



GOVERNMENT OF THE REPUBLIC OF SLOVENIA

Draft Budgetary Plan of the General Government 2026

October 2025

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1 INTRODUCTION

2025 is the first year of implementation of the reformed fiscal governance framework at EU level, which entered into force in April 2024. Most member states thus submitted their Medium-Term Fiscal-Structural Plans in the autumn of 2024, representing the central element of the new framework. In the Plans countries commit to respecting limits on the growth of net expenditure of the general government for the next 4 years and the plans also include the country's reform and investment commitments. The plans and the net expenditure paths are approved by the EU Council based on the assessment of the European Commission. The Medium-Term Fiscal-Structural Plan of the Republic of Slovenia 2025-2028 (hereinafter referred to as: the MTFSP), approved by the EU Council in January 2025, sets an average yearly growth of net expenditure of 4.5% in the period 2025-2028. Such growth will ensure medium-term debt sustainability and maintaining of the general government deficit below the reference limit of 3% of gross domestic product (hereinafter referred to as: GDP).

Due to the aggravated geopolitical situation, the European Commission called on EU member states in March 2025 to activate the national escape clause in a coordinated manner, which will provide additional fiscal space for increasing defence expenditure until 2028. In the period 2025-2028, the clause will allow countries to exceed the limits of the growth of net expenditure from the medium-term fiscal-structural plan due to additional defence expenditures. An annual deviation of up to 1.5 percent of GDP is allowed, based on the level of defence spending in 2021. Slovenia requested the activation of the national escape clause in April 2025, and the EU Council approved its activation as a package for fifteen Member States in July 2025.

Slovenia remains committed to respecting fiscal rules. The Draft Budgetary Plan of the general government for the year 2026 therefore presents the fiscal strategy for the coming year, based on cash flow of the four public financing budgets, as well as other data, objectives, contents and measures defined in the budget documents for the coming two years, which the government has submitted to the National Assembly. It is also necessary to take into account that 2026 is an election year at both the national and local levels.

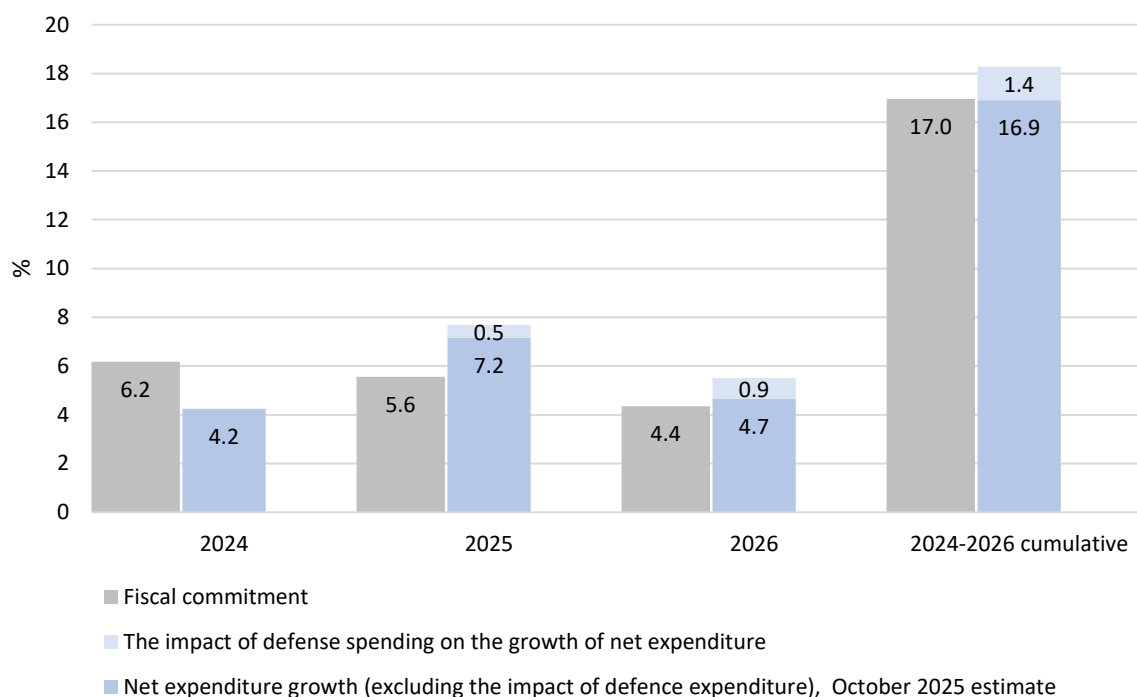
With the Draft Budgetary Plan of the general government, we estimate that, by taking into account the national escape clause, we will achieve a balanced control account in 2026. This means that the growth of net expenditure is within the limits of allowed deviations from the permitted growth outlined in the MTFSP. Fiscal and economic policy measures in the coming year will focus on maintaining a high level of investment and investing in defence, security and resilience, health, knowledge, ensuring reliable and accessible energy supply, road and rail infrastructure, enabling adequate and affordable housing, and accelerating the transition to a high-productivity economy. Reconstruction after the 2023 floods will also continue. Priority areas also include the implementation of reforms and investments within the framework of the Recovery and Resilience Facility and the acceleration of investment activity under the European Cohesion Policy Programme 2021-27.

2 INFORMATION ON RESPECT OF THE FISCAL COMMITMENT

According to the MTFSP, medium-term debt sustainability and maintaining the general government deficit below the 3% GDP reference value should be ensured by 6.2% growth in net expenditure in 2024, 5.6% growth in 2025 and 4.4% growth in 2026, or 17% cumulative growth in the years 2024 to 2026.

Last year, the growth in net expenditures was 4.2%¹, and this year, according to estimates by the Ministry of Finance (hereinafter referred to as: MF) it amounted to 7.7%, and in 2026 to 5.5%, whereby the cumulative growth in this period is expected to exceed the fiscal commitment by 1.4 percentage points (hereinafter: pp.) – Figure 1. With the Draft Budgetary Plan 2026, we estimate that by taking into account the national escape clause for defense expenditures, we meet the requirements of the fiscal rule (more in Box 1). The growth of net expenditures is therefor within the limits of permissible deviations from the fiscal commitments outlined in the Medium-Term Fiscal-Structural Plan of the Republic of Slovenia 2025-2028. The European Commission will assess the state of the control account for the first time as part of the spring package of the European Semester in 2026, based on the actual implementation of the period 2024-2025.

Figure 1: Overview of fiscal commitments



Source: Statistical Office of the Republic of Slovenia (hereinafter referred to as: SORS); MF.

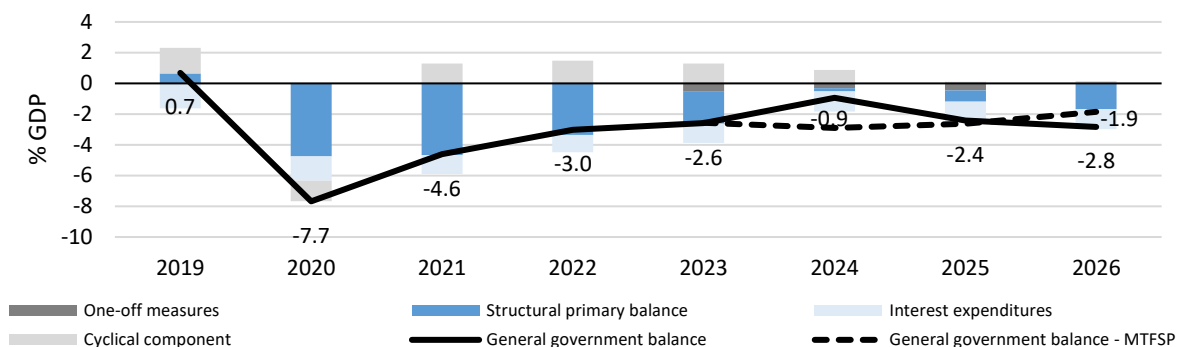
In 2024, the general government deficit amounted to 0.9% of GDP², and this year it is estimated to amount to 2.4% of GDP, 0.5 percentage points of GDP higher than the spring expectations. The increase in the deficit in 2025 reflects, among other things, the public sector wage reform, an increase in investment, healthcare spending, and pensions, which also include a new winter allowance. The deficit in 2025 is also impacted by one-off measures related to floods. In 2026, the deficit is further impacted by increased spending on defence and resilience. If the increase

¹ Taking into account the latest revisions of data for the general government by SORS (25.9.2025), the annual growth of net expenditures in 2024 is 0.3 pp. lower than estimated in the Annual Progress Report 2025.

² Which is lower than planned in the MTFSP (2.9% of GDP).

in defense expenditures were excluded, the deficit in 2026 would be around 2.4% of GDP (Figure 2).

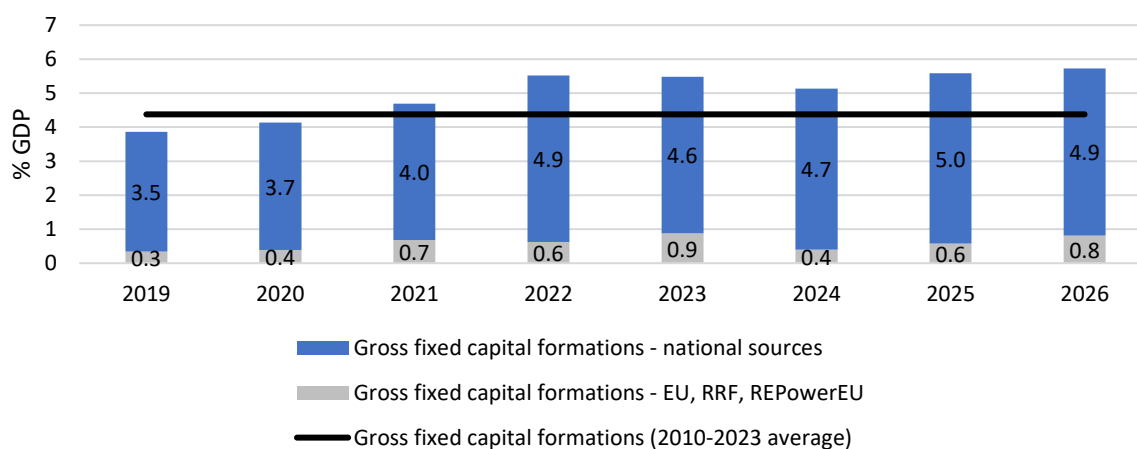
Figure 2: General government balance and its components



Source: SORS; MF.

The share of general government investment in GDP remained at a high level last year (5.1% of GDP) and will exceed the average for the years 2010-2023 by more than a percentage point of GDP, at 5.6% of GDP in 2025 and 5.7% of GDP in 2026 (Figure 3). Last year, investments financed from national sources remained at a high level (4.7% of GDP), which are expected to amount to 5.0% of GDP in 2025 and 4.9% of GDP in 2026. General government investment financed by EU funds is expected to increase to 0.6% of GDP this year and to 0.8% of GDP in 2026. The absorption of EU cohesion policy and the Recovery and Resilience Plan will be accelerated.

Figure 3: General government gross fixed capital formation by source of funding



Source: SORS; MF.

The increase in investments is also contributed by investments by public institutions, municipalities and other units of the general government (Slovenian railways, 2 TDK, etc.). More in Chapter 4.

Development of general government debt

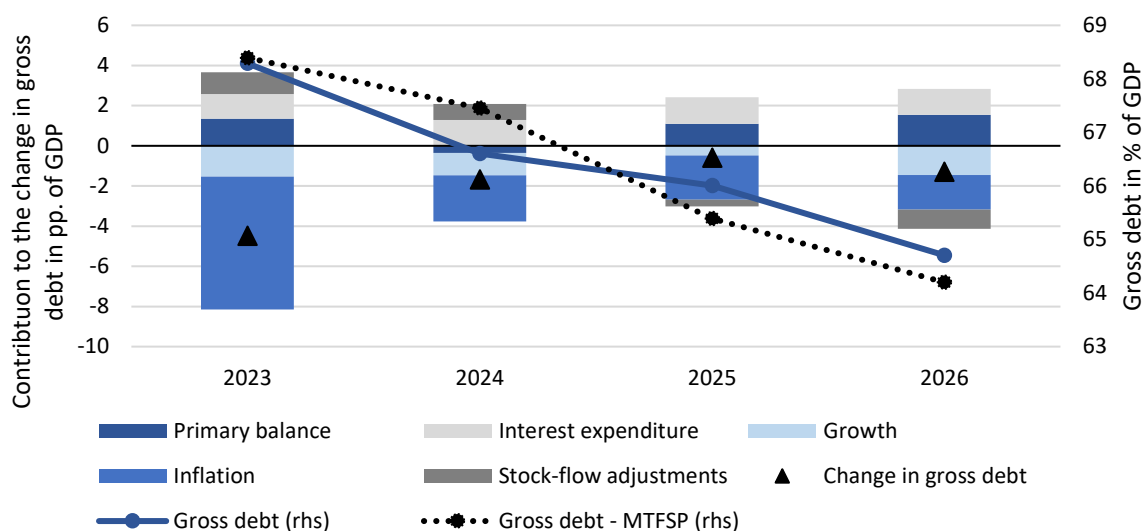
Medium-term debt sustainability of the general government is ensured by the permitted growth of net expenditures (in accordance with the MTFSP).

General government debt is estimated at 66.0% of GDP at the end of 2025. Further debt reduction is planned primarily through nominal GDP growth and the use of existing liquidity reserves of the state budget. The liquidity reserves contributes significantly to the lower share

of net debt of the general government in GDP. If this is taken into account, the debt of the general government will fall significantly below the reference value of 60% of GDP.

Based on the latest forecast of economic trends by IMAD and taking into account the planned nominal level of the general government debt stock for 2026 within the framework of the MTFSP, the debt-to-GDP ratio is estimated at around 65% of GDP by the end of 2026, i.e. the lowest level since 2012 (54.1% of GDP) – Figure 4.

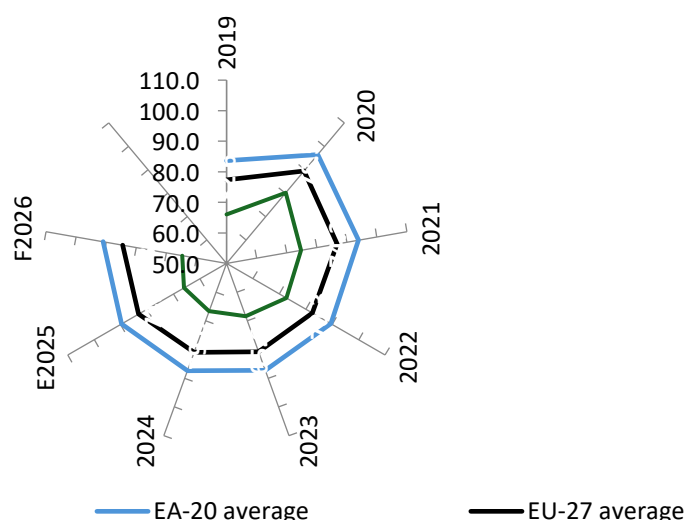
Figure 4: Contributions to the change in gross debt of the general government (in percentage points of GDP)



Source: SORS; MF.

Slovenia's plans to continue to remain a significantly below-average indebted country within the euro area (EA-20) and within the European Union (EU-27) – Figure 5.

Figure 5: General government debt of Slovenia compared to the EA-20 and EU-27 average (in % of GDP)



Source: MF; IMAD; Eurostat; EC Ameco database (2 October 2025).

The credit rating of the Republic of Slovenia is of key importance for its access to financing through debt capital markets. The Republic of Slovenia has a long-term credit rating of high investment grade with S&P (AA, stable outlook) and upper mid-investment grade with Fitch (A+, stable outlook) and Moody's (A3, positive outlook).

Box 1: Defense and fiscal commitments

The fundamental tasks of every state include defence, security, ensuring stability and resilience. This ensures the protection of residents and enables smooth economic development. As a member of NATO and the EU, Slovenia is actively involved in the formulation and implementation of the common defence and security policy. In recent years, the geopolitical situation has changed and intensified, and the international security environment has deteriorated due to new tensions and an increase in the number of threats, leading to the need for changes in the field of defence, modernisation of the military, and greater readiness, stability, and resilience of the defence system. At both the national and European levels, self-sufficiency must also be increased and thus dependence on foreign markets reduced. All of the above, in addition to international commitments, has led to a trend of gradual increases in defence spending. The resolution on the general long-term development and equipment program of the Slovenian Armed Forces until 2040 defines the goal of a gradual increase in defence spending, namely that in 2030 NATO defence spending should represent 3% of GDP, of which at least 20% will be allocated to investments in fixed assets and 2% to research and development. In the field of defence and security, one of the key roles will be played by dual-use, which is the concept that a certain resource, activity, or asset can be used for both military and civilian purposes. Increasing defence spending could have a positive impact on economic activity (see Box 2). Dual-use projects represent an opportunity to increase the scope of defence and security financing at the national level. The projects relate to critical infrastructure, with the largest share being projects in the field of railways and roads. This is followed by projects in the fields of healthcare, telecommunications, aviation and maritime. NATO defence spending, which includes direct military spending and dual-use projects, will amount to around 2% of GDP in 2025 and 2.6% of GDP in 2026.

The activation of the national escape clause (NEC) under the Stability and Growth Pact allows for additional flexibility in defence expenditure and allows for temporary deviations from fiscal commitments. Under the NEC, the increase in defence spending compared to 2021 will be taken into account within the control account³.

COFOG defence expenditure amounted to 1.19% of GDP in 2021, 1.15% of GDP in 2022, 1.23% of GDP in 2023, and is estimated at 1.44% of GDP in 2024. This year, defence expenditures according to the COFOG classification are estimated at 1.41% of GDP - the share is lower mainly due to taking into account advances⁴. For 2026, 1.78% of GDP is planned for defence spending. Compared to 2021 there is 0.22 pp. of GDP more defense spending planned in 2025 and 0.59 pp. of GDP more in 2026.

³ The control account measures annual and cumulative deviations from the path of movement of net expenditures in the MTFSP. During the activation of the NEC, increases in defence spending will be taken into account as a mitigating circumstance. The control account does not take into account the NATO nomenclature, but the Classification of Functions of Government (COFOG). There are discrepancies between the two due to two fundamental differences between the classifications: the first is in the time of recording of expenses, which arises from the fact that NATO is based on cash flow, while COFOG is based on accounting flow, and the second difference is in the scope, i.e. in the categories covered by each classification or its groups. Although differences occur in the calculations between the two classifications, these should not be systematic. In some years, the values according to NATO classification are higher, reflecting prepayments for military equipment (cash flow), while in other years, the values according to COFOG are higher due to the supply of equipment (accounting flow).

⁴ Contracts for military equipment may be signed during the NEC activation period, but the delivery of the equipment may take place later, which may have an impact on public finances on an accrual-flow basis only later. Subsequent delivery after the four-year NEC period will be taken into account for the additional flexibility in the deviation from fiscal commitments, provided that the contracts were signed during the NEC activation period and are within the reference limit of 1.5% of GDP in 2021. See EC (2025). Communication from the Commission. Accommodating increased defence expenditure within the Stability and Growth Pact.

