



GOVERNMENT OF THE REPUBLIC OF SLOVENIA

Draft budgetary plan of the general government 2027

October 2026

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1 INTRODUCTION

Every year, in the Draft Budgetary Plan of the general government, each euro area Member State provides a synthesis of the fiscal strategy for the coming year, based on the data and measures specified in the draft budgetary documents, before their final approval according to national procedures. The document shall be prepared in accordance with the requirements of the legislative package governing the economic governance of the European Union (hereinafter: EU) and submitted to the European Commission and the Eurogroup by 15 October. A harmonised framework setting out the content of draft budgetary plans based on the methodology of the European System of National and Regional Accounts allows for comparison between Member States' plans and multilateral surveillance of the adequacy of the conduct of fiscal policies. On the basis of the information provided in the Draft Budgetary Plan, the European Commission provides an assessment of whether the budgetary plan of each Member State appropriately addresses the fiscal recommendations issued in the context of the European Semester.

The Draft Budgetary Plan of the general government for 2027 of the Republic of Slovenia reflects the contents and targets included in the Draft Amendments to the State Budget for 2027 and the Draft State Budget for 2028, as set by the Government of the Republic of Slovenia (hereinafter: government) and forwarded to the National Assembly for adoption. The fiscal strategy reflects the current economic and geopolitical context, including the commitment to strengthen expenditure on security and defence, with measures focused on the development and prosperity of the Republic of Slovenia (hereinafter: Slovenia), accelerating economic growth, decentralization and de-bureaucratisation.

Slovenia recognises the importance of sustainable public finances and compliance with fiscal rules. In the coming year the medium-term objective of public debt sustainability and maintaining the general government deficit below 3% of gross domestic product (hereinafter: GDP) will be pursued. The net expenditure growth (of 2.5%) in 2027 is also planned to be below the ceiling endorsed by the Council based on the Medium-Term Fiscal-Structural Plan of the Republic of Slovenia 2025-2028 (of 4.1%). This will also correct the part of the deviation from the net expenditure path in cumulative terms in the control account that exceeds the allowed threshold of 0.6 percentage points (hereafter: p.p.) of GDP. The cumulative deviation over 2024-2027, taking into account the flexibility allowed by the national escape clause for defence expenditure, is currently calculated at 0.3 p.p. of GDP, which is within the margin of permitted deviation of the Stability and Growth Pact.

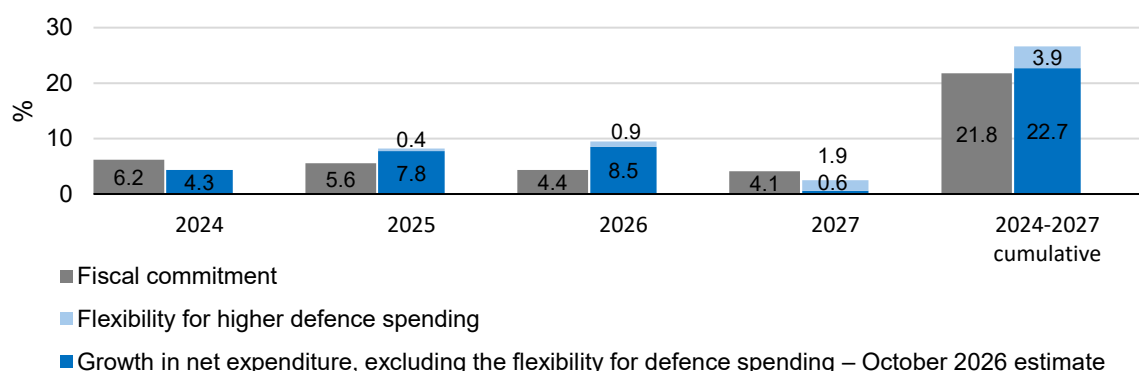
Therefore, within a limited period of time since taking office in early June 2026, the government has prepared budgetary documents and draft measures that, to the greatest extent possible, respect the fiscal rules. Following the endorsement of the new projections of ageing costs due to the pension reform (expected in February 2027), Slovenia will request a new reference trajectory from the European Commission to inform the preparation of the new Medium-Term Fiscal-Structural Plan and the new net expenditure path. In the new plan, Slovenia will also present measures that are consistent with the fiscal strategy set out in the new plan and aligned with the National and Regional Partnership Plan, which will be under preparation in light of the new EU Multiannual Financial Perspective 2028-2034.

