroeconomic assumptions

		2023	2023	2024	2025	2026	2027	
	ESA code	bn. EUR	growth rate	growth rate	growth rate	growth rate	growth rate	
1	Real GDP	B.1*g	2.4	1.7	1.1	2.0	2.0	
2	Deflator of GDP		10.0	3.5	3.5	3.1	2.7	
3	Nominal GDP	B.1*g	64.1	12.6	5.3	4.6	5.2	4.8
	Real GDP components	ESA code	bn. EUR	growth rate	growth rate	growth rate	growth rate	
4	Private consumption	P.3	0.0	3.8	1.7	2.8	2.5	
5	Government consumption	P.3	2.1	7.3	1.6	3.5	2.3	
6	Gross fixed capital formation	P.51	5.5	-0.3	4.1	3.4	1.4	
7	Change in inventories and valuables (% of GDP)	P.52 + P.53		-1.6	-0.2	0.3	-0.2	0.0
8	Exports of goods and services	P.6		-1.9	2.3	0.3	2.3	3.0
9	Imports of goods and services	P.7		-4.5	4.3	2.1	3.4	3.3
	Contribution to real GDP growth							
10	Final domestic demand*			1.6	3.3	2.1	2.9	2.1
11	Change in inventories and valuables	P.52 + P.53		-1.6	-0.2	0.3	-0.2	0.0
12	External balance of goods and services	B.11		2.4	-1.3	-1.3	-0.7	-0.1
	Deflators and HICPs			growth rate	growth rate	growth rate	growth rate	
13	Private consumption deflator			7.6	2.1	1.7	2.6	2.3
14	p.m. CPI			7.4	2.0	2.4	2.5	2.2
15	Government consumption deflator			8.8	4.1	7.2	5.0	4.1
16	Investment deflator			4.8	2.2	1.4	2.6	2.4
17	Export price deflator (goods and services)			1.6	-0.3	1.3	0.7	1.5
18	Import price deflator (goods and services)			-2.0	-1.7	0.4	0.6	1.5
	Labour market	ESA code	Level	growth rate	growth rate	growth rate	growth rate	
19	Domestic employment (1000 persons, national accounts)		1,098	1.5	0.5	-0.4	0.0	0.0
20	Average annual hours worked per person employed		1,587	-1.4	2.0	-1.2	2.4	0.4
21	Real GDP per person employed			0.2	0.6	2.5	2.0	2.0
22	Real GDP per hour worked			1.7	-1.4	3.8	-0.4	1.6
23	Compensation of employees	D.1	32.7	10.7	6.3	7.1	5.6	5.5
24	Compensation per employee (= 23/19)		29.8	9.1	5.7	7.5	5.6	5.4

			%	%	%	%	%
25	Unemployment rate (%)		3.7	3.7	3.9	3.8	3.8
	Potential GDP and components		growth rate	growth rate	growth rate	growth rate	growth rate
26	Potential GDP		2.8	2.6	2.4	2.4	2.3
	Contribution to potential growth						
27	Labour		0.8	0.8	0.5	0.4	0.3
28	Capital		0.6	0.5	0.6	0.6	0.6
29	Total factor productivity		1.3	1.3	1.3	1.3	1.3
			% pot. GDP	% pot. GDP	% pot. GDP	% pot. GDP	% pot. GDP
30	Output gap		2.9	2.0	0.7	0.4	0.1

Note: *contribution without changes in inventories and and valuables.

Source: SORS; IMAD SF 2026; Calculations by the MoF.

Table 3: External assumptions

		2023	2024	2025	2026	2027	
1	Short-term interest rate	(%, annual average)	3.4	3.6	2.0	2.0	2.2
2	Long-term interest rate	(%, annual average)	3.4	3.1	3.1	3.3	3.4
3	USD/EUR exchange rate	(annual average)	1.1	1.1	1.1	1.2	1.2
4	World real GDP (excluding the EU)	(growth rate)					
5	EU real GDP	(growth rate)	0.4	1.1	1.5	1.5	1.6
6	World import volumes, excluding the EU	(growth rate)					
7	Oil prices	(Brent, USD/barrel)	82.5	80.5	69.1	66.1	64.4

Source: IMAD SF 2026; MoF.