3 MACROECONOMIC DEVELOPMENTS

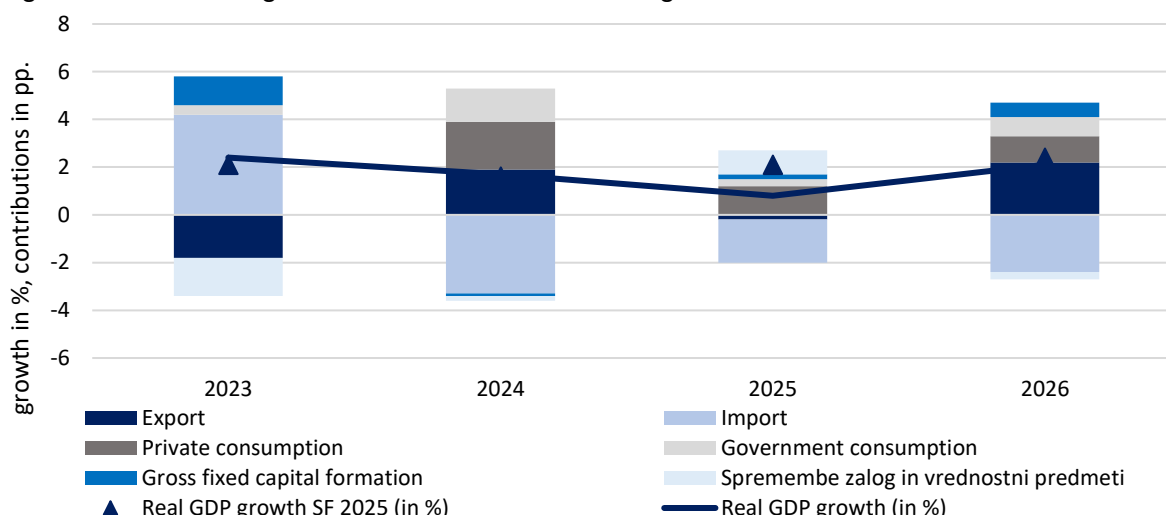
Real growth in economic activity in the euro area strengthened to 0.9% last year, from 0.4% in 2023. In the first and second quarters of this year, the euro area GDP increased by 1.6 and 1.5 percent year-on-year, respectively. This means that economic activity in the first half of this year exceeded the spring expectations of international institutions, which is a result of faster export growth ahead of the expected increase in tariffs and investments. Office of the Republic of Slovenia for Macroeconomic Analysis and Development (hereinafter referred to as: IMAD) in the Autumn Forecast of Economic Trends 2025 (hereinafter: AF 2025) expects 1.2% growth for the euro area in 2025 and 1.3% in 2026, which is 0.4 and 0.2 pp higher compared to the spring expectations.

In the past two years, Slovenia has recorded higher economic growth than the euro area average. After 2.4% growth in 2023, Slovenia's real GDP growth already dropped to 1.7% last year. IMAD expects growth to slow to 0.8% in 2025 in the AF 2025, which is lower than the spring expectations (2.1%) – Figure 6. The key reason for the lower forecasted growth is the 0.2% decline in activity in the export sector, as a result of Slovenia's strong exposure to problems in European industry. With a 2.4% increase in imports, the contribution of the foreign trade balance will be negative this year (2.0 percentage points). Economic growth this year will also rely on private consumption, the growth of which will be slower (2.2%) than last year (3.8%). It will be supported by a relatively high level of employment and accelerated wage growth, but will be constrained by price pressures, reduced consumer optimism and their propensity to save, which remains at relatively high levels. Government consumption growth will also be more moderate this year (1.6%) than last year (7.3%)⁵ and also lower than IMAD's spring expectations (2.7%). After last year's stagnation, IMAD expects weak growth in gross fixed capital formation this year (0.8%). Non-residential and infrastructure investments will increase in particular, as will investments in manufacturing.

In 2026, economic growth is expected to strengthen to 2.1%. Exports, which will increase by 2.8%, will be the main driver of growth. The growth in merchandise exports will primarily stem from the completion of investments in a new pharmaceutical plant and the launch of production of a new passenger vehicle. As European production recovers, exports of intermediate goods will also increase. Since imports (3.1%) will increase more than exports, the contribution of the trade balance will remain slightly negative (0.2 percentage points). Private consumption growth will remain at 2.2%, while strengthening government consumption growth (3.8%) will be a result of the full implementation of the Long-Term Care Act. Growth in gross fixed capital formation will also strengthen (3.0%). With the growth of activity in the international environment, IMAD expects further growth in investment in export activities and investment in construction facilities, where in addition to infrastructure investments, housing investments will also increase.

⁵ Last year's high growth in government consumption stemmed, among other things, from the methodological impact of the transformation of supplementary health insurance into a mandatory health contribution.

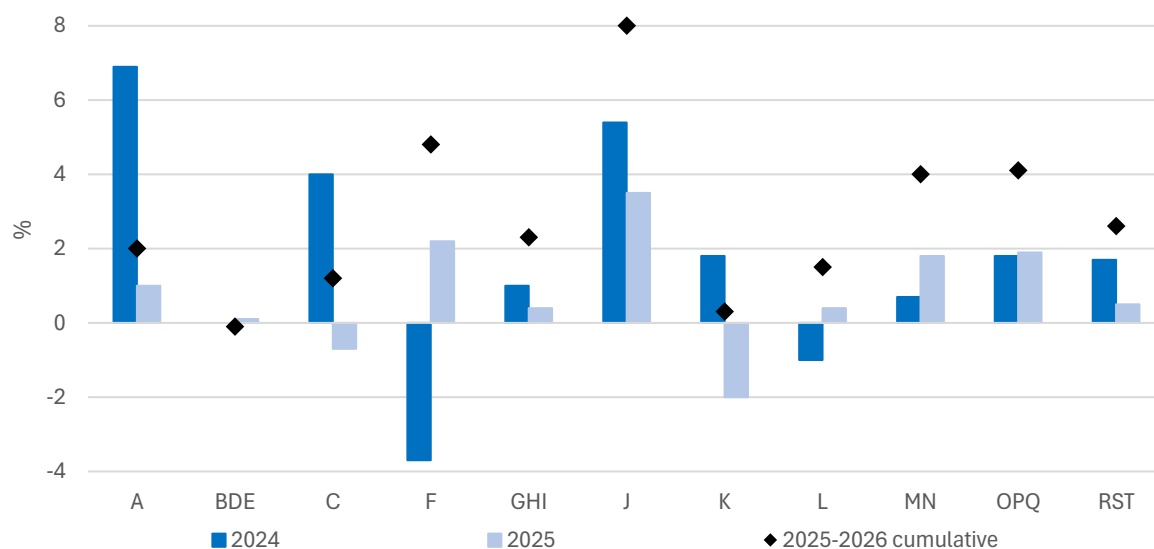
Figure 6: Real GDP growth and contributions to its growth in the AF 2025



Source: SORS; IMAD Spring Forecast of Economic trends (hereinafter: SF 2025); IMAD AF 2025.

Real value added growth slowed to 1.7% last year from 2.5% in 2023, with higher growth in activities⁶ A, C, GHI, K, OPQ and RST and lower in BDE, F, J, L and MN. While the highest growth in 2024 was recorded in A (6.9%) and J (5.4%), there was a decline in F (3.7%) and L (1%). IMAD estimates that the growth of total value added will decrease again this year, to 0.8%, but the forecast for next year is more encouraging (2.1%). According to forecasts, cumulative growth in the period 2025–2026 will be highest in activities J (8.0%), F (4.8%) and OPQ (4.1%), with the only contraction expected in activities BDE (0.1%) – Figure 7.

Figure 7: Real growth of value added by NACE activities

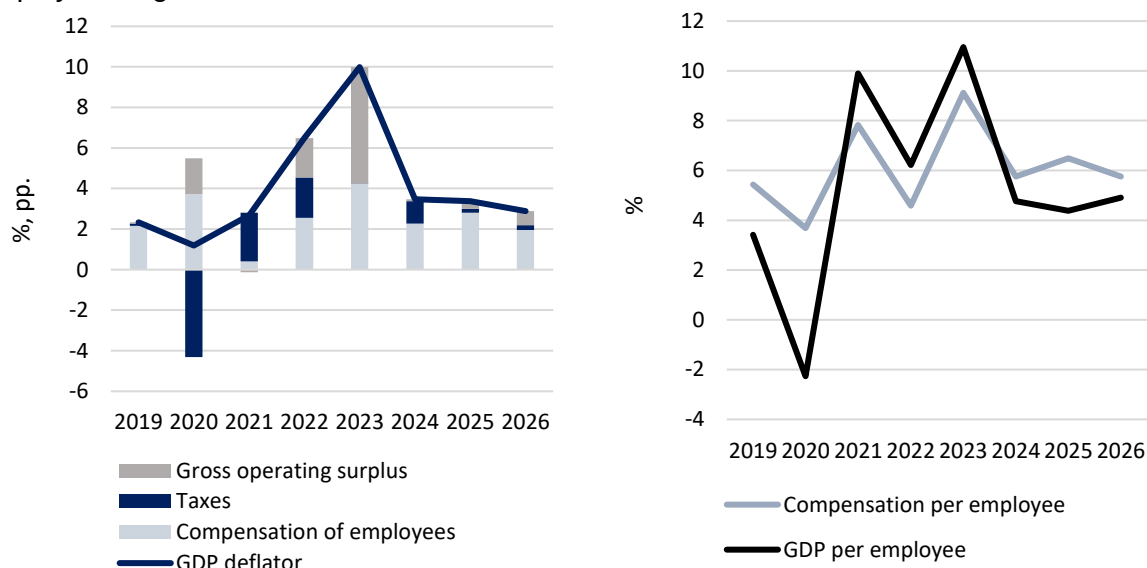


Source: SORS, IMAD AF 2025; calculations by the MF.

⁶ A = Agriculture, forestry and fishing; BCDE = Mining and quarrying, manufacturing, electricity and water supply, waste management; 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.

After the decrease in inflation in 2023 in Slovenia resulted primarily from a decrease in foreign price pressures (the import deflator decreased from 118.3 in 2022 to 98.0 in 2023), domestic price pressures also decreased last year. The largest contributor to last year's 6.5 pp. decrease in the GDP deflator was the decrease in the contribution of gross operating surplus per unit of output (Figure 8 – left). Compared to 2023, the (otherwise positive) contribution of unit labour cost growth also shrank last year but will strengthen again in 2025 and will also represent the main driver of GDP deflator growth in 2026. Nominal compensation of employees per employee will increase by 6.5% this year and by 5.8% next year, exceeding GDP growth per employee by 2.1 pp. and 0.9 pp., respectively (Figure 8 – right). The average gross salary per employee will increase by 7.5% nominally in 2025, and by 4.9% in real terms. Due to the wage reform, there will be a particularly high growth in the average gross wage in the public sector this year (10% nominally or 7.3% in real terms), which will settle to 5.9% (nominally) or 3.5% (in real terms) next year.

Figure 8: GDP deflator growth (%) and its contributions (expressed in real GDP, in percentage points) – left and nominal⁷ growth in compensation of employees per employee and GDP per employee – right

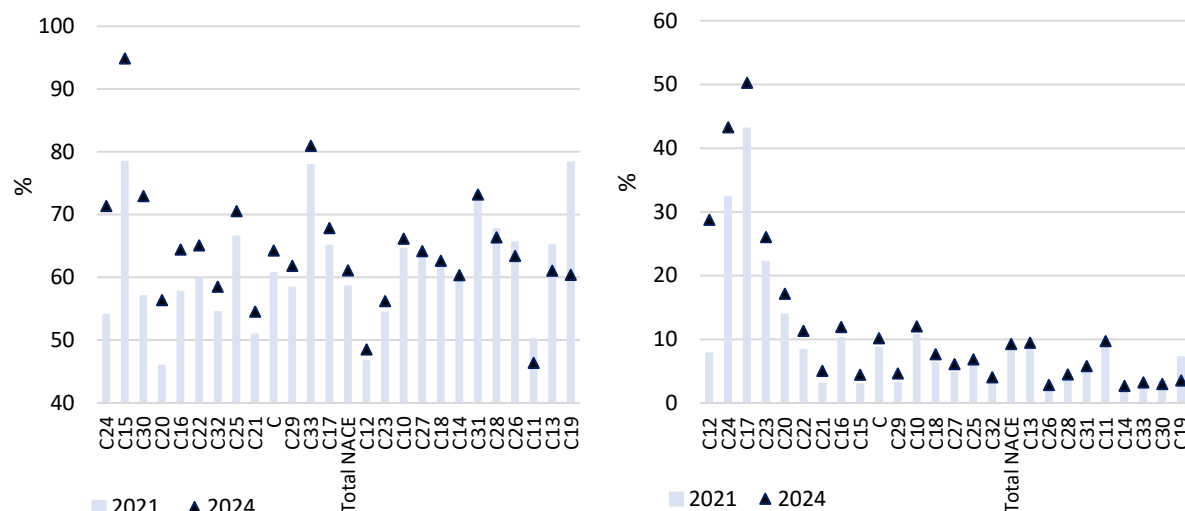


Source: IMAD AF 2025; calculations by the MF.

Labour costs in Slovenian companies increased by 6% last year, which is 2 percentage points more than the increase in their value added. This means that the share of labour costs expressed in value added increased to 61% last year, from 60% in 2023, exceeding its value from 2021 by 2 pp. In Manufacturing (C), the aforementioned ratio amounted to 64% in 2024, exceeding its level from 2021 by 3 pp. In NACE divisions, where the aforementioned ratio remained at an elevated level, energy costs expressed in value added were also still higher last year than in 2021 (Figure 9).

⁷ Since the relationship between wage and productivity movements can be affected by the use of different deflators, we compare nominal indicators.

Figure 9: The ratio between labour costs and value added (left) and energy costs and value added (right) in Slovenian companies in Manufacturing



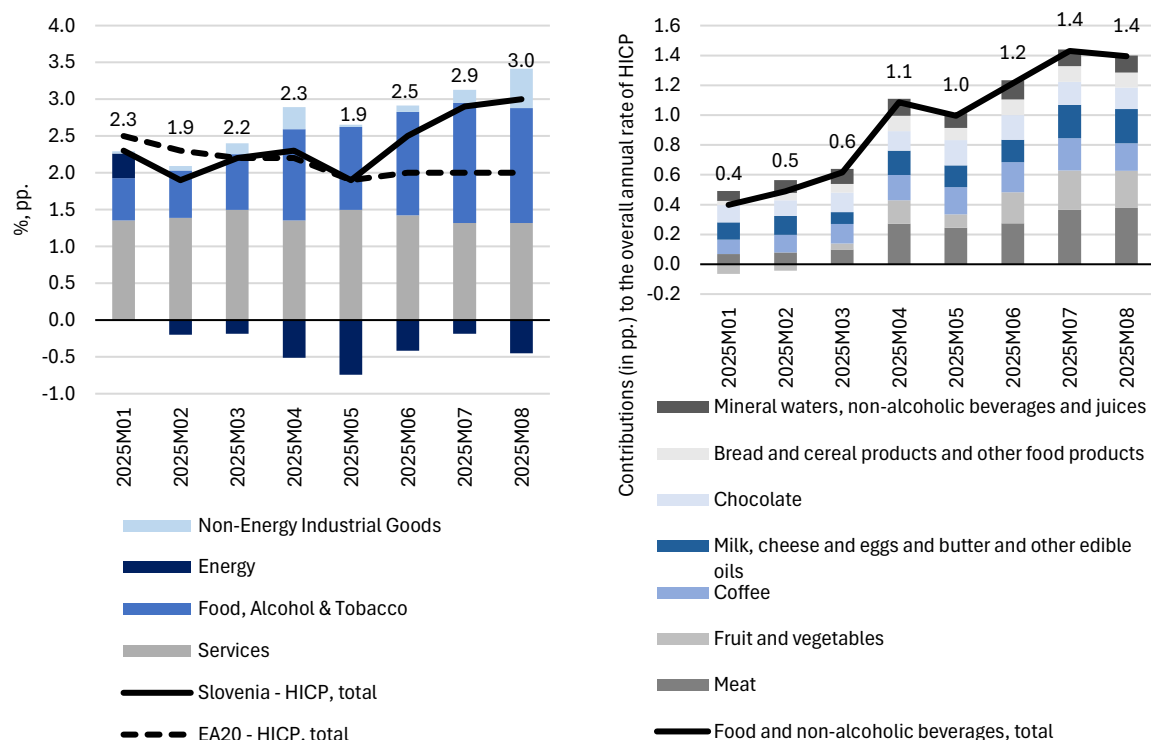
Source: AJPES, calculations by the MF.

IMAD expects in the AF 2025 that the average rate of inflation (measured by the CPI) will be 2.5% this year, which is 0.5 pp. higher than in the previous year and also slightly higher than expected in the spring.

Inflation (measured by HICP) has stabilised in the euro area in recent months at close to 2%, while in Slovenia it strengthened and stood at 3% in August. The gap is mainly due to the higher contribution from food and non-alcoholic beverages in Slovenia, which has been increasing since March, mitigated by the still negative contribution of energy (Figure 10 – left). In the food and non-alcoholic beverages group, the largest positive contribution is currently made in the group of meats (Figure 10 – right), which were 11.1% more expensive year-on-year in August. The year-on-year price increases in coffee (28.5%), chocolate (19.2%), other edible oils (16.1%), butter (15.3%) and fresh fruit (12.8%) contributed more significantly to overall inflation as well. The contribution of higher year-on-year service prices in Slovenia (as well as in the euro area) remains one of the main factors of inflation, albeit with the year-on-year growth of service prices in Slovenia slowing slightly in August and July (to 3.7%) compared to June (4.0%).

In 2026, inflation is expected to decline to an average annual rate of 2.4%, mainly due to a more moderate increase in food prices, while the growth in service prices will continue to slightly exceed the growth in consumer prices.

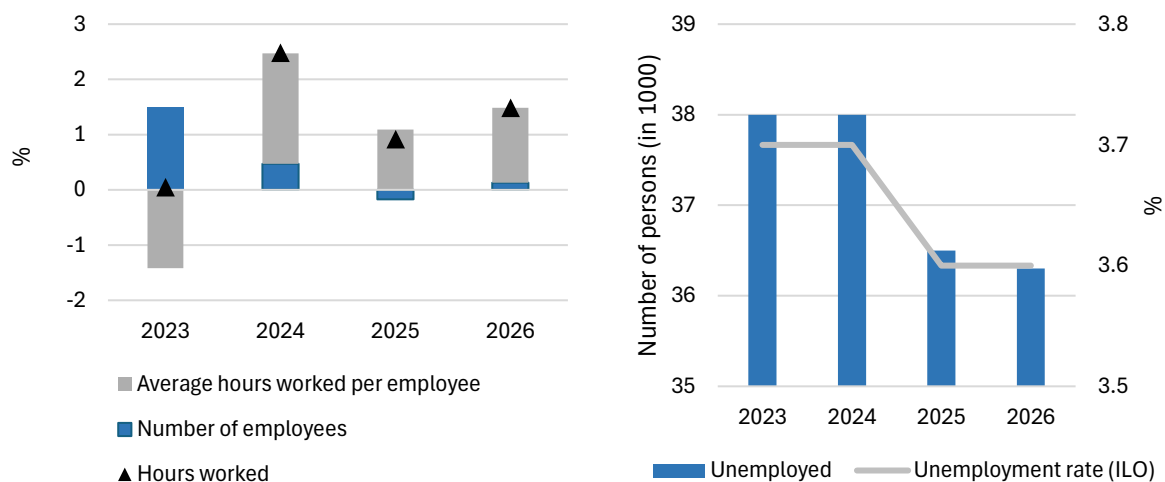
Figure 10: Year-on-year change in the HICP (in %) and contributions (in percentage points) in Slovenia and the euro area – left and a more detailed overview of the contributions of food and non-alcoholic beverages – right



Source: SORS; Eurostat; calculations by the MF; IMAD AF 2025.

The number of employees, which remains at a high level, is expected to decrease by 0.2% in 2025 and stagnate next year. A large share of new employment will continue to come from the employment of foreign citizens. With lower growth in the average number of hours worked per employee, growth in the total number of hours worked will also slow down this year and next (Figure 11 - left). The unemployment rate is expected to fall to 3.6% this year and remain at historically low levels next year as well (Figure 11 - right).