2 INFORMATION ON RESPECT OF THE FISCAL COMMITMENT

According to the Medium-Term Fiscal-Structural Plan of the Republic of Slovenia 2025-2028 (hereinafter: MTFSP), medium-term public debt sustainability and maintaining the government deficit below the 3% of GDP reference value are expected to be ensured by a net expenditure growth of 6.2% in 2024, 5.6% in 2025, 4.4% in 2026 and 4.1% in 2027, and cumulative growth of 21.8% in the years 2024 to 2027, respectively. In April 2025, Slovenia requested the activation of the national escape clause (hereinafter: NEC) of the Stability and Growth Pact. The clause refers to flexibility and allows the country to temporarily deviate from EU fiscal rules in order to increase defence spending without endangering public finances.

Net expenditure growth was 4.3% in 2024 and increased to 8.2% in 2025, of which 0.4 p.p. was contributed by higher defence expenditure.¹ This year, the Ministry of Finance of the Republic of Slovenia (hereinafter: MoF) estimates growth of 9.5% (of which 0.9 p.p. is contributed by defence expenditure) and 2.5%² in 2027 (of which 1.9 p.p. are contributed by defence expenditure), bringing the cumulative growth over this period above the fiscal commitment by 4.9 p.p. (or 0.9 p.p. without the impact of an increase in defence expenditure) – Figure 1. Taking into account the NEC, the cumulative deviation in the control account is estimated at 0.3% of GDP in 2027, which is within the allowed deviation. Thus, within a limited period of time since taking office, the government corrected the excess deviation for 2024-2026 through the preparation of budgetary documents and draft measures.³

Figure 1: Overview of fiscal commitments



Source: SORS; MoF.

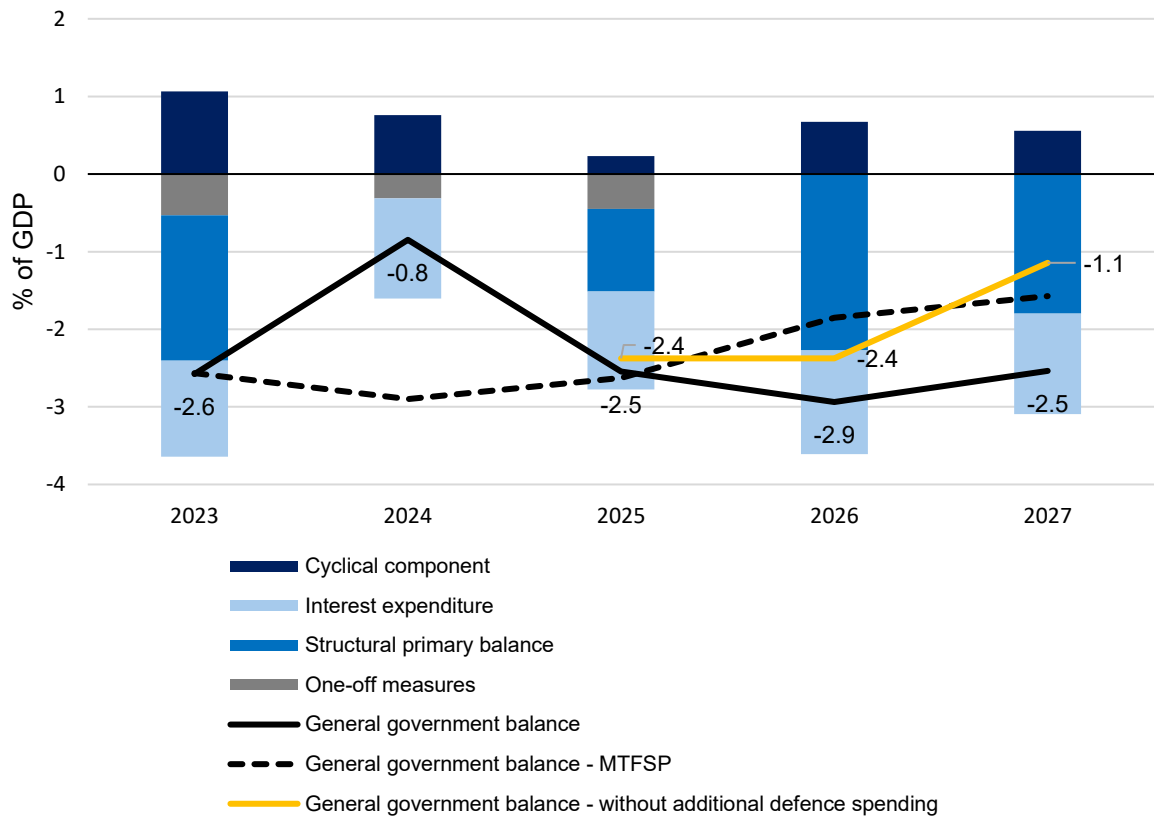
¹ The fiscal commitment was exceeded by growth of 0.8 p.p. cumulatively in 2025, while the deviation in the control account is estimated at 0.2% of GDP, within the allowed deviation (up to 0.6% of GDP).