Table 4: Budgetary projections

		2023	2023	2024	2025	2026	
	Revenue	ESA code	bn. EUR	% of GDP	% of GDP	% of GDP	% of GDP
1	Taxes on production and imports	D.2	8.3	12.9	12.9	12.7	12.6
2	Current taxes on income, wealth, etc	D.5	5.0	7.9	8.5	8.5	8.4
3	Social contributions	D.61	10.2	15.9	17.2	17.9	18.6
4	Other current revenue	(P.11+P.12+P.131) + D.39 + D.4 + D.7	4.0	6.3	6.5	7.2	6.5
5	Capital taxes	D.91	0.0	0.0	0.2	0.2	0.2
6	Other capital revenue	D.92+D.99	0.6	1.0	0.4	0.6	1.3
7	Total revenue (= 1+2+3+4+5+6)	TR	28.2	44.0	45.6	47.1	47.6
8	Of which: Transfers from the EU (accrued revenue, not cash)	D.7EU+ D.9EU	0.8	1.3	0.9	1.0	1.5
9	Total revenue other than transfers from the EU (= 7-8)		27.3	42.6	44.7	46.0	46.1
10	p.m. Revenue measures (increments, excluding EU funded measures)		0.1	0.2	1.0	0.5	0.3
11	p.m. One-off revenue included in the projections (levels, excluding EU funded measures)						
	Expenditure	ESA code	bn. EUR	% of GDP	% of GDP	% of GDP	% of GDP
12	Compensation of employees	D.1	7.2	11.2	11.3	12.5	12.8
13	Intermediate consumption	P.2	4.2	6.5	6.5	6.8	7.5
14	Interest expenditure	D.41	0.8	1.2	1.3	1.3	1.3
15	Social benefits other than social transfers in kind	D.62	9.7	15.2	15.5	15.9	16.1
16	Social transfers in kind via market producers	D.632	1.5	2.3	2.9	3.1	3.3
17	Subsidies	D.3	1.2	1.9	1.1	1.1	1.2
18	Other current expenditure	D.29+(D.4-D.41)+ D.5 + D.7 + D.8	1.3	2.1	2.0	2.4	2.3

19	Gross fixed capital formation	P.51	3.5	5.5	5.1	5.6	5.5
20	<i>Of which: Nationally financed public investment</i>		2.9	4.6	4.7	5.0	4.5
21	Capital transfers	D.9	0.4	0.6	0.6	0.8	0.8
22	Other capital expenditure	P.52+P.53+NP	0.0	0.1	0.1	0.2	0.2
23	Total expenditure (=12+13+14+15+16+17+18+19+21+22)	TE	29.8	46.5	46.5	49.6	51.0
24	Of which: Expenditure funded by transfers from the EU (= 8)	D.7EU+D.9EU	0.8	1.3	0.9	1.0	1.5
25	Nationally financed expenditure (23-24)		29.0	45.2	45.6	48.6	49.5
26	p.m. National co-financing of programmes funded by the Union		0.2	0.3	0.2	0.2	0.4
27	p.m. Cyclical component of unemployment benefits		-0.1	-0.1	-0.1	-0.1	-0.1
28	p.m. One-off expenditure included in the projections (levels, excluding EU funded measures)		0.3	0.5	0.3	0.5	0.0
29	Net nationally financed primary expenditure (before revenue measures) (= 25-26-27-28-14)		27.8	43.3	43.9	46.7	47.9
	Net nationally financed primary expenditure				% growth	% growth	% growth
30	Net nationally financed primary expenditure growth	Table 1a, row 1			4.2	8.5	7.2
	Saldi	ESA code	bn. EUR	% of GDP	% of GDP	% of GDP	% of GDP
31	Net lending/borrowing (= 7-23)	B.9	-1.7	-2.6	-0.9	-2.5	-3.4
32	Primary balance (= 31-14)		-0.9	-1.3	0.4	-1.3	-2.1
	Cyclical adjustment			% of GDP	% of GDP	% of GDP	% of GDP
33	Structural balance			-3.4	-1.5	-2.3	-3.6
34	Structural primary balance			-2.2	-0.2	-1.1	-2.3
	Debt		bn. EUR	% of GDP	% of GDP	% of GDP	% of GDP
35	Gross debt		43.7	68.3	66.4	65.7	65.2
36	Change in gross debt		2.3	-4.5	-1.9	-0.7	-0.5
37	Contributions to changes in gross debt						
38	Primary balance (= minus 32)			1.3	-0.4	1.3	2.1
39	Snowball effect			-6.9	-2.1	-1.6	-1.9
40	<i>Interest expenditure (= 14)</i>			1.2	1.3	1.3	1.3
41	<i>Growth</i>			-1.5	-1.1	-0.7	-1.3
42	<i>Inflation</i>			-6.6	-2.3	-2.2	-2.0
43	Stock-flow adjustment (= 36-38-39)			1.1	0.6	-0.3	-0.7
				%	%	%	%
44	p.m. Implicit interest rate on debt (=14/debt(t-1))			1.9	2.0	2.0	2.1
			bn. EUR	% of GDP	% of GDP	% of GDP	% of GDP
45	Defence expenditure	COFOG 2	0.8	1.2	1.4	1.3	1.6
46	Of which: investment	COFOG 2, P.51g	0.2	0.4	0.4	0.3	0.3

Source: SORS (21. 4. 2026); MoF.