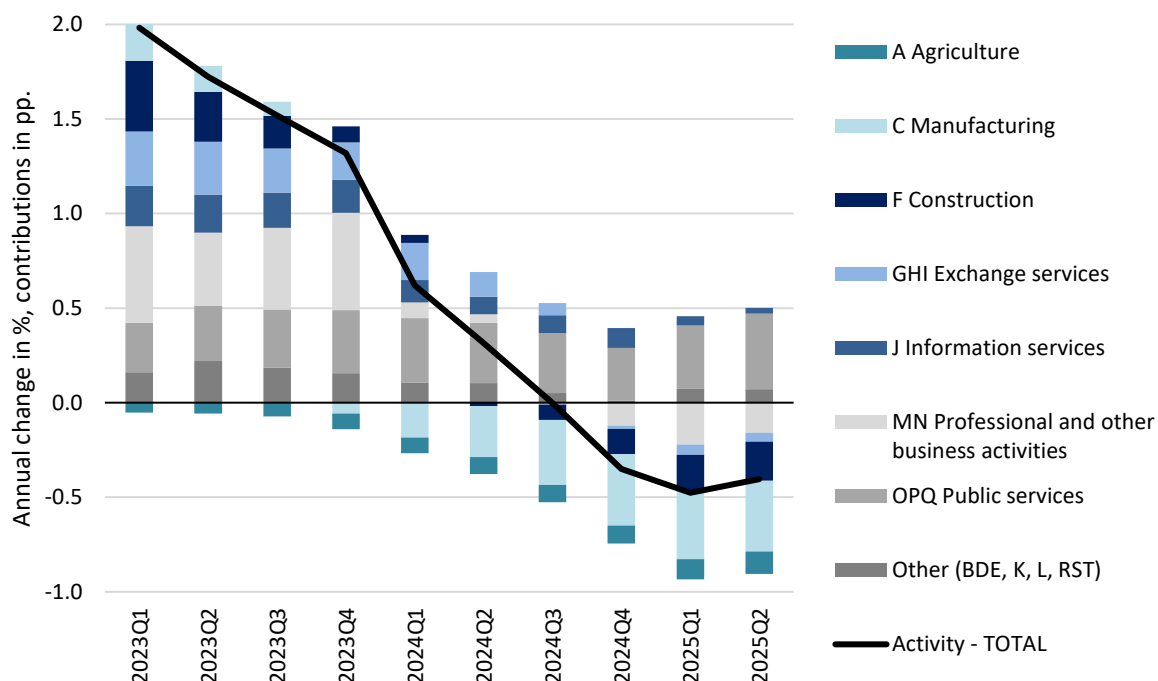
Figure 11: Growth in the total and average number of hours worked per employee and growth in the number of employees – left and the number of unemployed and the unemployment rate – right



Source: IMAD AF 2025; calculations by the MF.

In the second quarter of 2025, the number of employees decreased year-on-year in most NACE activities, most notably in Construction (F – by 2.6%), Agriculture, hunting, forestry, fishing (A – by 1.9%) and Manufacturing (C – by 1.9%). On the other hand, the number of employees in the Public administration and defence, education and health (OPQ) activities, which employ 20% of all employees, increased by 2.1% in the first quarter of this year, mitigating the 0.4% decline in the total number of employees in NACE activities (0.4%) – Figure 12.

Figure 12: Growth in the number of employees (in %) and contributions by NACE activities (in percentage points)

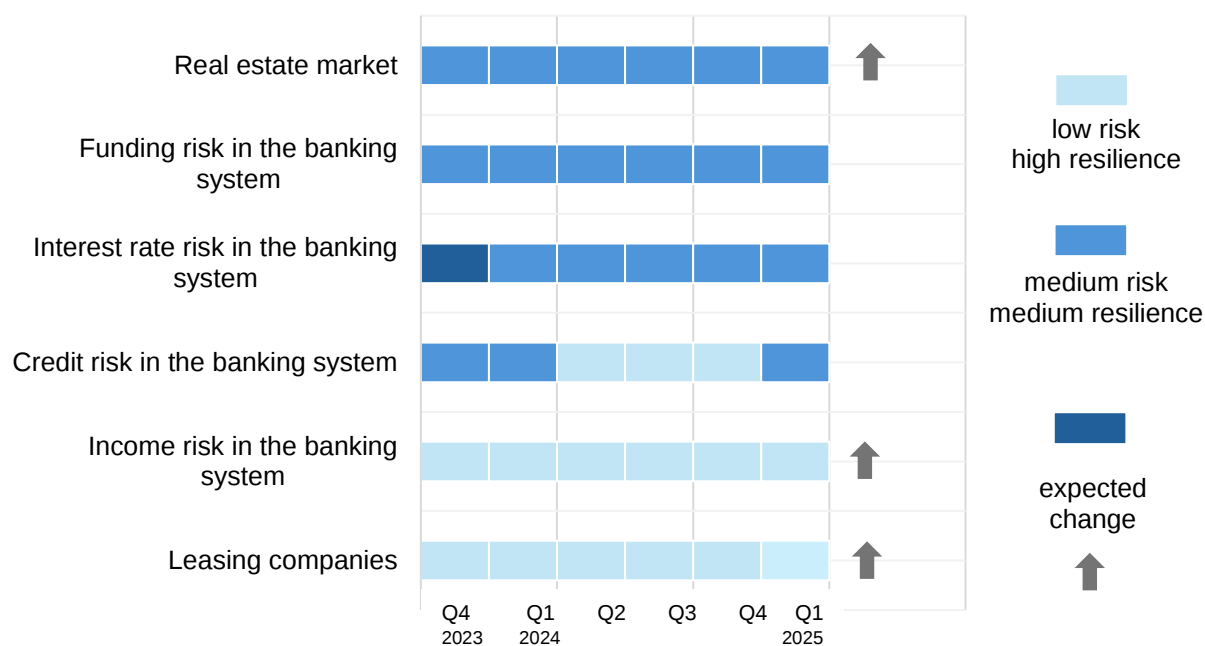


Source: SORS; calculations by the MF.

The overall level of risks to financial stability increased slightly in the first quarter of this year. Nevertheless, systemic risks remained in the range between low and moderate levels (Figure 13). Among individual risk categories, the deterioration was observed in credit risk, which increased from low to moderate compared to the previous quarter. Although an increased tendency towards risks for future periods is observed in the real estate market, leasing companies and in the income risk segment, the banking system maintains resilience and an adequate capital level, which is also confirmed by the results of macro stress tests⁸ for the period 2025-2027.

⁸ The data for the assessment in the stress tests are from the end of 2024 and are based on the Bank of Slovenia's forecast of macroeconomic developments from December 2024. See Bank of Slovenia (August 2025). Stress tests: the Slovenian banking system remains stable and resilient to potential environmental shocks. Available at: <https://www.bsi.si/sl/mediji/objave/stresni-testi-slovenski-bancni-sistem-ostaja-stabilen-in-odporen-na-morebitne-soke-iz-okolja-2>

Figure 13: A depiction of changing systemic risks for the Slovenian financial system



Source: Bank of Slovenia (April 2025). Financial stability review.

The implementation of the IMAD AF 2025 is accompanied by significant, mostly negative risks, stemming primarily from the external environment. They are associated with the possible escalation of trade tensions, increased uncertainty in the international environment, and escalation of geopolitical frictions. Negative risks in the domestic environment are primarily related to the implementation of investment projects and the growth of labour costs. There are also positive risks to economic growth arising from the potential positive effects of increased domestic and foreign defence spending, more successful attraction of a highly educated workforce, and the positive effects of absorbing EU funds together with reform measures.

Box 2: Macroeconomic effects of the transition to a higher level of defence spending

Following the example of the European Commission⁹ we assessed the possible macroeconomic effects of additional defence spending for Slovenia with the Slovenian version of the QUEST III R&D model.¹⁰ We simulated a gradual increase in defence spending, as envisaged by the new defence resolution. We included three scenarios in the analysis, which differ in terms of the assumed share of government investment and current consumption in the increase in defence spending, as well as Slovenia's import dependence. Scenario 1 assumes that 20% of the annual increase in defence spending will be allocated to productive public investment¹¹, and Scenario 2, due to dual use, the share of investments will be 45%. In both scenarios, we assume a 20% import share of current defence consumption and an 80% import share of defence investment. Since the goal of the newly established state defence company is to reduce Slovenia's import dependence, in illustrative

⁹ European Commission, (2025). European Economic Forecast, Spring 2025. EC. Obtained from [Spring 2025 Economic Forecast: Moderate growth amid global economic uncertainty - European Commission](#).

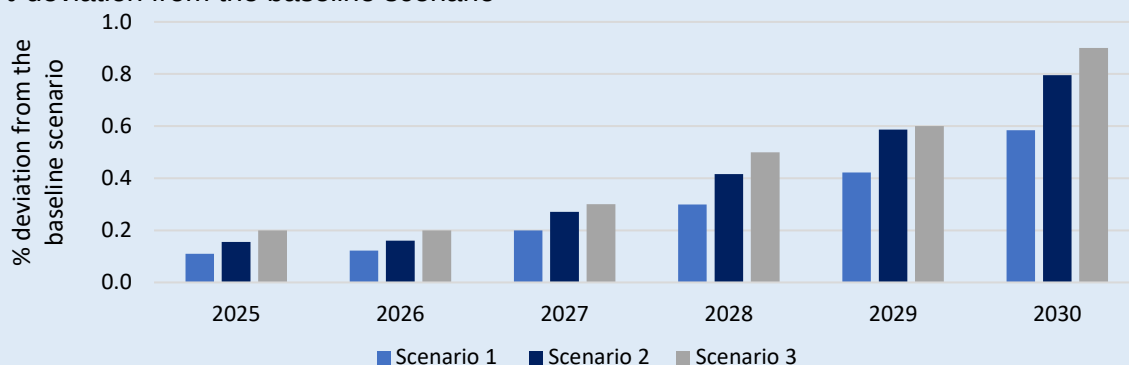
¹⁰ A detailed description of the model and its calibration procedure is available in Roeger et al. (2008).

¹¹ We assume an output elasticity with respect to public capital of 0.12, which is consistent with the average estimate from the analysis by Bom and Ligthart (2014), which is often used in the calibration of DSGE models. When conducting simulations, we also used other assumptions in the model, including the fiscal rule for ensuring the long-term sustainability of public finances and the Taylor rule for conducting monetary policy. In addition, the fiscal rule is excluded until 2030, which means that the increase in defence spending is not linked to other fiscal adjustments and as a result reflects the pure macroeconomic effect of the increase in public spending.

Scenario 3 we show the macroeconomic effects of Scenario 2 assuming import shares reduced by half.

Model estimations¹² show that the level of Slovenian GDP in 2030 could be approximately 0.6% higher in Scenario 1 compared to the baseline scenario¹³, in Scenario 2 this effect would increase to 0.8%, and in Scenario 3 to 0.9% (Figure 14).

Figure 14: Effect of additional government defence spending on the level of Slovenian GDP, % deviation from the baseline scenario



Source: European Commission QUEST III R&D model (version 2025).

POSITION IN THE CYCLE AND POTENTIAL GROWTH

According to the estimates of the MF based on the AF 2025, the Slovenian economy reached a cyclical peak in 2022, when the output gap reached 3.1% of potential GDP (Figure 15 - left). After decreasing to 1.9% in 2024, the output gap is expected to decrease to 0.2% and 0.3% in 2026 due to significantly lower real economic growth this year compared to potential growth.¹⁴

Gap between actual and natural unemployment rate¹⁵ will remain close to -2% in the forecast period (Figure 15 - left). Despite the economic slowdown in recent years, the actual unemployment rate has not changed significantly and will decrease slightly in the forecast period, which is mainly related to demographic changes that are gradually increasing the transition from unemployment to inactivity or retirement.¹⁶

The economic sentiment indicator approached its long-term average in August 2025 (Figure 15 - right). The consumer confidence and manufacturing confidence indicators have improved, although (especially the latter) they remain below their long-term average. The confidence

¹² Estimates focus only on specific channels and are based on simplified assumptions.

¹³ The model parameters, which indicate the baseline scenario without measures, are calibrated based on national accounts, fiscal and other macroeconomic data. The behavioral parameters that determine dynamic adaptation to shocks are based on estimates from the QUEST model.

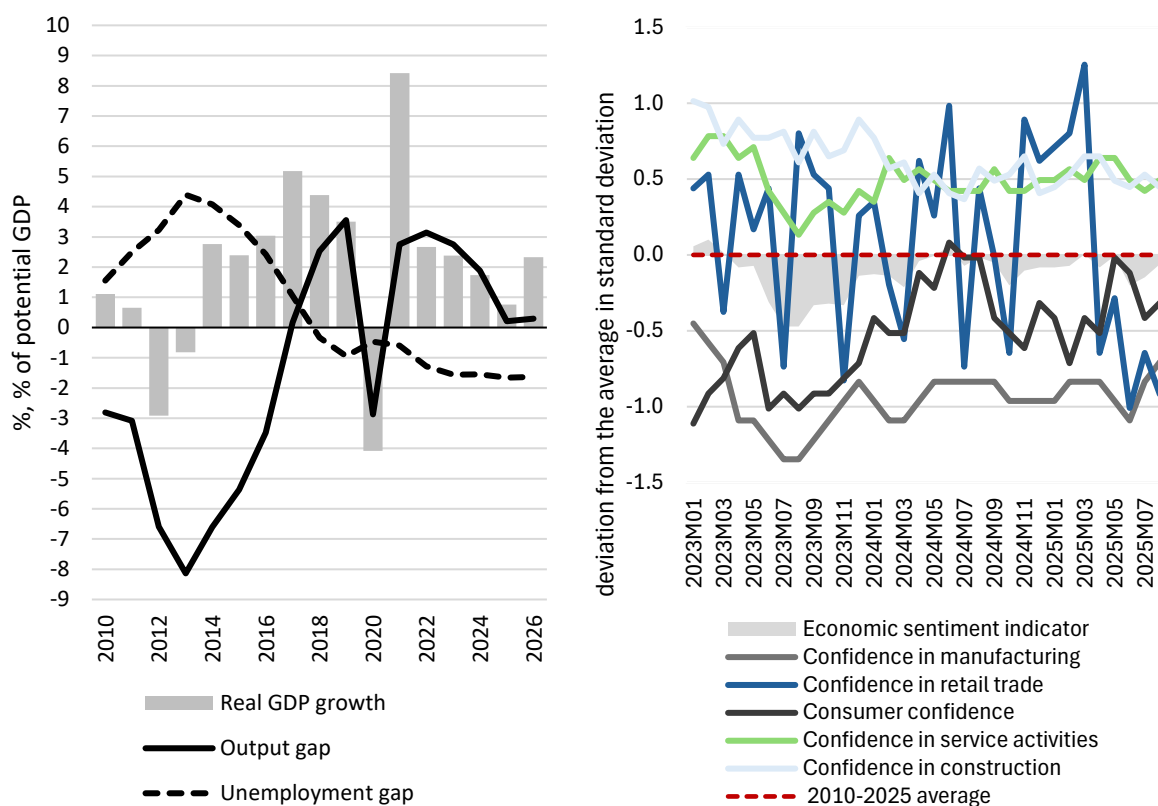
¹⁴ According to the EC's definition, an economy is in a normal period of the business cycle when the estimated output gap is between -1.5% and 1.5% of potential GDP. See European Commission (2019). Vade Mecum on Stability and Growth Pact: 2019 Edition. Institutional Paper 101. April. European Commission. Available at: https://ec.europa.eu/info/sites/default/files/economy-finance/ip101_en.pdf

¹⁵ A positive unemployment gap value means that the actual unemployment rate is higher than the natural rate, which is generally the case during a period of negative output gap. A negative unemployment gap indicates tight labour market conditions and the possibility of the economy overheating (additional inflationary pressures), which is generally correlated with a positive output gap. However, there may be deviations due to the presence of 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>

¹⁶ IMAD AF 2025.

indicator in construction and services has remained above its long-term average throughout this year, while confidence in retail trade has declined significantly since March 2025.

Figure 15: Real GDP growth (in %) and output gap (in % of potential GDP) and unemployment gap – left and the economic sentiment indicator – right

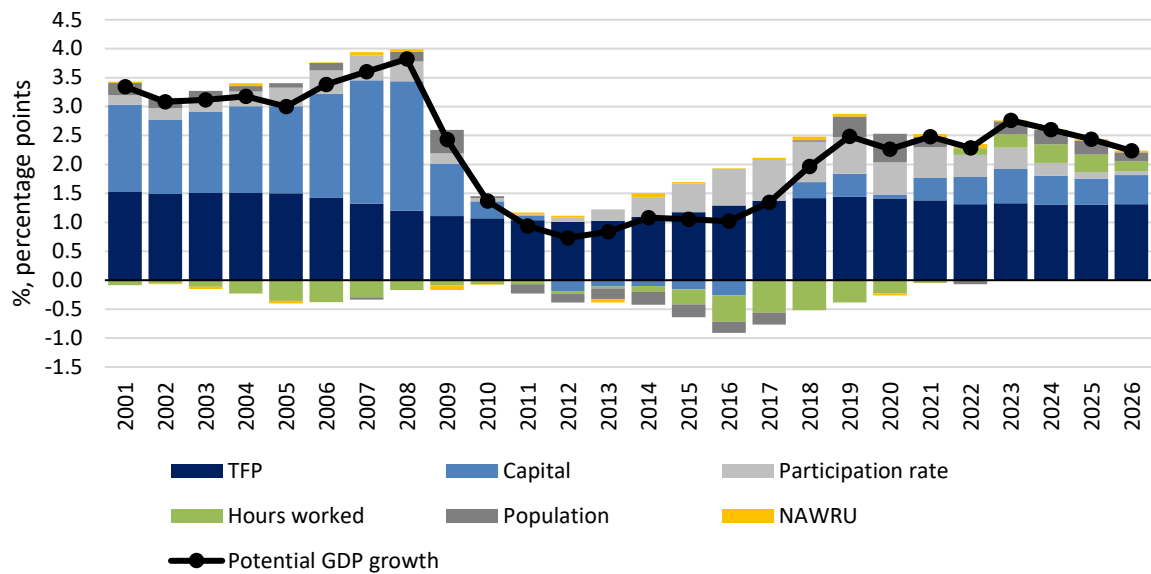


Source: SORS; calculations by the MF; IMAD AF 2025.

Potential GDP growth (Figure 16) reached 2.6% in 2024, and is expected to decline slightly to 2.4% in 2025. Total factor productivity will continue to contribute most to the growth of Slovenia's potential GDP (1.3 pp. in 2025, which is also close to the long-term average). The contribution of labour will decrease slightly to 0.7 pp. in 2025 (from 0.8 pp. in 2024) due to a lower contribution from the participation rate and to 0.4 pp. in 2026 due to a lower contribution from all labour components (except for the NAWRU contribution, which remains similar). The contribution of capital in 2025 and 2026 will amount to 0.5 pp. and will be similar to the previous three years.¹⁷

¹⁷ The average contribution of capital in the period 2009-2019 was 0.1 pp., and in the period before the financial crisis (2000-2008) it was 1.7 pp.

Figure 16: Potential GDP growth (in %) and contributions to potential growth (in pp.)



Source: SORS; calculations by the MF; IMAD AF 2025.

4 BUDGETARY PROJECTIONS OF THE GENERAL GOVERNMENT

The general government deficit is estimated at 2.4% of GDP in 2025 and 2.8% of GDP in 2026. If the increase in defence spending is excluded, the deficit in 2026 would be around 2.4% of GDP. In addition to defence, priority investments will be directed towards knowledge, research, social protection, the labour market, and competitiveness. Revenues are positively affected by the contribution for long-term care, which will be fully implemented in 2026.

GENERAL GOVERNMENT REVENUE

Favorable labour market conditions will continue to be reflected in the growth of general government revenue in 2025, and discretionary revenue measures will also contribute to growth.

General government revenue will amount to EUR 32.5 billion in 2025, which is 6.0% or EUR 1.8 billion more than in 2024. The growth this year will be mainly contributed by higher tax revenues, which is, among other things, a consequence of the Reconstruction, Development and Provision of Financial Resources Act - ZORZFS, as well as higher projected corporate profits, and favorable trends in social contributions. In 2025, on the tax revenue side, the largest contribution to growth will be higher revenues from taxes on income and wealth, which will increase by 2.2% or around EUR 130 million. Personal income tax revenues will increase by EUR 175 million or 4.9% in 2025, while corporate income tax revenues will be slightly lower, by EUR 55 million or 3.1%, mainly due to the high tax base in 2024. The growth in revenue from taxes on production and imports will amount to 4.4% or just over EUR 380 million. This growth will be mainly contributed by higher revenue from value added tax (by EUR 241 million or 4.5%). Revenues from excise duties will decrease nominally by just under EUR 4 million or 0.2% in 2025, mainly due to lower revenues from excise duties on mineral oils and gas, while revenues from excise duties on tobacco and alcohol will be slightly higher. Revenues from other taxes on production will be higher by just under EUR 40 million or 4.7%. Revenues from social contributions will be higher by just under EUR 1.1 billion or 9.1% in 2025, which is mainly a result of the introduction of a mandatory social contribution for long-term care, which is partly paid by employers (1% of gross salary) and partly by employees (1% of gross salary). The contribution was first calculated for July 2025. Among other revenue categories, revenue from capital transfers will grow noticeably in 2025 (by 164% or EUR 164 million), mainly due to higher revenue from the Recovery and Resilience Fund and from structural funds.

In 2026, the growth of general government revenue will slow down slightly and will amount to 5.1%. Revenues will therefore amount to EUR 34.2 billion, which is 1.7 billion more than the year before. Personal income tax revenues will be higher by just under EUR 190 million or 5.0%, and corporate income tax revenues by just over EUR 120 million or 6.9%. Revenues from taxes on production and imports will be higher by EUR 305 million or 3.4%, while the growth in revenue from value added tax will amount to 5% or EUR 280 million. Revenues from excise duties will decrease slightly (by 1% or EUR 18 million), mainly due to excise duties on mineral oils and gas. The growth in revenue from social contributions will amount to EUR 1,262 million or 10%, which will still be a result of high employment, but especially the introduction of a long-term care contribution, which will be calculated for the entire year for the first time in 2026 and will amount to just over EUR 650 million. Among other revenue categories, revenue from capital transfers will increase in 2026, by EUR 17 million or 2.2%. Growth will be primarily associated with higher revenues from EU funds from the 2021-2027 multiannual financial framework. Property income will decrease by just under EUR 145 million or 15.1% in 2026, due to lower interest income and slightly lower income from distributed profits of companies compared to the previous year, although the level remains high, according to the SSH forecast.

Table 1: General government revenue¹⁸

			2024	2024	2025	2026
	Revenue	ESA Code	bn EUR	% GDP	% GDP	% GDP
1	Taxes on production and imports	D.2	8.7	12.9	12.9	12.7
2	Current taxes on income, wealth, etc	D.5	5.7	8.4	8.3	8.3
3	Social contributions	D.61	11.6	17.2	18.0	18.8
4	Other current revenue	(P.11+P.12+P.131) + D.39 + D.4 + D.7	4.3	6.5	5.9	5.3
5	Capital taxes	D.91	0.1	0.2	0.2	0.2
6	Other capital revenue	D.92+D.99	0.3	0.4	1.1	1.1
7	Total revenue (= 1+2+3+4+5+6)	TR	30.7	45.5	46.3	46.3
8	Of which: Transfers from the EU (accrued revenue, not cash)	D.7EU+D.9EU	0.6	0.9	1.0	1.3
9	Total revenue other than transfers from the EU (= 7-8)		30.1	44.6	45.3	45.1
10	p.m. Revenue measures (increments, excluding EU funded measures)		0.7	1.0	0.5	0.4
11	p.m. One-off revenue included in the projections (levels, excluding EU funded measures)					

Source: SORS; MF.

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 income tax scale and reliefs was adopted, which had a positive impact on public finances, and in 2025, 100% indexation in line with wage growth was introduced. For 2026, it is planned to harmonise the personal income tax scale and reliefs in the amount of 50 percent of wage growth, but a concrete decision on the amount will only be made after coordination with 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

¹⁸ The Manual for Preparing General Government Revenue Projections (2019) describes the procedures and methods used by the Ministry of Finance in budget planning. Available at: <https://www.gov.si/assets/ministrstva/MF/ekonomska-in-fiskalna-politika/Blagajne-JF/Prirocnik-za-napovedovanje-prihodkov-2019.pdf>.

1 June 2025, excise duties on tobacco products have increased again, which will bring an additional inflow of around EUR 8 million annually.

In the package of tax changes adopted by the government in August 2024, the value added tax rate on sugary drinks and energy drinks was increased (from 9.5 to 22%). As a result of this measure, we estimated an additional EUR 12 million in revenue in 2025. As of 1 June 2025, excise duties on alcohol and alcoholic beverages increased by 7%, which is expected to generate around EUR 8 million annually.

The long-term care contribution was introduced in the second half of 2025, providing a source of funding estimated at EUR 255 million in 2025. In the coming years, the inflows from this source will increase, as they will apply for the entire year. An inflow of EUR 653 million is estimated for 2026. Due to the introduction of the contribution, the loss of income tax revenue is estimated to be EUR 25 million in 2025 and an additional EUR 65 million in 2026.

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.

Table 2 shows the impact of discretionary revenue measures for 2024, 2025 and 2026. The total impact of the discretionary revenue measures is estimated at 1.0% of GDP in 2024.¹⁹, 0.5% of GDP in 2025 and 0.4% in 2026.

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

	Title/description of measure	One-off	Exp / Rev		2024	2025	2026
				ESA Code	% GDP	% GDP	% 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 pp. (Article 64 ZORZFS) for the period 2024 – 2028 (dedicated revenue of the Reconstruction Fund).	No	Revenue	D.51	0.3	0.0	0.0

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

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.

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 reliefs 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		0.4	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
	TOTAL				1.0	0.5	0.4

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.

Source: Calculations by the MF 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 EXPENDITURE

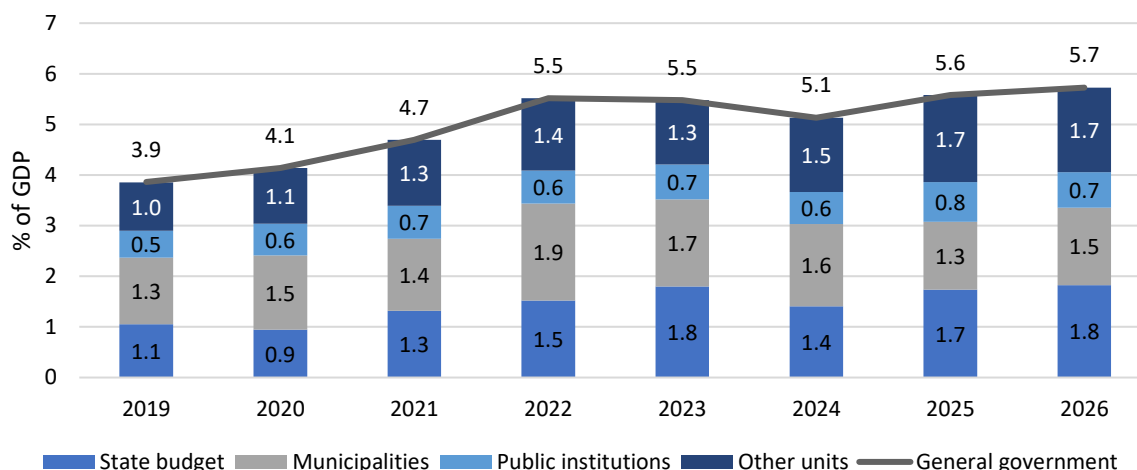
General government expenditure will amount to EUR 34.2 billion in 2025, which is 9.2% more than in 2024. In 2026, however, growth will decrease slightly, to 6%. It is important to point out that expenditure growth would be 5.1% if the projected increase in defence spending were excluded, meaning it would not be greater than revenue growth.

Investments

In 2025, gross fixed capital formation in the general government will increase by 13.3% compared to last year. This is contributed, among other things, by investments in defence and resilience, railway infrastructure, and investments in the maintenance and construction of state roads. Gross fixed capital formation in the general government will amount to 5.6% of GDP in 2025, with investments from public institutions contributing to the increase in addition to investments from the state budget (Figure 17).

In 2026, gross fixed capital formation in the general government will increase by an additional 0.1 pp. of GDP. In 2026, investments in defence and security and transport infrastructure will also contribute the largest share. High investments will also continue in the field of healthcare with investments at the secondary and tertiary levels, and in the field of environmental protection and surrounding 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, large-scale investments will also be carried out by other units (Slovenian railways, 2 TDK, etc.). Total general government investments will amount to 5.7% of GDP in 2026, with state budget investments representing around 32%, or 1.8% of GDP, and municipal investments representing around 27%, or 1.5% of GDP. Just under 41% of general government investment, or 2.4% of GDP, will be represented by investments of other general government units (public institutions, corporations, and other general government units) and other adjustments consistent with the ESA2010 methodology (Figure 17).

Figure 17: Gross fixed capital formation of the general government, by subsectors (in % of GDP)



Source: SORS; MF.

Compensation of employees

Compensation of employees increased by 6.6% in 2024, also as a result of the adjustment of civil servant salaries in June 2024 to 80% of the previous year's inflation. In 2025, an 11.1% growth in compensation of employees is estimated, which is largely a result of the gradual implementation of the public sector wage system reform, which came into effect in January 2025. The reform will be fully implemented over a period of four years. The implementation of the reform and its consequences are regularly monitored. Based on more recent data, the current estimate for 2025 has therefore changed slightly compared to spring 2025. In 2025, 12.1% of GDP is allocated to compensation of employees - the increase in volume compared to 2024, measured in GDP for 2025, equals 1.2% of GDP. Based on estimates from the Ministry of Public Administration, which coordinated the reform, this increase is primarily a result of the reform. The reform introduced, among other things, a new salary scale, classification of jobs into salary grades, a new method of awarding performance, new automatic promotion and the highest possible salary grades, etc. The collective agreement for the public sector determines the lowest possible starting salary grade for each tariff grade. Collective bargaining is still ongoing. Salary pillars have also been introduced, where the narrow state administration is covered by the 2nd salary pillar, while, for example, public employees in healthcare and social care, education and other public institutions are in the 3rd, 4th or 5th salary pillars. The pressures on growth are therefore much higher in other pillars than in the narrow state administration. This is influenced not only by the reform but also by the increase in the number of employees in these areas.

In 2026, the share of expenditures will represent 12.3% of GDP, whereas the impact of the reform on expenditure growth is already slowing down.

Subsidies

Subsidies decreased in 2024 due to the expiration of sizable measures from the time of the Covid-19 epidemic and the energy and living cost crisis. In 2025, subsidies will increase by 8.4%, while in 2026 the level of expenditures will be only slightly higher. The largest share of the growth in subsidies in 2025 will be contributed by subsidies in the area of the green transition (Borzen), which will remain at a high level in 2026. 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 are expected to increase by 7.3% or EUR 900 million in 2025. The largest share of growth is represented by an increase in social transfers in cash (7.6% or EUR 790 million), mainly due to a 7.4% growth in gross pensions. This stems from a regular adjustment of 4.5% and a 2.2% increase in the number of beneficiaries. The growth of pensions is also influenced by past legislative changes, including the introduction of a guaranteed widow's pension (ZPIZ-2N, from 1 January 2024) and an increase in the number of beneficiaries based on the amendment to ZMEPIZ-1B, adopted in December 2024. Widows' pensions will thus increase by 19%; well above the initially planned 9% growth in the Pension Fund financial plan for 2025.

Within social transfers in cash, a winter allowance for pensioners will be paid for the first time in 2025, representing an important annual measure of the **pension reform**. Its financial impact is estimated at EUR 87.5 million already this year. The higher growth in cash benefits will also be partly contributed by the start of the implementation **long-term care reform**, which includes the gradual introduction of new services and rights and the associated expenditures. According to Article 69 of the ZDOsk-1b, the assistance and attendance allowance in 2025 and 2026 will be temporarily transferred from the Pension Fund to the Health Fund. In 2025, EUR 112 million will be allocated for this purpose, which represents almost half of all earmarked funds from the compulsory long-term care insurance managed by the Health Fund. Expenditures for sickness benefits will increase by 8.5%, due to higher wages, higher employment, and an increase in the number of beneficiaries and lost working days funded through compulsory health insurance.

After a 32% increase in social transfers in kind in 2024, which was mainly the result of legislative changes (ZZVZZ-T) and the introduction of a mandatory health contribution ensuring 100% coverage of rights to services and medicines under compulsory health insurance (Health Fund), a more moderate growth of approximately 6% is expected in 2025. The slower growth will also be contributed by a smaller volume of funds for personal assistance, while the most pronounced growth is expected in current payments to other health service providers, namely by 13.6%. This growth is partly related to the temporary coverage of additional labour costs in homes for the elderly and among providers of home family assistance services. The total value of the measure is estimated at almost EUR 37 million, intended for all institutional care providers, including public institutions, with the aim of maintaining a stable price level for users. The measure represents a transitional solution in the process of establishing the long-term care system, which ensures comprehensive coverage of all related long-term care costs covered by the Health Fund. In addition, expenditures for medicines supplied to pharmacies will also increase by 9%, and to a lesser extent, higher expenditures on medical devices and vaccines will also contribute to the growth.

An 8.3% growth in social benefits is planned for 2026. The main factors will be the growth of expenditures for gross pensions and the full implementation of long-term care services. Pension expenditures will be favorably influenced by the new pension adjustment formula (50:50), which will reduce expenditures by 40 million euros (pensions will otherwise grow at approximately the same rate as in the previous year). In the long term, the overall reform will significantly contribute to the financial sustainability of the pension and public finance system (long-term effects are described in Chapter 5). The implementation of all statutory rights and long-term care services will require additional funds for institutional care providers and payments to caregivers of family members (estimated at EUR 52 million), whereby the financing of the family member caregiver will be fully transferred from the state budget to the Health Fund as the sole manager and provider of the long-term care system. Unemployment

benefits will also increase due to the amendment of the Labor Market Regulation Act, adopted in June 2025, which increases the amount of cash benefit as of 1 January 2026.

The cost of healthcare services will also be affected by the **Regulation on compulsory health insurance service programs for 2025** with all changes and amendments adopted by the Government on 23 July 2025. It upgrades the measures from Regulation 2024, aimed at strengthening the primary level and improving accessibility to services. The changes bring additional funds for program implementation, revised payment models that better reflect the actual costs of treatment and contribute to the sustainability of the healthcare system. In addition, they are introducing new weights for payment of acute hospital treatment, which will enter into force on 1 January 2026. The introduction of new weights will have a financial impact of EUR 61 million in 2026, while the total annual impact of the regulation is estimated at EUR 98 million.

Without taking into account the effects of the long-term care reform, the growth of social benefits in 2026 would be more moderate, as expenditures will be constrained by **planned measures in healthcare**²¹ (reducing the prices of expensive medicines through negotiations with manufacturers, limiting the introduction of new expensive hospital medicines, reducing health absenteeism, etc.). With the **implementation of the amendment to the ZZVZZ**, it is expected that the role of the ZZVS will be further strengthened in the supervision, spending and transparent allocation of public funds, while at the same time the amendment introduces permanent financing of certain areas from the state budget, ensuring more stable and long-term predictable sources for the Health Fund, previously dependent on annual provisions under the law governing implementation of the state budget – ZIPRS.

Interest expenditure

Interest expenditure are expected to increase by EUR 56 million in 2025 and by EUR 30 million in 2026. Funds for interest payments are higher compared to the Adopted Budget 2026, as they also include higher costs of new borrowing, in addition to the repayment of liabilities that mature in accordance with contractual provisions.

Table 3: General government expenditure

	Expenditure	ESA Code	2024 bn EUR	2024 % GDP	2025 % GDP	2026 % GDP
12	Compensation of employees	D.1	7.6	11.3	12.1	12.1
13	Intermediate consumption	P.2	4.4	6.5	6.8	6.7
14	Interest expenditure	D.41	0.9	1.3	1.3	1.3
15	Social benefits other than social transfers in kind	D.62	10.4	15.5	16.0	16.3
16	Social transfers in kind via market producers	D.632	2.0	2.9	3.0	3.2
17	Subsidies	D.3	0.8	1.1	1.2	1.1
18	Other current expenditure	D.29+(D.4 -D.41)+ D.5 + D.7 + D.8	1.4	2.0	2.0	2.0
19	Gross fixed capital formation	P.51	3.5	5.1	5.6	5.7
20	Of which: Nationally financed public investment		3.2	4.7	5.0	4.9
21	Capital transfers	D.9	0.4	0.6	0.8	0.6

²¹ The entire package of measures for balancing the Health Fund (Compulsory Health Insurance), coordinated with the Ministry of Health, includes rationalizing the costs of healthcare services and medicines and transferring certain burdens to the state budget (e.g. financing individual programs and registers) or to the insured persons (payments for ineligible emergency services). These measures will provide the Health Fund with EUR 57 million lower expenses in 2026. In the area of absenteeism, measures are planned, such as limiting the duration of the right to compensation to two years, not increasing the assessment percentages after 90 days (except in the case of work-related injuries and occupational diseases), and tightening the conditions for obtaining and maintaining compensation. They are intended to encourage a faster return of employees to work and will slow down the growth of expenditures for sickness benefits by an estimated EUR 60 million in 2026.

22	Other capital expenditure	P.52+P.53+NP	0.0	0.1	0.0	0.1
23	Total expenditure (=12+13+14+15+16+17+18+19+21+22)	TE	31.3	46.5	48.7	49.2
24	Of which: Expenditure funded by transfers from the EU (= 8)	D.7EU+D.9EU	0.6	0.9	1.0	1.3
25	Nationally financed expenditure (23-24)		30.7	45.6	47.7	47.9
26	p.m. National co-financing of programmes funded by the Union		0.1	0.2	0.2	0.2
27	p.m. Cyclical component of unemployment benefits		-0.1	-0.1	-0.1	-0.1
28	p.m. One-off expenditure included in the projections (levels, excluding EU funded measures)		0.2	0.3	0.5	0.0
29	Net nationally financed primary expenditure (before revenue measures) (= 25-26-27-28-14)		29.6	43.9	45.9	46.5

Source: SORS; MF.

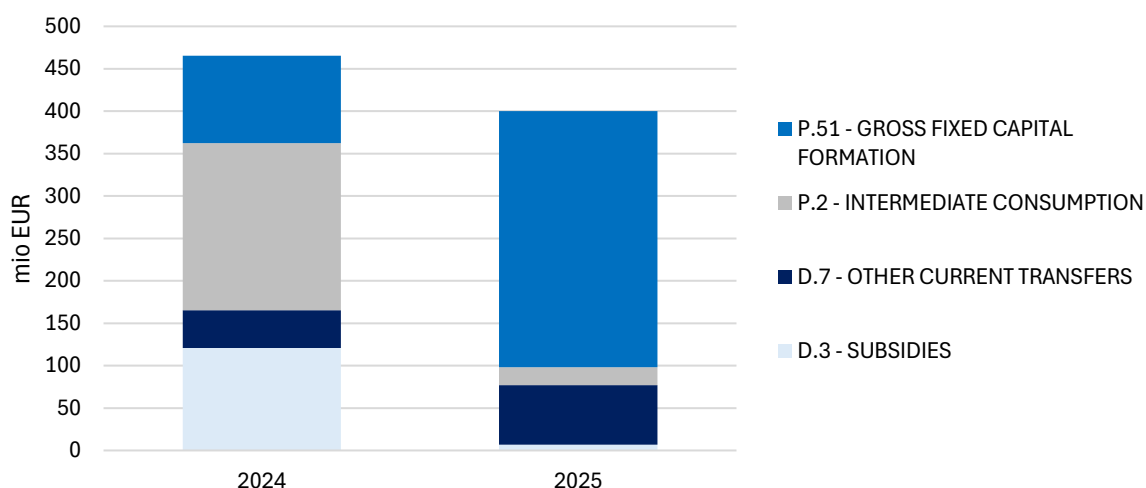
ONE-OFF EXPENDITURES

A total of EUR 1.240 billion (1.8% of GDP) was paid from the state budget for flood reconstruction in the period from September 2023 to the end of September 2025.

In 2025, the largest part of the funds is intended for investments in water, road and railway infrastructure. In 2024, the value of one-off expenditures according to the accounting flow was 0.7% of GDP. The measures are also financed by grants from the EU Solidarity Fund, which mitigate the fiscal impact on the general government balance. For reconstruction after the August floods, Slovenia received EUR 428 million from the EU Solidarity Fund, with final spending to occur in 2025.

In 2025, we estimate one-off expenditures for post-flood reconstruction of EUR 400 million, or 0.6% of GDP (Figure 18).

Figure 18: Scope of flood reconstruction funds by ESA categories - one-off expenditures



Source: MF.

The intensity of the renovation will continue in the coming years. It is very important that a budget fund for the reconstruction of Slovenia was established in 2024, which provides funds from revenue-side measures (temporary increase in corporate income tax by three percentage points from 19 to 22 percent; temporary tax on the balance sheet total of banks and savings banks; temporary use of the net and balance sheet profit of the Slovenian Sovereign Holding).

Funds will be collected until 2028 inclusive. In 2025, the fund's funds began to be drawn down, which also relieved the burden on the state budget. The current balance of the fund is EUR 752 million (3. 10. 2025). By the end of 2024, the Reconstruction Fund had raised EUR 531.7 million, and by the end of September 2025, an additional EUR 371 million, totaling EUR 903 million.