Table 2: Estimated impact (year-on-year change) of discretionary revenue measures³²

	Title/description of measure	One-off	Expenditure/Revenue		2024	2025	2026
				ESA Code	% of GDP	% of GDP	% of GDP
1	The amendment ZDoh-2AA, which eliminates the financial consequences due to the increase of the general income tax reliefs in the years 2023, 2024 and 2025.	No	Revenue	D.51	0.1	0.0	0.0
2	Gradual elimination of energy measures to mitigate price increases (reduction of excise duties on energy products for fuels, heating oil, natural gas, reduction of value added taxes for certain energy products from 22% to 9.5%, reduction of CO2 duties).	No	Revenue	D.21	0.2	0.0	0.0
3	Increase of corporate income tax by 3 pps (Article 64 ZORZFS) for the period 2024 – 2028 (dedicated revenue of the Reconstruction Fund).	No	Revenue	D.51	0.3	0.0	0.0
4	Tax on the balance sheet of banks and savings banks (Article 78 ZORZFS) for the period 2024 – 2028 (dedicated revenue of the Reconstruction Fund).	No	Revenue	D.91	0.2	0.0	0.0
5	Non-harmonization of the income tax scale and allowances in 2024 (Article 77 ZIPRS2425).	No	Revenue	D.51	0.2	0.0	0.0
6	Increase in the price per unit with carbon dioxide emissions from the current 17.3 euros to 30.85 euros (2328. Decision on the level of the environmental levy for air pollution with carbon dioxide emissions).	No	Revenue	D.29	0.0	0.1	0.0
7	Long-term care contribution.**	No	Revenue	D.61		0.5	0.5
8	Loss of revenue from income tax due to the introduction of the long-term care contribution.	No	Revenue	D.51		0.0	-0.1
9	Winter bonus – impact on social security contributions and corporate income tax.	No	Revenue	D.6/D.51		-0.1	0.0
10	Energy measures (reduction of excise duties on energy products, reduction of CO2 duties).	No	Revenue	D.21			-0.1
	TOTAL				1.0	0.5	0.3

Note: *Non-indexation of the income tax scale is defined as a discretionary measure, while regular adjustment is defined as unchanged fiscal policy and is therefore not a measure. See European Commission (2016). Report on public finances in EMU - 2016. Institutional Paper 045. **Accrual flow.

Sources: Calculations by the MoF in accordance with the classification of discretionary measures in the European Commission (2015). Report on public finances in EMU - 2015. Institutional Paper 014. and in European Commission (2016). Report on public finances in EMU - 2016. Institutional Paper 045.

³² Estimates of the impact of changes in the field of personal income tax legislation are prepared based on a microsimulation model, taking into account all taxpayers for personal income tax in a particular year, which allows for the consideration of all personal allowances and other benefits that taxpayers have. Models are used to assess the effects of remaining changes to tax legislation, which are also based on individual data, and the Financial Administration appropriately adjusts the received data, taking into account individual macroeconomic indicators.

Table 6: RRF grants

		2021	2022	2023	2024	2025	2026
	Revenue from RRF grants	% of GDP	% of GDP	% of GDP	% of GDP	% of GDP	% of GDP
1	RRF grants as included in the revenue projections	0.22	0.21	0.61	0.53	0.69	0.83
2	Cash disbursements of RRF grants from EU	0.44	0.00	0.47	0.21	0.57	0.73
	Expenditure financed by RRF grants						
3	Total current expenditure	0.00	0.00	0.07	0.14	0.16	0.31
4	<i>Gross fixed capital formation</i>	0.21	0.11	0.07	0.10	0.28	0.36
5	<i>Capital transfers</i>	0.00	0.01	0.09	0.08	0.18	0.18
6	Total capital expenditure (4+5)	0.21	0.12	0.16	0.19	0.46	0.54
	Other costs financed by RRF grants						
7	Reduction in tax revenue						
8	Other costs with impact on revenue						
9	Financial transactions						

Source: Eurostat (2. 4. 2026); MoF.

Table 7: RRF loans

		2021	2022	2023	2024	2025	2026
	Revenue from RRF loans	% of GDP	% of GDP	% of GDP	% of GDP	% of GDP	% of GDP
1	RRF loans as included in the revenue projections			0.48	0.17	0.06	0.00
2	Cash disbursements of RRF loans from EU						
	Expenditure financed by RRF loans						
3	Total current expenditure	0.00	0.00	0.00	0.02	0.00	0.01
4	<i>Gross fixed capital formation</i>	0.00	0.00	0.06	0.20	0.19	0.18
5	<i>Capital transfers</i>	0.00	0.00	0.00	0.02	0.00	0.00
6	Total capital expenditure (4+5)	0.00	0.00	0.06	0.21	0.19	0.19
	Other costs financed by RRF loans						
7	Reduction in tax revenue						
8	Other costs with impact on revenue						
9	Financial transactions						

Source: Eurostat (2. 4. 2026); MoF.