5 STRUCTURAL CHANGES

Changes to the pension system

The Act Amending the **Pension and Disability Insurance Act** was adopted. The Act has two fundamental goals: ensuring fiscal sustainability and improving the welfare of existing and future pensioners. The changes to the basic parameters of pension assessment relate to a gradual increase in the statutory retirement age, an extension of the reference period for calculating the pension base, and a change in the indexation formula in favor of inflation (Table 4). As a compensatory measure, an increase in the accrual rate is also planned. In addition, it is proposed to increase participation in voluntary supplementary pension insurance, which should contribute to greater use of collective supplementary pension insurance provided by employers. The aim is also to improve the functioning of the supplementary pension insurance system.

Table 4: Planned changes to basic pension assessment parameters

Year	Accrual rate*	Indexation (%)***		Reference period for calculation of 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	65.25	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

Notes: *Accrual rate for 40 years of contributory period; **CPI = Consumer Price Index; *** Compared to the pension reform proposal presented in the 2025 Annual Progress Report, the period of changing the pension indexation in favor of inflation has been delayed.

Source: Ministry of Labor, Family, Social Affairs and Equal Opportunities.

Due to the proposed measures, long-term projections of pension expenditure as a percentage of GDP are more fiscally sustainable. A simulation by the Institute for Economic Research shows that a combination of measures would keep the pension expenditure below 12.5% of GDP in 2070.

With the aim of extending the working life of older people, an amendment to the **Labor Market Regulation Act** was also adopted in 2025. It allows part-time work for workers before retirement and enacts an incentive for employment for the recipients of unemployment benefits over 59 years of age. The condition for determining the duration of unemployment benefits for older insured persons is also being changed, preventing the so-called "chaining".

Measures in the field of healthcare and long-term care

In the field of healthcare, **Amendments to the Health Care and Health Insurance Act** are expected to enter into force, which ensure a high-quality, accessible, efficient and financially stable healthcare system. The amendment introduces targeted systemic measures for financing the healthcare system, which ensure the financial sustainability of the healthcare sector, maintain a wide range of rights within the compulsory health insurance system, and improve the management and performance of the healthcare system. The Act defines in more detail the areas that are permanently financed by the budget of the Republic of Slovenia, thereby ensuring that key functions and services of the healthcare system are adequately financed by budgetary sources, especially during crisis situations and extraordinary circumstances. This also eliminates the need to determine the budget allocation for the health fund in the annual budget implementation act. The amendment also maintains the Health Insurance Institute of Slovenia (HIIS) as the sole provider of compulsory health insurance and introduces professionalisation of the management and administration of the Health Insurance Institute of Slovenia (HIIS). The competence of the Health Insurance Institute of Slovenia (HIIS) includes not only the collection of funds, but also the distribution of funds among healthcare providers. The Health Insurance Institute of Slovenia (HIIS) must therefore regularly update price lists and billing models, conduct regular cost analyses, publicly publish data on the use of compulsory health insurance funds, and increase the efficiency of supervision, especially from the perspective of the justification of services provided and billed, the justification of referrals to hospital, and prescribed medicines and medical devices.

The **Act on Amendments to the Health Care Act** was adopted in April 2025. The amendment to the Act regulates in more detail the entry conditions into the system of activities and the public health service network, strengthens the role of public institutions as the fundamental or primary carriers of the public health service, clearly distinguishes between public and market based activities, and addresses in detail the provision of health services within and outside the public network and the related transition of healthcare personnel.

The purpose of the adopted **Healthcare Quality Assurance Act** and implementing regulations currently in preparation is, among other things, the comprehensive implementation of the health technology assessment program. At the same time, the aforementioned legislation addresses strengthening transparency, comparability and professional justification of decisions when introducing new health technologies, and therefore striving for greater quality and a sustainable approach to the health system. Article 22 of the aforementioned Act, as one of its tasks, requires the implementation of a carbon footprint survey among healthcare providers to systematically collect and process data on energy consumption, materials, transport and other factors that affect the carbon footprint of healthcare activities.

In order to strengthen and secure the healthcare workforce, it is crucial to adopt the **Act on the Recognition of Professional Qualifications in Healthcare Activities**, which entered into force in June 2025. The Act represents a comprehensive and systemic solution to facilitate the employment of foreign health workers and health care associates in the healthcare sector. The act will help solve human resource challenges in the healthcare system and improve healthcare for all residents of Slovenia by simplifying procedures. It will also enable the

temporary registration of foreign healthcare professionals to perform demonstration procedures.

As part of efforts to improve the accessibility and quality of healthcare, **Regulations on the types, content, duration and course of specialisations of providers in the field of health and midwifery care** were adopted, which represent a significant shift in the field of nursing development. With additional professional training - clinical specialisations, graduate nurses and graduate midwives will be able to acquire specific knowledge that will enable more efficient and higher-quality patient care at various levels.

In 2024, a pilot project for the internship program for obtaining the professional qualification as a nurse 2024-2026 was established. The goal of the project is to establish a model of verified training for work in healthcare and long-term care, establish stable and accessible healthcare, and ensure quality healthcare services.

In order to make the choice of education for professions in the health sector even more attractive, a public call for applications for scholarships in the field of health sector for the 2025/2026 school year was published on 25 August 2025.

In 2023, a **Long-Term Care Act** was adopted, which envisaged the gradual exercise of rights and the definition of resources for their implementation. The first right related to long-term care came into effect on 1 January 2024, which is the right to a family member's caregiver. 472 people were transferred from the previous status of family helper, and by the end of August 2025, there were already 1,758 family member caregivers. The second amendment to the Long-Term Care Act made it possible for pensioners to become caregivers for a family member. From 1 July 2025, the right to long-term care at home and e-care came into effect, and from 1 December 2025, the right to long-term care in an institution and cash benefits (and the possibility of substitute care within the framework of the right to a family member as a caregiver) also came into effect. The amendment to the Long-Term Care Act adopted in 2025 stipulated that the Health Insurance Institute of Slovenia would reimburse the Pension and Disability Insurance Institute for a care allowance of up to EUR 112 million in 2025 and up to EUR 91 million in 2026 from the compulsory long-term care insurance contributions collected, and to finance additional labour costs for providers of institutional care for the elderly and home-based family support service providers for a certain period (estimated at EUR 36 million in 2025 and 2.5 million in 2026). The financing of mandatory long-term care insurance is based on contributions for mandatory long-term care insurance (in the amount of 1% for employees, 1% for employers and 1% for pensioners from net pensions), which began to be collected on 1 July 2025, and funds from the state budget (up to EUR 190 million annually). Starting in 2028, there is a possibility of introducing co-payment.

Tax changes:

To support innovative start-ups, which will contribute to a faster breakthrough in global markets and an increase in investments, an **Amendment to the Income Tax Act** was adopted. It implemented measures to encourage ownership and enabled the deferral of tax liability for options and shares received by innovative start-ups. The solution helped facilitate the initial stages of business.

The **Amendment to the Corporate Income Tax Act** is in the legislative process which establishes a more favorable tax treatment for investment funds (taxation at a 0% rate for investment funds). The proposed solution merely seeks to maintain the already established special tax regime. The solution ensures greater certainty and predictability of the tax system due to changes in the parent legislation governing the field of investment funds.

A package of measures is being prepared for **promoting the capital market in Slovenia**. In the field of **derivatives**, an amendment to the law regulating the tax system on profits from the disposal of derivative financial instruments is in the legislative process. The aim is to ensure simplification and greater clarity of taxation (a uniform tax rate regardless of the period of ownership) and harmonisation with the taxation of similar instruments with regard to the riskiness and speculative nature of investments. Taxation is proposed at a proportional rate of 25% (regardless of the period of ownership or the time that has passed since the transaction was concluded). This corresponds to the income tax rate that, under the law governing income tax, applies to the taxation of short-term capital gains.

Proposal for the Act on Tax on Profits from the Disposal of Crypto Assets is, like the taxation of profits from the disposal of derivative financial instruments, part of the package to stimulate the capital market in Slovenia. The proposal aims to follow international regulations, which means greater regulation, transparency and data exchange. This means that the aim is to ensure clarity of the regulation for taxpayers with the least possible administrative burden. The bill seeks to harmonise the taxation of income from the same/similar instruments - therefore, taxation and the tax rate follow the taxation of capital gains in the first period and derivative financial instruments (a proportional rate of 25% is proposed).

Productivity

In line with the strategic objectives, Slovenia will converge with the leading countries in research and innovation, as it is necessary to meet the statutory target of 1.25% of GDP of annual R&D investment from public funds, and together with the private sector it is necessary to achieve an increase in R&D&I funding of 3.5% of GDP by 2030. In this context, coordinated investments by various government departments are crucial, as well as increased investment from the private sector, particularly in areas that will be of key strategic importance in the future. The economy and the development ecosystem must focus on the development of new products, services, technologies and processes with the aim of enabling the Slovenian economy to achieve a breakthrough by increasing added value, transforming value chains and seizing opportunities in new sectors. The provision/establishment of the necessary research and technological infrastructure to facilitate the rapid transfer and application of new knowledge in the economy also plays a key role in this respect.

Investments must be directed towards thematic and goal-oriented financial instruments that support the country's key strategic priorities, such as clean technologies, artificial intelligence, quantum technologies, biotechnology and resilience, as well as towards financing key infrastructure that will provide a competitive advantage through access to cutting-edge technologies and knowledge, thus also attracting talent and investment. In this context, a new **National Programme for Artificial Intelligence 2026–2030** and a **Quantum Technologies Development Strategy up to 2035** are being prepared. Among other things, these strategic documents envisage investments in both supercomputing and quantum infrastructure, directly linked to the development of artificial intelligence. The acquired infrastructure will enable the further advancement of scientific research activities and faster transfer of knowledge into practice, thereby facilitating the development of new products and services.

Slovenia is a small, open and export-oriented economy. The intensity and scale of the changes affecting it clearly determine the direction of its development toward a knowledge- and innovation-based economy. The degree of integration, primarily in European industrial chains, represents its key advantage, while also exposing it to risks due to the volatility of the international environment. The Government of the Republic of Slovenia therefore promotes, through its policies and measures, a transition to an innovative, knowledge-based economy

that is smart, economical and efficient, based on the efficient use of resources and circular economy.

Associated measures across the entire Technology Readiness Scale (TRL 1-9) promote enhanced research and innovation activity at both basic and applied research levels. The country is systematically developing a supportive environment and development ecosystems between science, economy and the state, aimed at accelerating the transition of new solutions to the market, their successful commercialization and scaling. This is particularly true for the identified strategic areas of smart specialisation, as well as for new EU strategic sectors. An example of this is the country's enhanced catalytic and supportive role in AI with a comprehensive AI support ecosystem, which includes the work of the AI Competence Centre, the Slovenian Artificial Intelligence Factory (SLAIF) and the installation of a supercomputer to access the most advanced AI tools, support the development of large language models, support small and medium-sized enterprises in the digital transformation, and for AI innovation projects. The Artificial Intelligence Act will also establish a regulatory environment to innovate and test solutions while ensuring the protection of health, safety and fundamental rights. Similar examples of the establishing integrated development and support ecosystems can be found in quantum technologies, chips and biotechnologies, as well as in other areas covered by established strategic development innovation partnerships.

As an above-average industrialised economy, also characterised by an above-average share of energy-intensive industry, the country is promoting the green transition and greater circularity of industry through a set of measures. By utilizing the mechanisms provided by the new EU framework for State aid for clean industries (CISAF), the state will assist more energy-intensive sectors that find it more difficult to adapt to the requirements of the green transition, while at the same time being highly exposed to trade competition from third countries. The extension of the compensation scheme for indirect CO₂ costs is also foreseen, with both mechanisms linked to the obligation for industry to invest in energy efficiency and decarbonisation. Legislative measures and financial incentives promote the decarbonisation of the economy, its increased energy and material efficiency, investment in renewable energy sources and its storage and the design of circular management models.

Slovenia is also improving the quality of the ecosystem for innovative start-ups. Within the framework of 5 strategic initiatives, the definition of innovative start-ups and their register is being renewed, which will also serve as an entry point for the implementation of measures aimed at the creation and growth of start-ups and scale-up companies. The concept of a special form of business entity for innovative start-ups, which will be featured by a simple and digital way of setting up and doing business, while providing an easy entry of new investors, is also being prepared for public consultation. Within the framework of social dialogue, solutions for more favourable, tax-free remuneration of employees are also discussed.

Based, if necessary, on the massive additional investment in economic competitiveness outlined in Mario Draghi's European Competitiveness Report (which recommends 800 billion euros of additional investment per year), Slovenia must create the environment for an additional 3 billion euros of economic investment per year. The key to this is the Strategy for the Development of the Capital Market in Slovenia for the period 2023-2030 with the aim of increasing the liquidity, development and visibility of the Slovenian capital market and enabling additional financing for SMEs (small and medium-sized enterprises).

Adoption of **Amendments to the Act on the Supporting Environment for Entrepreneurship** is planned by the end of the year, which will enable greater investments by the Slovenian Enterprise Fund (public fund), including in the form of equity financing.

Targeted incentives to invest in such companies and in venture capital funds are also foreseen. Within the framework of the **Slovenian Enterprise Fund**, the so-called Slovenian Technology Fund was already formed (EUR 10 million of public funds generated EUR 50 million (together with private sources) of equity financing in SMEs). The selected funds are in the phase of investing in SMEs. The creation of a special subsidiary of the Slovenian Export and Development Bank (SID Kapital) significantly strengthens the previously successful projects of venture capital development through national and European investment schemes.

By adopting the amendments of the **Public Finance Act** and the associated implementing act, the legal basis for the creation of two loan funds (each of EUR 500 million together with SID Bank resources) within SID Bank will be prepared. These will provide favourable sources of financing for companies that intend to invest and for companies that are facing unfavourable global economic conditions.

Slovenia will direct a large part of its European cohesion policy resources into key **STEP** technologies (biotechnologies, clean technologies, digital/deep technologies) in the economy, for which EUR 110 million will be allocated. In addition, European cohesion policy funds are also directed **into repayable resources of financing** (so-called financial instruments) in the form of loans and guarantees for the areas of RDI, SMEs, energy efficiency and urban development.

With the adoption of the revised **Business Register of Slovenia Act**, an important step will be taken towards the digital transformation of the economy (Digital Slovenia 2030), part of which will also include the introduction of a digital corporate identity. At a time of efforts to increase the competitiveness of the Slovenian and European economy, this will contribute to sustainability-oriented economic growth, which will be based on the innovative and intensive use of digital technologies.

In July 2025, the government adopted the text of the amendment to the **Companies Act**, which aims to relieve companies of regulatory burdens by giving them sufficient time to adapt and prepare for sustainability reporting obligations. The objectives are also to simplify some of the existing sustainability reporting obligations and reduce the related administrative burden for companies, to provide legal clarity and to prevent companies from incurring unnecessary and avoidable costs.

On 21 June 2025, Slovenia also officially became the 25th full member of the European Organization for Nuclear Research (**CERN**). This membership enables Slovenian scientists to play a more active role in key research projects and collaborate more closely with top researchers, which will contribute to the further establishment of Slovenian science on the international stage. The door to larger technological projects has opened for Slovenian companies. Cooperation will not be limited to high-tech companies, but innovative and development-oriented companies that meet the criteria for supplying specific products or advanced solutions will also be able to participate. Membership provides access to international business opportunities and increases the presence of Slovenian companies on the global market.

Slovenia is the 23rd member state of the **European Space Agency** from 1 January 2025. The key purpose of the Agency is to ensure and promote cooperation between European countries in the field of space research and technology and their applications in space, exclusively for peaceful purposes, and to promote international cooperation in the field of space. At the ESA Ministerial Conference at the end of 2025, Slovenia will decide on the payment of funds into additional optional programmes. Nearly doubled investments, compared to the previous three-year period, will provide even better conditions for the participation of Slovenian companies,

universities and institutes in European space programmes, and thus enabling the rapid further growth of the Slovenian space sector.

The National Assembly has passed an act that **establishes a short-time work scheme**. The aim is to create a flexible and sustainable system that can be quickly activated in the event of economic crises or natural disasters. The purpose is to preserve jobs due to the temporary inability to provide work.

Within the **active labour market policy measures**, training and competence acquisition measures are implemented among the employed and unemployed, paying particular attention to those with low skilled and the elderly, thereby contributing to reducing the gap in the shortage of adequately skilled labour force.

The legal regulation of professional qualifications in the field of social protection, introduced also to harmonise sectoral legislation with the **Act on the Procedure for the Recognition of Professional Qualifications for the Practice of Regulated Professions** and constitutes the legal basis for guidance and decision-making in the process of recognition of professional qualifications in the field of social care for regulated professions in the field of social protection for EU citizens and third-country nationals.

Green transition and the environment

The adopted **Climate Act**, which is a strategic document, sets out the country's systemic approach to managing and mitigating climate change in the coming decade. The Climate Act establishes the obligation to prepare a long-term climate strategy, a comprehensive energy and climate plan (NEPN), a climate change adaptation strategy, and regional action plans, which enables a systematic response to climate risks across the country. Among the key investments is the implementation of the LIFE IP project, with which Slovenia will develop solutions for effective adaptation to increasingly frequent extreme weather events and long-term environmental changes, such as rising temperatures, droughts, floods and the disappearance of plant species. The established Climate Office for Municipalities and Regions provides support to municipalities and regions in planning and implementing climate change adaptation projects. In the field of **renewable energy sources**, adoption of the **Act on Amendments to the Act on the Introduction of Devices for the Production of Electricity from Renewable Energy Sources** is planned, which introduces the mapping of RES areas, defining of areas for accelerated introduction of RES (including wind power plants), determines the specifics of the assessment of impacts on the environment and nature for interventions in the area for accelerated introduction of RES, and determines the method of verification with rules and measures in areas for accelerated introduction of RES. The new Act on the Promotion of the Use of Renewable Energy Sources, among other things, increases commitments regarding the share of RES; introduces a new, more comprehensive support scheme for RES and energy storage; removes obstacles to easier conclusion of power purchase agreements from RES (PPAs) and establishes a guarantee scheme for PPAs; defines new activities of the RES contact point to further assist investors and authorities, including at the local level, involved in permit issuance procedures, with the aim of strengthening the capacity for issuing permits; defines deadlines for permit issuance procedures; establishes a framework for a sufficient number of qualified RES installers and designers; facilitates the systemic integration of electricity from RES.

In the field of **energy network infrastructure**, the **Act on Amendments to the Electricity Supply Act was adopted**, whose changes contribute to greater transparency, fairness and also the resilience of the energy system. New provisions from the perspective of enabling a more advanced distribution network in areas where, due to the occupancy of the distribution

network, the connection of new users to the network in the specific desired connection power is no longer possible, household and other consumers will be able to be connected flexibly based on the rules prescribed by the electricity operator. The previous more rigid rules are being replaced by smart management, which allows for the inclusion of a larger number of users without compromising the stability of the system. This will make energy more accessible and the grid more adaptable and responsive.

The **Energy Efficiency Act** is being prepared, a new legal basis for the creation of incentives for energy efficiency, with a particular focus on incentives for the gradual comprehensive energy renovation of buildings. A unified electronic support system will be introduced for the creation, implementation and monitoring of energy management, energy accounting and energy audits.

In June 2026, the government adopted the **Regulation amending and supplementing the Regulation on Green Public Procurement**, which primarily brings a new definition of "energy efficiency first", and also introduces new categories for which targets must be applied - data centers, server space and cloud services.

Based on the Integrated Transport Planning Act, the Government has begun preparing the **new National Integrated Transport Strategy**, municipal and regional integrated transport strategies are also being prepared. The new strategy will, in addition to transport, take into account climate and environmental goals and commitments more consistently. A better system for setting priorities, tracking measures and their effects will be established. Investments in railway infrastructure will be given priority. A digital platform for monitoring the implementation of integrated transport strategies is also being prepared.

The adopted **new flood regulation** sets out the conditions and restrictions for encroaching on space and carrying out activities in areas at risk from floods and related water erosion. The purpose of the regulation - taking into account the impact of climate change - is to prevent an increase in the risk of flooding and erosion to people, economic activities, cultural heritage and the environment. The new **Act on Drinking Water Supply and Municipal Wastewater Discharge and Treatment** came into effect, determining the manner and forms of implementation of the mandatory municipal public service of drinking water supply and water for household supply, and the mandatory municipal public service of municipal wastewater and rainwater collection and treatment, which are public environmental protection services. The law also stipulates the pricing of mandatory municipal public services and the recording of data on public service infrastructure.

The National Assembly committee supported **amendments to the Construction Act and the Spatial Planning Act** for faster, simplified and digitalized construction. With them, the government aims to accelerate, simplify and digitalise construction procedures and reform the legal framework for spatial planning.

Digital transition

In the field of digital transformation, several **new legal and strategic measures** were taken in 2025. The Digital Slovenia 2030 Strategy Action Plan for 2025 and 2026 was adopted, which includes 66 key measures to accelerate digital transformation in the country, worth EUR 183 million. The Information Security Act was adopted, which sets out measures to ensure a high level of cybersecurity, obligations for critical infrastructure, and the powers of authorities to manage cyber risks.

One of the more prominent investments in the ongoing digital transformation is the construction of a new data center for public administration, with an upgrade of the communication

infrastructure and the introduction of DevSecOps systems for automated, secure service management. One of the more important investments being implemented is the digital transformation of healthcare, which aims to ensure rapid access to harmonised health data and digital services, introduce technologies for communication with patients, data-based quality monitoring, and improve health care planning. To better protect people and property in the event of natural and other disasters in Slovenia, the public information and alerting system SI-ALARM is being established.

A special achievement is also the introduction of a new subject of computer science and digital technology in primary school, which strengthens both digital skills and awareness of the responsible use of technologies.

Slovenia was successful in the tender of the European EuroHPC Joint Undertaking for the establishment of a high-performance supercomputer with an AI factory. The project, worth EUR 140 million (half of which will be contributed by the EuroHPC Joint Undertaking), is strategically important for the country, as it will strengthen the digital transformation of the Slovenian economy, increase the competitiveness of companies, and provide long-term support for the development of innovative technologies. By implementing the project, Slovenia will consolidate its position among the leading countries in the field of high-performance computing.

Housing policy:

A housing legislation package was adopted in 2025. **Act on Financing and Promoting the Construction of Public Rental Housing**, which systematically regulates the financing of public construction, establishes a systemic framework that will provide up to EUR 1 billion in the period 2025-2034, or up to EUR 100 million annually from the budget for the construction of public rental housing.

Amendment to the Housing Act introduces simplification of procedures of public rental housing and will increase the accessibility of public rental housing for the middle class, for young people and young families, and for workers in professions that are important for the local environment. The system of rent subsidies for vulnerable social groups is also being revised. Rents in public rental housing will gradually increase over the next five years, which will allow housing funds, non-profit housing organisations and municipalities to have more financial resources available for the renovation and maintenance of the housing stock, which has so far been shrinking due to the poor financial sustainability of the public housing system. Rents will remain affordable compared to rents in the private market, while the most vulnerable groups will continue to be protected by a system of subsidies.

Defence:

On 12 June 2025, the National Assembly of the Republic of Slovenia adopted the Resolution on the General Long-Term Development and Equipping Program of the Slovenian Armed Forces until 2040 (ReDPROSV40-1), which plans the long-term development and equipping of the Slovenian Armed Forces so that it will be capable of performing statutory tasks and providing forces and capabilities, and will be prepared to realize national interests and goals in the field of defence. The content of the resolution clearly reflects the intention and responsibility of the Republic of Slovenia to ensure the development and adequate preparedness of the national security system of the Republic of Slovenia in light of the increased unpredictability and deterioration of the international environment, and to ensure international credibility. Special attention in ReDPROSV40-1 is given to national priorities, and the resolution also includes future NATO capability objectives for the Republic of Slovenia.

Special emphasis is placed on capabilities that are potentially useful for dual use (in support of the civilian sphere). One of the main focuses is a faster and more ambitious timeline for increasing defence spending, with the goal of gradually increasing it to 3% of GDP by 2030 and remaining at this level until the end of the long-term development period. The increase in defence spending will require careful and financially sound planning of the modernisation of the Slovenian Armed Forces, whereby the development of capabilities will also make sense and urgently require the inclusion of domestic knowledge, economy, and industry.

The Republic of Slovenia will continue to pursue national priorities and fulfill commitments to international organizations by investing in defence, security and resilience. Budgetary funds are used to ensure the operational capabilities of the Slovenian Armed Forces, implement civil defence, improve infrastructure, cybersecurity, hybrid operations, and provide equipment, and are also intended for international cooperation. Tracking national priorities in the aforementioned areas is also enabled by funds for implementation of the tasks of defence planning and dual-use investment holders. Resilience and support for the Slovenian Armed Forces is also ensured through civilian capabilities, especially in military mobility - both road and rail transport - by implementing host country support, and by building additional capacities for supplies and energy products.

On 23 July 2025, the Government of the Republic of Slovenia adopted the Strategy for the Development of the Defense Industry and Technological Base in the Republic of Slovenia. The Strategy for the Development of the Defence Industry and Technological Base in the Republic of Slovenia represents the first strategy of its kind in the Republic of Slovenia and is based on the Resolution on the General Long-Term Development and Equipping Program of the Slovenian Armed Forces until 2040. The purpose of the Strategy for the Development of the Defence Industry and Technological Base in the Republic of Slovenia is to promote and strengthen the Slovenian defence industry, its integration into the wider EU environment and contribute to the strengthening of the European Defence Technological Industrial Base (EDTIB). A strong Slovenian defence industry will offer the market greater availability of defence products and services and, in accordance with its capabilities, strengthen the responsiveness of the EDTIB and contribute to the reliability of supply chains and supplies.

In order to support the development and marketing of products and services in the field of defence and security of the defence industry through investments in Slovenian companies, the Slovenian Sovereign Holding established the state defence company D ovos, the Company for Defense, Security and Resilience, on 12 September 2025.

Wage reform and human resources in the state administration:

Implementation of **wage reform** in public administration continues. In the public sector, the second salary increase is scheduled for October following the entry of the reformed wage system. Four more salary increases will follow for those who will be entitled to them, namely on 1 June and 1 December 2026, 1 July 2027, and 1 January 2028. Negotiations between the government and trade unions regarding the payment of solidarity aid have also been completed. The government is preparing a reform to improve the management of personnel in the state administration and raise the competences of civil servants. In May 2025, the government adopted the **Strategy for managing human resources in state administration until 2030**. It is intended for strategic and comprehensive human resource management, effective use of the potential of civil servants, and the establishment of an attractive working environment with a development-oriented organizational culture. The strategy includes two strategic priorities. The first addresses the state administration as an attractive working environment for both first-time job seekers and those looking for new career challenges. The

second strategic priority will establish conditions for the personal and career development of civil servants.

The new Civil Servants Act, adopted at the end of April 2025 and coming into force on 1 January 2026, establishes the **Human Resources Center**. The Human Resources Center represents a single-entry point for the employment of officials for an indefinite period, thereby contributing to a unified and transparent assessment of the professional abilities of candidates in the first part of the selection procedure.

ANNEX

Table 1a: Fiscal commitment

			Council recommendation			Outturn/projection		
			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	7.7	5.5
		(cumulative)		12.1	17.0		12.3	18.4

Source: SORS; MF.

Table 1b: Main variables

		2024	2025	2026
		% GDP	% GDP	% GDP
2	Net lending/borrowing	-0.9	-2.4	-2.8
3	Structural balance*	-1.5	-2.0	-3.0
4	Structural primary balance*	-0.2	-0.7	-1.7
5	Gross debt	66.6	66.0	64.7
6	Change in gross debt (in pp.)	-1.7	-0.6	-1.3

* Note: in % of potential GDP.

Source: SORS; IMAD AF 2025; MF.

Table 2: Macroeconomic developments

			2024	2024	2025	2026
			bn EUR	growth rate	growth rate	growth rate
1	Real GDP	B.1*g		1.7	0.8	2.1
2	GDP deflator			3.5	3.4	2.9
3	Nominal GDP	B.1*g	67.4	5.3	4.2	5.0
Components of real GDP			bn EUR	growth rate	growth rate	growth rate
4	Private consumption expenditure	P.3		3.8	2.2	2.2
5	Government consumption expenditure	P.3		7.3	1.6	3.8
6	Gross fixed capital formation	P.51		-0.3	0.8	3.0
7	Changes in inventories and net acquisition of valuables (% of GDP)	P.52 + P.53		-0.2	1	-0.3
8	Exports of goods and services	P.6		2.3	-0.2	2.8
9	Imports of goods and services	P.7		4.3	2.4	3.1
Contribution to real GDP growth						
10	Final domestic demand			3.2	1.8	2.6
11	Changes in inventories and net acquisition of value	P.52 + P.53		-0.2	1.0	-0.3
12	External balance of goods and services	B.11		-1.3	-2.0	-0.2
Deflators and HICP				growth rate	growth rate	growth rate
13	Private consumption deflator			2.1	2.5	2.4
14	p.m. HICP			2.0	2.5	2.4
15	Government consumption deflator			4.1	6.8	4.3
16	Investment deflator			2.2	1.5	2.4
17	Export price deflator (goods and services)			-0.3	1.2	0.8
18	Import price deflator (goods and services)			-1.7	0.8	0.5
Labour market			Level	growth rate	growth rate	growth rate
19	Domestic employment (1000 persons, national accounts)		1103.9	0.5	-0.2	0.1
20	Average annual hours worked per person employed		1619.2	2.0	1.1	1.4
21	Real GDP per person employed			1.3	0.9	1.9

22	Real GDP per hour worked			-0.7	-0.2	0.6
23	Compensation of employees	D.1	34.7	6.3	6.3	5.9
24	Compensation per employee (= 23/19)		31.5	5.7	6.5	5.8
				%	%	%
25	Unemployment rate (%)			3.7	3.6	3.6
	Potential GDP and components			growth rate	growth rate	growth rate
26	Potential GDP			2.6	2.4	2.2
	Contribution to potential growth					
27	Labour			0.8	0.7	0.4
28	Capital			0.5	0.5	0.5
29	Total factor productivity			1.3	1.3	1.3
				% pot. GDP	% pot. GDP	% pot. GDP
30	Output gap			1.9	0.2	0.3

*Note: contribution without changes in inventories and net acquisition of valuables.

Source: SORS; IMAD AF 2025; calculations by the MF.

Table 3: External assumptions

			2024	2025	2026
1	Short-term interest rate	(%, annual average)	3.6	2.0	2.1
2	Long-term interest rate	(%, annual average)	3.1	3.1	3.4
3	USD/EUR exchange rate	(annual average)	1.082	1.127	1.160
5	World real GDP (excluding EU)	(growth rate)			
6	EU real GDP	(growth rate)	1.1	1.3	1.4
7	World import volumes, excluding EU	(growth rate)			
8	Oil prices	(Brent, USD/barrel)	80.5	69.8	65.4

Source: IMAD AF 2025; calculations by the MF.

Table 4: Budgetary projections

			2024	2024	2025	2026
	Revenue	ESA Code	bn EUR	% GDP	% GDP	% GDP
1	Taxes on production and imports	D.2	8.7	12.9	12.9	12.7
2	Current taxes on income, wealth, etc	D.5	5.7	8.4	8.3	8.3
3	Social contributions	D.61	11.6	17.2	18.0	18.8
4	Other current revenue	(P.11+P.12 +P.131) + D.39 + D.4 + D.7	4.3	6.5	5.9	5.3
5	Capital taxes	D.91	0.1	0.2	0.2	0.2
6	Other capital revenue	D.92+D.99	0.3	0.4	1.1	1.1
7	Total revenue (= 1+2+3+4+5+6)	TR	30.7	45.5	46.3	46.3
8	Of which: Transfers from the EU (accrued revenue, not cash)	D.7EU+D.9 EU	0.6	0.9	1.0	1.3
9	Total revenue other than transfers from the EU (= 7-8)		30.1	44.6	45.3	45.1
10	p.m. Revenue measures (increments, excluding EU funded measures)		0.7	1.0	0.5	0.4
11	p.m. One-off revenue included in the projections (levels, excluding EU funded measures)					
	Expenditure	ESA Code	bn EUR	% GDP	% GDP	% GDP
12	Compensation of employees	D.1	7.6	11.3	12.1	12.1
13	Intermediate consumption	P.2	4.4	6.5	6.8	6.7
14	Interest expenditure	D.41	0.9	1.3	1.3	1.3
15	Social benefits other than social transfers in kind	D.62	10.4	15.5	16.0	16.3
16	Social transfers in kind via market producers	D.632	2.0	2.9	3.0	3.2
17	Subsidies	D.3	0.8	1.1	1.2	1.1
18	Other current expenditure	D.29+(D.4-D.41)+ D.5	1.4	2.0	2.0	2.0

		+ D.7 + D.8				
19	Gross fixed capital formation	P.51	3.5	5.1	5.6	5.7
20	Of which: Nationally financed public investment		3.2	4.7	5.0	4.9
21	Capital transfers	D.9	0.4	0.6	0.8	0.6
22	Other capital expenditure	P.52+P.53 +NP	0.0	0.1	0.0	0.1
23	Total expenditure (=12+13+14+15+16+17+18+19+21+22)	TE	31.3	46.5	48.7	49.2
24	Of which: Expenditure funded by transfers from the EU (= 8)	D.7EU+D.9 EU	0.6	0.9	1.0	1.3
25	Nationally financed expenditure (23-24)		30.7	45.6	47.7	47.9
26	p.m. National co-financing of programmes funded by the Union		0.1	0.2	0.2	0.2
27	p.m. Cyclical component of unemployment benefits		-0.1	-0.1	-0.1	-0.1
28	p.m. One-off expenditure included in the projections (levels, excluding EU funded measures)		0.2	0.3	0.5	0.0
29	Net nationally financed primary expenditure (before revenue measures) (= 25-26-27-28-14)		29.6	43.9	45.9	46.5
	Net nationally financed primary expenditure			growth rate	growth rate	growth rate
30	Net nationally financed primary expenditure growth	Table 1a, row 1		4.2	7.7	5.5
	Balances	ESA code	bn EUR	% GDP	% GDP	% GDP
31	Net lending/borrowing (=7-23)	B.9	-0.6	-0.9	-2.4	-2.8
	Net lending/borrowing by subsector					
31a	Central government	S.1311	-0.5	-0.8	-2.4	-2.6
31b	State government	S.1312				
31c	Local government	S.1313	-0.2	-0.4	0.0	0.0
31d	Social security funds	S.1314	0.1	0.2	0.0	-0.2
32	Primary balance (= 31-14)		0.2	0.3	-1.1	-1.5
	Cyclical adjustment			% GDP	% GDP	% GDP
33	Structural balance			-1.5	-2.0	-3.0
34	Structural primary balance			-0.2	-0.7	-1.7
	Debt		bn EUR	% GDP	% GDP	% GDP
35	Gross debt		44.9	66.6	66.0	64.7
36	Change in gross debt		1.2	-1.7	-0.6	-1.3
37	Contributions to changes in gross debt					
38	Primary balance (= minus 32)			-0.3	1.1	1.5
39	Snowball effect			-2.1	-1.4	-1.9
40	Interest expenditure (= 14)			1.3	1.3	1.3
41	Growth			-1.1	-0.5	-1.5
42	Inflation			-2.3	-2.2	-1.7
43	Stock-flow adjustment (= 36-38-39)			0.8	-0.3	-1.0
				%	%	%
44	p.m. Implicit interest rate on debt (=14/DEBT(t- 1))			2.0	2.1	2.1
			bn EUR	% GDP	% GDP	% GDP
45	Defense expenditure	COFOG 2	1.0	1.4	1.4	1.8
46	Of which: investment	COFOG 2, P.51g	0.3	0.5	0.4	0.7

Source: SORS; MF.

Table 5: Estimated impact of discretionary revenue measures

	Title/description of measure	One-off	Exp / Rev		2024	2025	2026
				ESA Code	% GDP	% GDP	% 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 pp. (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 reliefs 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		0.4	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
	TOTAL				1.0	0.5	0.4

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.

Source: Calculations by the MF 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.

Table 6: RRF grants

		2021	2022	2023	2024	2025	2026
	Revenue from RRF grants	% GDP	% GDP	% GDP	% GDP	% GDP	% GDP
1	RRF grants as included in the revenue projections	0.2	0.2	0.6	0.5	0.7	0.4
2	Cash disbursements of RRF grants from EU	0.4	0.0	0.5	0.2	0.6	0.7
	Expenditure financed by RRF grants						
3	Total current expenditure	0.0	0.0	0.1	0.1	0.4	0.4
4	Gross fixed capital formation	0.2	0.1	0.1	0.1	0.4	0.3
5	Capital transfers	0.0	0.0	0.1	0.1	0.2	0.1
6	Total capital expenditure (4+5)	0.2	0.1	0.2	0.2	0.6	0.4
	Other costs financed by RRF grants						
7	Reduction in tax revenue						
8	Other costs with impact on revenue						
9	Financial transactions						

Source: MF.

Table 7: RRF loans

		2021	2022	2023	2024	2025	2026
	Revenue from RRF loans	% GDP	% GDP	% GDP	% GDP	% GDP	% GDP
1	RRF loans as included in the revenue projections			0.5	0.2	0.1	0.1
2	Cash disbursements of RRF loans from EU						
	Expenditure financed by RRF loans						
3	Total current expenditure	0.0	0.0	0.0	0.0	0.0	0.0
4	Gross fixed capital formation	0.0	0.0	0.1	0.2	0.3	0.1
5	Capital transfers	0.0	0.0	0.0	0.0	0.0	0.0
6	Total capital expenditure (4+5)	0.0	0.0	0.1	0.2	0.3	0.1
	Other costs financed by RRF loans						
7	Reduction in tax revenue						
8	Other costs with impact on revenue						
9	Financial transactions						

Source: MF.

Table 8: Government expenditure by function (COFOG)

		COFOG Code	2025 % GDP	2026 % GDP
1	General public services	01	4.6	4.6
2	Defence	02	1.4	1.8
3	Public order and safety	03	1.6	1.6
4	Economic affairs	04	6.8	6.8
5	Environmental protection	05	0.9	0.9
6	Housing and community amenities	07	0.5	0.5
7	Health	06	7.7	7.8
8	Recreation, culture and religion	08	1.6	1.6
9	Education	09	5.6	5.6
10	Social protection	10	17.9	17.9
11	Total expenditure	TE	48.7	49.2
12	<i>of which: Employment</i>		0.3	0.3

Source: SORS; MF.

Table 9: Budgetary projections under unchanged policies*

	Revenue	ESA Code	2024 bn EUR	2024 % GDP	2025 % GDP	2026 % GDP
1	Taxes on production and imports	D.2	8.7	12.9	12.9	12.7
2	Current taxes on income, wealth, etc	D.5	5.7	8.4	8.3	8.2
3	Social contributions	D.61	11.6	17.2	18.0	18.6
4	Other current revenue	(P.11+P.12+P.131) + D.39 + D.4 + D.7	4.3	6.5	5.9	5.3
5	Capital taxes	D.91	0.1	0.2	0.2	0.2
6	Other capital revenue	D.92+D.99	0.3	0.4	1.1	1.1
7	Total revenue (= 1+2+3+4+5+6)	TR	30.7	45.5	46.3	46.0
	Expenditure	ESA Code	bn EUR	% GDP	% GDP	% GDP
8	Compensation of employees	D.1	7.6	11.3	12.1	12.2
9	Intermediate consumption	P.2	4.4	6.5	6.8	6.7
10	Interest expenditure	D.41	0.9	1.3	1.3	1.3
11	Social benefits other than social transfers in kind	D.62	10.4	15.5	16.0	16.4
12	Social transfers in kind via market producers	D.632	2.0	2.9	3.0	3.2
13	Subsidies	D.3	0.8	1.1	1.2	1.1

14	Other current expenditure	D.29+(D.4-D.41)+ D.5 + D.7 + D.8	1.4	2.0	2.0	2.0
15	Gross fixed capital formation	P.51	3.5	5.1	5.6	5.7
16	Of which: Nationally financed public investment		3.2	4.7	5.0	4.9
17	Capital transfers	D.9	0.4	0.6	0.8	0.6
18	Other capital expenditure	P.52+P.53+NP	0.0	0.1	0.0	0.1
19	Total expenditure (=12+13+14+15+16+17+18+19+21+22)	TE	31.3	46.5	48.7	49.3
	Balances	ESA Code	bn EUR	% GDP	% GDP	% GDP
20	Net lending/borrowing (= 7-19)	B.9	-0.6	-0.9	-2.4	-3.3
21	Primary balance (= 20+10)	B.9+D.41p	0.2	0.3	-1.1	-2.0

Note: When calculating the unchanged policy of the general government, it is assumed that the income tax scale is indexed and that no effects for balancing the health insurance fund (ZZZS) are included.

Source: SORS, MF.

Table 10: Measures of the Draft Budgetary Plan 2026 addressing the proposal for Council Specific Recommendations for Slovenia for 2025-2026

Recommendation:	Measures:	Addressing:
CSR 1		ADDRESSES
Reinforce overall defence and security spending and readiness while ensuring debt sustainability in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 21 January 2025, while making use of the allowance under the national escape clause for higher defence expenditure. Ensure the fiscal sustainability of social protection and rebalance tax revenues towards more growth-friendly and sustainable sources. Improve the efficiency of public spending, in particular by implementing spending reviews.	In June 2025, the National Assembly of the Republic of Slovenia adopted the Resolution on the general long-term development and equipping program of the Slovenian Armed Forces until 2040 (ReDPROSV40-1) which outlines the long-term development and equipping of the Slovenian Armed Forces so that it will be capable of performing statutory tasks and providing forces and capabilities, and will be prepared to realize national interests and goals in the defense field. One of the main focuses is a faster and more ambitious timeline for achieving defense spending, with the goal of reaching 2% of GDP as early as in 2025 and gradually (2.2% in 2026, 2.4% in 2027, 2.6% in 2028, 2.8% in 2029) increasing by 2030 to reach 3% of GDP and remaining at this level until the end of the long-term development period. On 23 July 2025, the Government of the Republic of Slovenia also adopted the Strategy for the Development of the Defense Industry and Technological Base in the Republic of Slovenia. This is the first strategy of its kind in the Republic of Slovenia and stems from the Resolution on the General Long-Term Development and Equipment Program of the Slovenian Armed Forces until 2040. Act Amending the Pension and Disability Insurance Act (ZPIZ-20) - The main objectives of the proposed changes are to prepare the system for the demographic transition and to improve the well-being of existing and future pensioners. By ensuring the public financial sustainability of the system and greater transparency and understandability of individual parameters of the pension system, trust in the system will also increase. The key changes relate to raising the conditions for obtaining the right to an old-age pension, extending the reference period for calculating the pension base, and changing the pension indexation formula. The changes will be introduced with a transitional period that will end in 2035 for most measures. The goal of the proposed	

	changes in the field of voluntary supplementary pension insurance is to increase the number of people included in collective supplementary pension insurance, formed by the employer for the employees. The aim is also to improve the functioning of the supplementary pension insurance system. In the field of healthcare, the amendment of Health Care and Health Insurance Act is expected to come into force, which ensures a high-quality, accessible, efficient and financially stable healthcare system with targeted systemic measures for financing the healthcare system, ensuring the financial sustainability of the healthcare sector, maintaining a wide range of rights within the compulsory health insurance system, and improving the governance and performance of the healthcare system. The act defines in more detail the areas that are financed by the budget of the Republic of Slovenia, thereby ensuring that key functions and services of the healthcare system are adequately financed by budgetary sources, especially during crisis situations and extraordinary circumstances. The amendment maintains the Health Insurance Institute of Slovenia (HIIS) as the sole provider of compulsory health insurance and introduces professionalization of the management and administration of the HIIS. The financial plan of the Public Agency for Healthcare Quality also addresses the rational use of funds from several aspects. The plan is to increase the number of employees within the authorized quota, ensuring that there is enough human resources support to complete tasks. At the same time, the plan includes carefully planned and rational use of budget funds for investments in IT and work equipment. The amendment to the Long-Term Care Act adopted in 2025 stipulated that the HIIS would reimburse the Pension and Disability Insurance Institute for a care allowance of up to EUR 112 million in 2025 and up to EUR 91 million in 2026 from the compulsory long-term care insurance contributions collected, and to finance additional labour costs for providers of institutional care for the elderly and home-based family support service providers for a certain period (estimated at EUR 36 million in 2025 and 2.5 million in 2026). Starting in 2028, there is a possibility of introducing co-payment. In order to provide additional public financial resources and at the same time achieve additional pollution abatement, thereby encouraging a transition to more sustainable resources, the Official Gazette of the Republic of Slovenia, No. 75/24, published the Decision on the amount of the environmental tax for air pollution by carbon dioxide emissions, with which the CO₂ tax was increased from EUR 17.3 to EUR 30.85. A minor relief was achieved for taxpayers, thereby following the trend of growth of friendlier revenues. Namely, a measure was adopted for 2024 not to harmonize the personal income tax scale and reliefs, which had a positive	
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	effect on public finances, but for 2025 the indexation of income tax scales and reliefs was implemented in the amount of the total wage increase (Official Gazette of the Republic of Slovenia, No. 108/24). To monitor and ensure the efficiency of public spending, the Public Internal Control Service was established at the Ministry of Finance, whose tasks are to address the shortcomings of the existing public internal control system. The primary objective of the service is to strengthen existing and establish additional internal control mechanisms to support appropriate project planning and implementation and monitoring of the impacts of projects financed with budgetary sources, with an emphasis on integrity, accountability, the use of digital technologies and transparency. An important step towards improving the efficiency of public spending is an independent analysis of the healthcare reform and its financing by the OECD. The OECD has also prepared an analysis of the pension system reform proposal in Slovenia, assessing the impacts on public finances. Both analyses represent a measure of improving the efficiency of public spending.	
CSR 2		ADDRESSES
In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, accelerate the implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the opportunities provided by the InvestEU programme and the Strategic Technologies for Europe Platform, to	In the field of implementation Recovery and resilience plan, the government regularly monitors the implementation of measures and investments (reviews the implementation report monthly and imposes additional measures to accelerate activities). The Government of the Republic of Slovenia regularly reports to the National Assembly. Additional recruitments were made at the coordination body to strengthen administrative capacity, which includes substantive monitoring, reporting and financial management, as well as proactive implementation of activities to ensure the achievement of the financial interests of the European Union. In 2025, in accordance with the EC Communication, the adjustment of the Slovenian RRP is being prepared for the accelerated and efficient implementation of measures. Activities are underway to accelerate the implementation of the RRP, also within the framework of the public tender from REPowerEU, namely monitoring milestones and objectives through the Work Programme and identifying potential challenges in achieving them, organizing regular operational meetings with directorates and SPIRIT Slovenia regarding the implementation of the RRP, reviewing milestones and objectives with the aim of successfully completing reforms and investments (public tenders), and preparing a timeline, especially for the demanding public tender financed from REPowerEU. Amendment to the European Cohesion Policy Program 2021-2027 (approved by the EC on 2 September 2025): Slovenia has prepared a revision of the European Cohesion Policy Programme 2021-2027 following the assessment of the mid-term review of the programme, which highlighted	

improve competitiveness.	delays in implementation, slow absorption of allocated funds, and the need for better alignment with updated national and EU priorities. The amendment addresses these challenges by strengthening climate resilience, supporting the digital and green transitions, and increasing the absorption capacity of the programme. In particular, the change in the programme responds to the need to align the objectives with the STEP initiative. The measures are aimed at more efficient implementation of the programme, a stronger contribution to the Union's strategic objectives, and better integration of Slovenia into key European value chains. Amendment to the European Cohesion Policy Programme 2021-2027 (in preparation): With the new change, Slovenia is adapting to the new development and strategic priorities of the European Union and its own national needs. A key reason for the change is also the more efficient use of available resources. The priority areas of the new policy, which will be covered by the programme amendment, are competitiveness, energy transition and security, defense and safety, and affordable housing.	
CSR 3		ADDRESSES
Simplify regulation, improve regulatory tools and reduce administrative burden on businesses, including in certain services and regulated professions, as well as reducing barriers to services trade. Strengthen competitiveness by promoting business dynamism and the creation of high-growth companies by improving the conditions for equity investment, including venture capital investment, for institutional investors, as well as for investments in research, development and innovation	To ensure a digitalized and simpler environment for the operations of economic entities that correctly fulfill their tax obligations, an amendment to the Value Added Tax Act was adopted (Official Gazette of the Republic of Slovenia, No. 104/24), which includes several measures to reduce the burden on business entities, as well as increase the competitiveness of business entities. Among other things, it introduces a system of pre-filled VAT returns, the abolition of the obligation to issue invoices for sales through vending machines, cross-border exemption from VAT accounting for small taxpayers, VAT groups to reduce administrative burdens and improve financial efficiency (effective from 1 January 2026), and an increase in the threshold for mandatory entry into the VAT system. Certain measures adopted also aimed to strengthen the competitiveness and greater stability of the Slovenian business environment. Administrative simplifications for taxpayers were also introduced with the Amendment to the Tax Procedure Act (Official Gazette of the Republic of Slovenia, No. 100/24). In particular, it involves the elimination of administrative obstacles for employers, taxpayers and tax authorities in relation to those posted abroad and for employers by determining the procedure for assessing advance personal income tax on income received in kind in the form of shares or interests in a company and in which grossing up is waived, including determining the obligation of the tax authority to issue a decision calculating social security contributions for this income. With Amendment to the Personal Income Tax Act (Official Gazette of the Republic of Slovenia, No. 104/24), measures have been adopted to promote employee ownership (rewarding employees with shares or equity has	

	been adjusted to lower costs for the employer and lower total tax liability for the employee) and in innovative start-ups, a deferral of the calculation of tax liability from received options and stakes/shares has been enabled, thereby adjusting taxation to the greater risk for the success of these companies. The measures were aimed at supporting innovative start-ups, which will contribute to a faster breakthrough in global markets and an increase in investments. The solution helps facilitate the initial stages of business. The measures also aim to increase employee loyalty and improve productivity in companies. The Amendment to the Corporate Income Tax Act is in the legislative procedure which establishes a more favorable tax treatment for investment funds (taxation at a 0 % rate for investment funds). The proposed solution merely seeks to maintain the already established special tax regime. The solution ensures greater certainty and predictability of the tax system due to changes in the parent legislation governing the field of investment funds. Improving the conditions for equity investments – including venture capital investments – for institutional investors: In 2022, a new Act on Forms of Alternative Investment Funds (ZOAIS) was adopted, which clearly defines the forms of AIF (alternative mutual fund, special limited partnership and investment company with fixed capital). The regulatory framework further strengthens the tax legislation measure, as proposed in the proposed amendments to the Corporate Income Tax Act. The aforementioned amendment to the law is currently being in the legislative procedure in the National Assembly of the Republic of Slovenia. The proposal amends Article 61 of the Corporate Income Tax Act (hereinafter: ZDDPO-2) in such a way that a special 0 % tax rate will apply to certain alternative investment funds that are legal entities, under certain conditions (which follows the so-called principle of tax neutrality in the taxation of investment funds). With this change, the tax treatment of domestic AIF funds is competitively aligned with the tax treatment of private equity funds in other European countries. In the AIS segment, it is also necessary to highlight the EBRD's first investment in a Slovenian private equity fund (June 2025). This type of investment by an international development bank is a sign to other (including international) institutional investors that Slovenia has a developed AIF industry that offers various investment opportunities. In the field reducing administrative burdens for businesses, the measures stemming from the new vision or strategic starting points for the Slovenian startup strategy are important both for reducing administrative burdens and for increasing competitiveness and productivity. This concerns the simplification of patent legislation (faster procedures for obtaining patents and licenses); simplification of the procedure for obtaining a temporary residence and work permit (amendment to the ZZSDT Act); tax relief for investing in startup companies; a new legal	
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	organizational form of a commercial company (Slovenian Companies Act - ZGD), which will significantly facilitate companies' access to capital and financing in the start-up and growth phase; the introduction of a digital identity for companies (a single digital business account or identity in connection with the EU regulation eIDAS); adoption of the prepared Act on Employee Profit Participation and Option Remuneration and adoption of the Act on Workers' Ownership Cooperatives (currently being discussed at the Government of the Republic of Slovenia); The competent Ministry of the Economy, in cooperation with SID Bank and the Slovenian Enterprise Fund, is improving the conditions for capital investments. In the inter-ministerial coordination, the amendment of the Act on the Supportive Environment for Entrepreneurship will allow greater investments by the Slovenian Enterprise Fund (public fund) also in the form of equity financing. A change of the Public Finance Act - 1 and an amendment to the implementing regulation is also in preparation, which will enable a broader and clearer use of financial engineering instruments (loans, guarantees, equity financing) and consequently more favorable financing of companies. The law establishes a new definition of an innovative start-up as a business enterprise that is less than 10 years old. Based on the new definition, the register of innovative startups will be renewed as an entry point for implementing measures intended for such companies in accordance with the Slovenian startup strategy. A proposal for a Strategy for startup and scaleup companies is prepared, which includes concrete measures, including in the area of tax reliefs for investments in startup/scaleup companies and venture capital funds. Within the framework of the Slovenian Enterprise Fund, the so-called Slovenian Technology Fund was formed (EUR 10 million of public funds generated EUR 50 million (together with private sources) of equity financing in SMEs). The selected funds are in the phase of investing in SMEs. In the context of the European Cohesion Policy the Financial Instruments 2014-2020 (re-use of funds) and Financial Instruments 2021-2027 is being implemented measures, which include measures in the form of loans, guarantees, and a combination of loans and grants in the fields of RDI, SMEs, and the circular economy. To increase the competitiveness of the economy based on a domestic strategic raw material (wood), an instrument is being prepared that will promote a faster transition to circular business models with an emphasis on digitalisation. In this segment, it also implements instruments to promote the modernisation of operations in micro-enterprises. In the field investments in research, development and innovation, a measure is being prepared to promote research, development, innovation, pilot and demonstration projects in two coal regions (funds from the Just Transition Fund). A measure to promote research, development and innovation for whole Slovenia (both cohesion regions) is	
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	also being prepared for projects consistent with the Slovenian Sustainable Smart Specialization Strategy (funds from the ERDF). A measure to provide incentives for the development and production of strategic technologies for Europe (STEP) for projects in the Eastern Cohesion Region (funds from the ERDF) is also being prepared. Slovenia will direct a large part of its European cohesion policy resources into STEP key technologies (biotechnologies, clean technologies, digital/deep technologies and the development of high-performance computing in connection with artificial intelligence) in the economy. In the area of research, development, and innovation, support is provided to Slovenian companies that participate in the Projects of Common European Interest (IPCEI). Funds from the Recovery and Resilience Plan co-finance projects for companies included in the IPCEI ME/CT and IPCEI CIS. Measures are being prepared to support projects of companies involved in IPCEI EuBatIn, IPCEI HYDROGEN and IPCEI Tech4Cure (funds from the ERDF) and for an additional 4 IPCEIs for which the design phase was confirmed in November 2024, namely IPCEI AI, IPCEI CIC, IPCEI AST and IPCEI CAM. Regulation amending and supplementing the Regulation on Green Public Procurement introduces a new definition of "energy efficiency first", while at the same time introducing new subjects for which it is mandatory to take into account the objectives - data centers, server space and cloud services. For some existing items, the share is increased to meet the required goal (various household appliances, lighting, cleaning products, plants, etc.). Among other things, the amendment to the regulation encourages the purchase of used or refurbished products. The objective of the revised Business Register of Slovenia Act (ZPRS-2), which is currently in the parliamentary procedure, is to increase legal certainty and the security of legal transactions in the Republic of Slovenia. The procedures for registration in the Business Register of Slovenia will be revised and adapted to the needs of business entities. This will contribute to sustainability-oriented economic growth, based on the innovative and intensive use of digital technologies. It is also a step towards the digital transformation of the economy (Digital Slovenia 2030), which will also include the introduction of a digital corporate identity. In July 2025, the government determined the text of the proposal of the Act on Amendments to the Companies Act, which aims to relieve companies of regulatory burdens by giving them sufficient time to adapt and prepare for sustainability reporting obligations. Other objectives of the amendment are also to simplify some of the existing sustainability reporting obligations and reduce the related administrative burden for companies, to provide legal clarity and to prevent companies from incurring unnecessary and avoidable costs.	
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	Within the RRP framework, various projects are being implemented that address specific recommendations, among others the project "Purchase and implementation of videoconferencing and associated audio-video equipment for courts", which significantly contributes to the realization of the goal of simplifying regulations, improving regulatory tools and reducing the administrative burden for companies; the "eOveritve" project represents the digital transformation of procedures for authenticating public documents and significantly contributes to reducing the administrative burden for companies, as it enables remote submission of applications via the eUprava or SPOT portals. In accordance with the Digital Public Services Strategy 2030, two measures are being implemented (Development of Dynamic e-Services (DES) and the Smart Digital Public Services measure) for integrated, coordinated, secure and efficient interaction of companies with public administration through the SPOT portal, the central state portal for companies and business entities. Within the European Cohesion Policy (ECP) 2021-2027 framework, the project "Digitalisation of Notary Services" is being implemented, the goal of which is to develop an information system (IS) for the digital implementation of notary services. The project "Digitalisation in the Field of Judicial Appointment Procedures" will enable electronic submission of applications. The aim of the project Purchase of audio recording equipment and establishment of conditions for the transition to automation of records is also to ensure that courts in Slovenia use new technologies, which contributes to a higher quality of judicial procedures for citizens and businesses. A subsidiary legislation to the Healthcare Quality Assurance Act is being prepared, which will comprehensively address the implementation of the Health Technology Assessment (HTA) programme. The purpose of the act is to strengthen the transparency, comparability and professional justification of decisions when introducing new health technologies, which will contribute to greater quality and a sustainable approach to the health system. Within the framework of the European Cohesion Policy (ECKP) 2021-2027, the Policy Lab project is being implemented, the aim of which is to improve the quality of policy design that contributes to the transition to a circular and low-carbon society, in particular through early public involvement and testing draft solutions before their implementation, thereby contributing to the preparation of better and administratively less burdensome policies and legislation. In 2026, the OECD Trust Survey will be performed, and Slovenia will be among the participants. The Ministry of Public Administration will implement, co-finance the implementation of the "CRP 2025" Targeted Research Programme in 2026 (and 2027) on the topic of trust in institutions, awareness and participation of young people in the processes of preparing policies and regulations.	
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	A proposal for a Strategy for the Sustainable Development of Public Administration by 2030 is being finalized by The Ministry of Public Administration, which, within the framework of strategic objective 1: "public services tailored to users", defines specific objective 1: "quality legal framework" as a necessary condition for the functioning of the rule of law and the quality of public administration. To achieve this and other objectives of the Strategy for the Sustainable Development of Public Administration by 2030, an action plan with measures will be developed and implemented in 2026, within which the objectives and indicators of the results of the measures, as well as the responsible parties, participants and implementation deadline will be defined. In accordance with Digital Public Services Strategy 2030, two measures for integrated, coordinated, secure and efficient interaction of companies with public administration through the SPOT portal, the central state portal for companies and business entities are being implemented. Within the scope of the Development of dynamic e-services (DES) measure, co-financed by the RRP, an extensive technological renovation of the information system was carried out, based on modern architecture. Accordingly, the user interface has also been redesigned, allowing greater adaptability for different user segments. The second phase of the renovation follows - the renovation of all e-services of the SPOT portal, both from the perspective of technological renovation and from the perspective of improving the user experience. Within the scope of the Smart digital public services measure, co-financed from the ERDF, the development and upgrade services on the SPOT portal will continue in 2026, ensuring their connection with data sources, pre-filling applications, and connecting back-end systems.	
CSR 4		ADDRESSES
Accelerate the roll-out of renewables and energy storage, including by streamlining and expediting administrative and permitting procedures designating areas for wind power installations and by stepping up capacity building for permitting at local level. Strengthen the electricity grid infrastructure at	With the purpose decarbonisation and efficient energy use in industry, a measure from the National Recovery and Resilience Plan (REPowerEU part) is being implemented. A similar measure is also planned from the Climate Change Fund in 2027 (based on CISAF). From the field of transition to low-carbon circular economy, the measure to establish a supporting environment for green, creative and smart development is being implemented to strengthen stakeholders in the supporting and innovation environment, with knowledge in areas that are of key importance for the development of solutions and business models for the transition of companies to a low-carbon circular economy (Official Gazette of the Republic of Slovenia, No. 35/2024 of 26 April 2024 - Public tender for the establishment and operation of the Slovenian Centre for Circular Economy - for green, creative and smart development (JR CKG)). A measure to introduce circular business models with the support of digitalisation is also planned for next year.	

distribution level and introduce smart grid components. In addition, accelerate the implementation of energy efficiency measures, particularly in the building sector. Promote the electrification of the transport sector and focus investments on sustainable transport, particularly rail. Further strengthen climate and water resilience by improving the environmental and climate adaptation governance and accelerating the implementation of targeted climate adaptation and environmental measures.	Renewable energy sources Adoption of the Act on Amendments to the Act on the Introduction of Devices for the Production of Electricity from Renewable Energy Sources (ZUNPEOVE-B) is scheduled for September 2025. ZUNPEOVE-B brings mapping of RES areas, determination of areas for accelerated introduction of RES (including wind power plants), determines the specifics of the assessment of impacts on the environment and nature for interventions in the area for accelerated introduction of RES, and determines the method of verification with rules and measures in areas for accelerated introduction of RES. By the end of 2025, the adoption of a new Act on the Promotion of the Use of Renewable Energy Sources (ZSROVE-1) if foreseen, which, among other things, transpose Directive 2023/2413/EU. ZSROVE-1, among other things, increases commitments regarding the share of RES; introduces a new, more comprehensive support scheme for RES and energy storage, which will be more rationally designed and will enable easier and electronic applications by investors; removes obstacles to easier conclusion of RES power purchase agreements (PPAs) and re-establishes a guarantee scheme for PPAs; defines new activities of the RES contact point to further assist investors and authorities, including at the local level, involved in permit-granting procedures, with the aim of strengthening the capacity for issuing permits; defines deadlines for permit-granting procedures; establishes a framework for a sufficient number of qualified RES installers and designers; facilitates the systemic integration of electricity from RES. Electricity grid infrastructure The Act on Amendments to the Electricity Supply Act (ZOEE-A) is adopted, which, in addition to transposing EU legislation, contributes to greater transparency, fairness and resilience of the energy system. The new provisions are aimed at enabling a more advanced distribution network in areas where, due to the congestion of the distribution network, the connection of new users to the network with the specific desired connection power is no longer possible; household and other consumers will be able to be connected flexibly based on the rules prescribed by the electricity operator. The possibility of concluding a flexible connection contract has been introduced, which is a set of agreed conditions for connecting electrical capacity to the network, which includes conditions for limiting and controlling the supply of electricity from or to the network. The previous more rigid rules are being replaced by smart management, which allows for the inclusion of a larger number of users without compromising the stability of the system. This will make energy more accessible and the grid more flexible and responsive. Energy efficiency of buildings The Act on the Efficient Use of Energy (ZURE), which transposes the provisions of the Energy Performance of Buildings Directive and also the provisions of the Energy Efficiency Directive is being prepared for adoption by the	
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	Government of the Republic of Slovenia. Based on the Energy Efficiency Act, implementing regulations issued on the basis of this Act and on the basis of Long-term building renovation strategy, new legal bases for the creation of incentives for energy efficiency will be established, with a particular focus on incentives for the gradual comprehensive energy renovation of buildings. A unified electronic support system for the creation, implementation and monitoring of energy management, energy accounting and energy audits will also be introduced. Electrification of the transport sector The Act on Infrastructure for Alternative Fuels and Promoting the Transition to Alternative Fuels in Transport (ZIAG) (Official Gazette of the Republic of Slovenia, No. 62/23) and the Regulation on the method of granting financial incentives are adopted for measures to promote the transition to alternative fuels in transport (Official Gazette of the Republic of Slovenia, Nr. 113/23 and 57/24). The law establishes the legal framework for the establishment, development, expansion and safe use of an interoperable and user-friendly charging infrastructure for electric vehicles. The Act also sets out the legal framework for the strategic development of electrification, especially in road transport, and the method of preparing a national action plan for measures to promote electrification. It also establishes a public utility for the establishment of high-power charging parks for fast charging along the TEN-T road network (motorways), and sources of funding for the implementation of the action plan. The Integrated Transport Planning Act (ZCPN Official Gazette of the Republic of Slovenia, Nos. 130/22 and 22/25) was adopted. Based on the ZCPN, Slovenia began preparation of a new national integrated transport strategy, municipal and regional integrated transport strategies are also being prepared. The new strategy will, in addition to transport, take into account climate and environmental goals and commitments more consistently. A better system for setting priorities, tracking measures and their effects will be established. Investments in railway infrastructure will be given priority. A digital platform for monitoring the implementation of integrated transport strategies is also being prepared. Adaptation to climate change A key step towards fulfilling the recommendation is the adoption of the Climate law (POZA; Official Gazette of the Republic of Slovenia, No. 56/25), which introduces the following solutions in the field of climate change adaptation: Climate change adaptation strategy – sectoral climate vulnerability and risk assessments are currently being prepared, which will provide the expert basis for developing the strategy; and regional climate change adaptation action plans.	
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	At the implementation level, two key projects have been launched in 2024 and 2025, namely the LIFE IP project LIFE4ADAPT, a seven-year project worth EUR 26.6 million, of which EUR 14.2 million is contributed by the EU. Through the project, Slovenia will develop solutions for effective adaptation to increasingly frequent extreme weather events and long-term environmental changes, such as rising temperatures, droughts, floods and the disappearance of plant species. Climate office for municipalities and regions provides support to municipalities and regions in planning and implementing climate change adaptation projects. In 2015, the Government of the Republic of Slovenia adopted the Transport Development Strategy in the Republic of Slovenia, which sets out measures for the development of transport until 2030 and also includes some urgent measures after that period. In 2016, the Government of the Republic of Slovenia and the National Assembly of the Republic of Slovenia adopted the Resolution on the National Transport Development Program until 2030 (Official Gazette of the Republic of Slovenia, No. 75/2016), which comprehensively defines the national transport development program for the first time. The resolution envisages the preparation of six-year rolling investment plans in transport and transport infrastructure, which enable stable and planned implementation of investments. On this basis, several operational plans have been prepared, including for the period 2020-2025, while the operational plan for the period 2025-2030 is on hold as a new national integrated transport strategy is being prepared. In the area of increasing climate change resilience and water resilience (budget and resources of the Water Fund) measures and projects for the introduction of new digital twin technologies in the preparation of flood and erosion risk areas and monitoring of floods and landslides will be financed in 2026; development of an information system for monitoring and increased state supervision over the implementation of public services for drinking water supply and municipal wastewater discharge and treatment and the implementation of the Urban Wastewater Treatment Directive (recast); special attention is paid to monitoring erosion processes and landslides with the principle of notification, construction bans and preventive measures; development of targeted and problem-oriented inland water and sea management plans and flood risk reduction plans for the next period; special attention is also paid to the management of rainwater in settlements, where system recommendations are being commissioned, as well as water management plans in the event of drought events. A new flood regulation has been adopted (Regulation on conditions and restrictions for spatial interventions and for the implementation of activities in areas at risk from floods and related erosion of inland waters and the sea (Official Gazette of the Republic of Slovenia, 34/2025)). The new Drinking Water Supply and Municipal Wastewater Treatment and Collection Act (ZOPVOOV) (Official Gazette of the Republic of	
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	Slovenia, No. 21/25) came into effect and it determines the manner and forms of implementation of the mandatory municipal public service of drinking water supply and water for household supply, and the mandatory municipal public service of municipal wastewater and rainwater collection and treatment, which are public environmental protection services. The law also stipulates the pricing of mandatory municipal public services and the recording of data on public service infrastructure. Pursuant to Article 22 of the Healthcare Quality Assurance Act, one of the tasks is to conduct a carbon footprint survey of healthcare providers. The survey is aimed at systematically collecting and processing data on energy consumption, materials, transport and other factors that affect the carbon footprint of healthcare activities. The purpose of the task is to obtain a comprehensive overview of the impacts on the environment, prepare expert bases for designing measures to reduce the carbon footprint, and contribute to the sustainable orientation of the healthcare system and the fulfillment of national and European climate goals.	
CSR 5		ADDRESSES
Address labour shortages by stepping up the provision and acquisition of skills and competences, including basic skills among pupils and those relevant for the green and digital transition. Boost lifelong learning and training, especially for low-skilled and older workers. Raise Slovenia's attractiveness for foreign workers with advanced skills. Improve working conditions, particularly in the healthcare, social and long-term care and teaching sectors.	As part of the measures for improving skills and competences in the field of social economy, two measures are planned for 2025, namely to promote the development of the social economy by ensuring quality, stable and secure employment in registered social enterprises, strengthening the professional competences of employees and financing the implementation of training and education activities for persons responsible for working with vulnerable groups of people in social enterprises. Measures will continue to be implemented to strengthen the provision and acquisition of skills and competences relevant for the green and digital transitions, to address labour shortages; to promote lifelong learning and training, especially for low-skilled and older workers. In programs implemented as part of an active labour market policy within informal education and training, participation in programs that strengthen digital skills, as well as knowledge important for the green transition, is particularly encouraged. In June 2025, a call for tender was launched to support, in addition to the preparation of a senior employee management strategy, participation in motivational programs for older employees, training in the field of personal and career development, and the acquisition of competences by older employees (acquisition of soft competences, general training, vocationally specific training, training for obtaining a national vocational qualification, and training in the field of digital and green competences). Training for employees (and the unemployed) from the Competent Slovenia program is also about to begin. To improve working conditions in social protection, scholarships for students studying in a study program to	

	obtain a social worker qualification are being prepared. The aim is to provide additional human resources capacity for the field of social care directly with staff trained in social work, and consequently also to ensure higher quality of services. Within the framework of the public sector wage reform, new jobs have been created (the concept of creation of new jobs, which is based on the complexity, necessary competences and responsibility assumed by professional workers and professional associates when performing individual tasks) and criteria for classifying professional workers and professional associates into these jobs have been created, which is also reflected in the level of the salary grade, which increases depending on the complexity and responsibility of the job. A new title (3rd title) has been introduced within the framework of the promotion of professional workers and professional associates in the field of social care in titles with the aim of establishing comparability of the career development of professional staff in the field of social care with career development in other comparable salary groups. The shortage of labour is addressed by enabling the employment of professional workers and professional associates (Article 69a and Article 70a of the ZSV) who have not yet passed the professional examination for professional workers or professional colleagues in the field of social care, and they meet the other conditions from Articles 69 and 70 of the Social Security Act (ZSV), provided that they fulfill the missing condition within one year of employment, i.e. they pass the professional exam. The unknown measure contributes to solving the personnel shortage in social care. The legal regulation of professional qualifications in the field of social protection will also help to resolve the personnel problem of the shortage of labour force. It was also implemented to harmonise sectoral legislation with the Act on the Procedure for Recognition of Professional Qualifications for the Practice of Regulated Professions (Official Gazette of the Republic of Slovenia, Nr. 39/16, 47/19, 92/21 and 76/23), and represents the legal basis for management and decision-making in the procedure for recognizing professional qualifications in the field of social protection for regulated professions in the field of social protection for EU citizens and third-country nationals. The new Higher Education Act (Official Gazette of the Republic of Slovenia, No. 56/25), which entered into force on 9 August 2025, micro-credentials in higher education were introduced and regulated as a new part of lifelong learning, aimed at acquiring specific knowledge, skills and competences that respond to societal, personal, cultural or labour market needs, are based on quality assurance according to agreed standards in the relevant sector or in the relevant field of activity for higher education, and are validated with ECTS. In 2025, the Kindergarten curriculum and Kindergarten curriculum in an adapted program was adopted, which	
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	represents the first phase of curricular reform. The focus is on early learning, the development of transversal competences, emotional safety, and the inclusion of children from different cultural and social backgrounds. A special achievement is also the introduction of a new subject of computer science and digital technology in primary schools, the introduction of which is foreseen by the Act on Amendments to the Primary School Act (Official Gazette of the Republic of Slovenia, No. 54/25), which strengthens both digital skills and awareness of the responsible use of technologies. In 2025, the Expert Council of the Republic of Slovenia for General Education will adopt revised curricula for a total of around 200 subjects in the compulsory curriculum of primary schools and gymnasiums. The new curricula systematically include digital competences, sustainable development, health and well-being, citizenship, culture, arts and entrepreneurship, including financial literacy, and the gradual introduction of the revised curricula and the National Curriculum Framework begins on 1 September 2026. The updating of the remaining curricula (electives) will continue with the second phase of the renovation in 2026 and 2027. For the effective introduction of revised curricular documents in educational work, training of professional and managerial workers in education is planned for 2025-2029 as part of the project Curriculum Renovation - New Paths to Knowledge. The reform of educational programs is also underway in the field of vocational education and training. The purpose of the project "Modernisation of Vocational Education and Training " is to strengthen competences for the digital and green transition, as well as to develop the adaptability, resilience and responsiveness of vocational education to the labour market needs, impact on economic recovery, balanced economic, environmental and social development, and promote social inclusion. As part of the project activities, 25 secondary education programs and 16 higher education programs will be reformed by the middle of next year. The first programs will begin in the 2026/2027 school year. Slovenia also pays a lot of attention to linking education with the economy and labour market needs. Within the framework of the Just Transition Fund, calls for proposals for the Savinjsko-Šaleška and Zasavska regions promote the enriched implementation of circular content and the development of digital, entrepreneurial and sustainable competences, with a special focus on career guidance. The measures directly reduce the mismatch between the skills young people acquire in schools and the expectations of the labour market, while also encouraging the active involvement of professional and managerial workers. In order to address the labour market shortage in the field of education, measures are being implemented to provide incentives for additional work of existing staff and to increase the attractiveness and reputation of the teaching profession.	
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	In July 2025, the Act amending the Organization and Financing of Education Act (Official Gazette of the Republic of Slovenia, No. 48/25, hereinafter referred to as: ZOFVI-R), which introduces the possibility of concluding employment contracts for supplementary work (up to 20% of full-time working time) with the same employer, if this is necessary for the smooth implementation of educational work or classes. For a certain period of time, until the end of 2029, an employment contract for supplementary work with the same employer may exceptionally be concluded with employees who are members of a project or development team, if this is necessary for the smooth implementation of development or research work in the field of education. This amendment to the Act also extended the range of professional workers who can be promoted to titles, and on this basis, new Promotion of Education Staff to Titles Rules were also adopted (Official Gazette of the Republic of Slovenia, No. 68/25). In order to mobilise all available human resources, a call for retired teachers to be involved in the work was also published. Increasing the attractiveness and reputation of the teaching profession is addressed by the Ministry through measures such as scholarships for students of pedagogical programs, subsidising further education and training for already employed teachers and educators (both study assistance for individuals and co-financing the implementation of further education programs), and financing an internship scheme with mentoring. The teaching profession is also actively promoted at the most visited educational fairs in the country. With the public sector wage reform, salaries of professional workers in the field of education and training increased from 1 January 2025, and also the method of paying for increased learning obligations was changed, which significantly contributes to improving working conditions. The Resolution on the National Programme of Adult Education in the Republic of Slovenia for the period 2022–2030 (ReNPIO22–30) is being implemented (Official Gazette of the Republic of Slovenia, No. 49/22). The goal is to overcome the development deficit by 2030, especially in the areas of literacy levels and basic competences and professional abilities of the adult population, educational level and participation in lifelong learning, as well as the organisation and effectiveness of governance and regulation of adult education policy in the country. Based on this strategic document, measures addressing the inclusion of adults in lifelong learning and reducing the gap between adult competences and labour market needs were included in the MFF 21-27. On 17 August 2023, the Government of the Republic of Slovenia adopted the Strategy and action plan for greening public education and research infrastructure in Slovenia by 2030. In accordance with the available budget for investments, projects in public educational and	
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	research infrastructure, through comprehensive renovations and new construction, promote the process of reducing energy consumption and maintenance costs, thereby contributing to greening, namely by reducing greenhouse gas emissions, increasing the use of renewable materials and promoting a sustainable approach. In accordance with the Act on the Promotion of Digital Inclusion (Official Gazette of the Republic of Slovenia, Nos. 35/22, 40/23, 30/24 and 12/25) it supports 36 projects through a public call for proposals, which will include 38,500 children and young people in education to improve their digital competences. Furthermore, training projects are being supported through a public tender, which will be implemented until the end of October 2025, involving 25,530 adults. With the entry into force of the new Act amending the Organization and Financing of Education Act (ZOFVI-R), for the first time in the history of the Republic of Slovenia, a legal commitment to ensure stable financing of development and investment in the education system in the amount of 0.5 % of GDP is being introduced, therefore strengthening the long-term sustainability and quality of the system. From 1 January 2027, funds will increase each year in line with budgetary possibilities until the target is reached. The key reform is the adoption of the Act on the Recognition of Professional Qualifications in Healthcare(Official Gazette of the Republic of Slovenia, No. 40/25), which entered into force on 19 June 2025. The Act represents a comprehensive and systemic solution to facilitate the employment of foreign health workers and health care associates in the healthcare sector. By simplifying procedures, the Act will help address the human resources challenges in the healthcare system and improve healthcare for all residents of the Republic of Slovenia. The act will also enable the temporary registration of foreign healthcare professionals to carry out demonstration interventions - these are operations or interventions carried out by foreign healthcare professionals to demonstrate new techniques, methods or technologies. In 2024, a pilot project for the internship program for obtaining the professional qualification as a nurse 2024-2026 was established. With the selected project, we wanted to establish a model of verified training for work in healthcare and long-term care, establish stable and accessible healthcare, and ensure quality healthcare services. The purpose of this pilot project is also to reduce the shortage of this profession in the labour market and improve the attractiveness of vocational education for the nurse-caregiver profile. Due to the great success of the first pilot project, a new pilot project is planned for 2026. In order to make it even more attractive to choose education for professions in the health sector, a public call for applications for scholarships in the field of health sector for the 2025/2026 school year was published on 25 August	
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	2025. To ensure a sufficient number of health workers in the future, it is essential to systematically encourage young people to decide to study health professions. As part of efforts to improve the accessibility and quality of healthcare, Rules on the types, content, duration and course of specializations of providers in the field of health and midwifery care (Official Gazette of the Republic of Slovenia, Nos. 37/25 and 42/25) were adopted, which represent a significant shift in the development of healthcare in the Republic of Slovenia. The Rules entered into force on 7 June 2025. Specializations of registered nurses and registered midwives represent a key step towards providing better, faster and more accessible healthcare. The National Strategy for the Development and Management of Human Resources in Healthcare 2025-2035 is being prepared and represents a comprehensive plan for the creation of effective recruitment and retention of healthcare personnel in the Republic of Slovenia. The strategy will facilitate the maintenance of the stability of the healthcare system, which will be adapted to future demographic, technological and socio-economic challenges. The strategy is expected to be submitted for public discussion in 2025. Act on temporary measures to improve staffing and working conditions and capacities of providers of social welfare services and long-term care (Official Gazette of the Republic of Slovenia, No. 62/24; hereinafter: ZZUKDPSS) was adopted on 15 July 2024, with effect from 8 August 2024. The ZZUKDPSS contains eight measures intended to support providers who, in accordance with the act governing social welfare, provide social welfare services in the public service network, such as institutional care, management and protection, and employment under special conditions or assistance to families at home, and providers who, in accordance with the law governing long-term care, provide long-term care and are selected through a public call (hereinafter referred to as: provider). The ZZUKDPSS measures are intended to support providers in ensuring an adequate number of appropriately qualified staff, in rationalizing and modernizing processes and thus relieving employees, improving the quality and safety of treatment and improving the quality of leisure time for service users, and maintaining the accessibility of services in the field of social protection and long-term care. Amendment of the Act on Employment, Self-Employment and Work of Foreigners implements the Council Directive 2009/50/EC, which aims to strengthen and promote the European Union (EU) Blue Card system and attract highly qualified workers from third countries. Additionally, the amendment regulates the protection of the precarious position of migrant workers on the Slovenian labour market and redefines the possibility of performing seasonal work in tourism and hospitality. Due to the lack of suitable staff, especially in the summer and winter months, seasonal work is being introduced in tourism and the hospitality industry, in addition to agriculture and forestry.	
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	With the amendment to the Personal Income Tax Act (Official Gazette of the Republic of Slovenia, No. 104/24) a measure was adopted to address the lack of appropriate personnel. For the employment of development personnel from abroad, under certain conditions (they have not been a resident of Slovenia in the last two years, their employment contract guarantees a salary of at least twice the average salary in the Republic of Slovenia, and they have not yet reached the age of 40), a reduction in personal income tax of 7% of the salary or salary compensation received is recognized.	
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