² In 2025, Termoelektrarna Šoštanj, d.o.o. and Premogovnik Velenje, d.o.o. were classified into the general government, which resulted in an increase of 0.7% of GDP on both the revenue and expenditure side (with a negligible impact on the balance). Therefore, when calculating net growth in 2025, we exclude the impact of the increase in expenditure in that year, which resulted from a structural break in the dataset.

³ The control account measures annual and cumulative deviations from the net expenditure path in the MTFSP. However, increases in defence expenditure will be taken into account as a mitigating factor during the period of application of the NEC. The control account does not take into account the North Atlantic Treaty Organisation (hereinafter: NATO) classification, but the classifications of the functions of government (hereinafter: COFOG). There are differences between the two illustrations due to two fundamental differences: the first is at the time of recording of expenditure, which results from the fact that NATO is based on cash flow and COFOG is based on the accounting flow. The second difference is in scope, i.e. in the categories covered by each classification or its groups. Despite differences in calculations between classifications, they should not be systematic. In some years, NATO values are higher, reflecting advances for military equipment (cash flow) and in other years COFOG values due to equipment deliveries (accounting flow).

In 2024, the general government deficit was 0.8% of GDP and increased to 2.5% of GDP in 2025. The increase in the deficit in 2025 reflects, among other things, the effects of the public sector wage reform, healthcare and pension expenditure, which include the new winter bonus, and the payment of winter allowance to civil servants. For 2026, the completion of the Recovery and Resilience Plan (hereinafter: RRP) and additional expenditure on security and resilience are expected to increase the deficit to 2.9 % of GDP, which is lower than under the no-policy-change scenario in spring (3.4% of GDP). In 2027, the deficit is planned to decline to 2.5% of GDP, which, without the impact of increased defence expenditure, would also be lower planned in MTFSP (Figure 2).

Figure 2: General government balance and its components



Source: SORS; MoF.

Box 1: Defence expenditure

Defence remains one of Slovenia's key areas, and the expenditure will continue to increase in the coming years in line with NATO commitments and projections. Resolution on the General Long-Term Development and Equipping Programme of the Slovenian Armed Forces up to 2040 (hereinafter: ReDPROSV40-1⁴) is the highest development-guidance document that plans to achieve the necessary level of organization development and modernization of forces in the long term, as well as the capacity and connectivity of the Slovenian army to pursue national interests and defence objectives in a modern security environment. We will also follow the Republic of Slovenia's Medium-Term Defence Programme 2026–2031, which represents Slovenia's key planning document in the field of defence (VRS No 80300-1/2025/4 of 6.11.2025).

With the 2026 supplementary budget, the new government allocated additional spending rights of EUR 296 million (hereafter: EUR mio) to the Ministry of Defence compared to the adopted budget with EUR 1.42 billion (hereafter: EUR bn) to EUR 1.71 bn, the bulk of which will go to the Slovenian army. This proposal will allow Slovenia to reach its set and announced target of spending at least 2% of GDP on defence in 2026⁵. For 2027, we estimate this value at 2.20% of GDP. In the coming months, the government will develop a credible plan to meet the Hague commitments to achieve core defence spending of 3.5% of GDP by 2035 at the latest.

Defence expenditure by COFOG entering the calculation of fiscal commitments increased in the period between 2021 and 2025 as a share of GDP from 1.13% to 1.30%, representing a change of 0.17 p.p. In 2026, due to the rebalancing of the state budget and advance payments exceeding deliveries, defence expenditure is estimated at 1.68% of GDP, an increase of 0.56 p.p. compared to 2021. In 2027, defence expenditure will further increase, and COFOG's estimate will also be affected by deliveries based on advance payments from previous years. Expenditure is estimated at 2.52% of GDP, or about 1.39 p.p. higher than in 2021.

General government debt developments

General government debt stood at 65.1% of GDP at end-2025⁶, which is 1.2 p.p. lower than at end-2024. Further debt reduction is planned mainly through nominal GDP growth and the use of the existing liquidity buffers of the state budget. The liquidity buffer, however, makes an important contribution to the lower general government net debt-to-GDP ratio. Taking it into account, the general government debt falls below the 60% of GDP reference value.

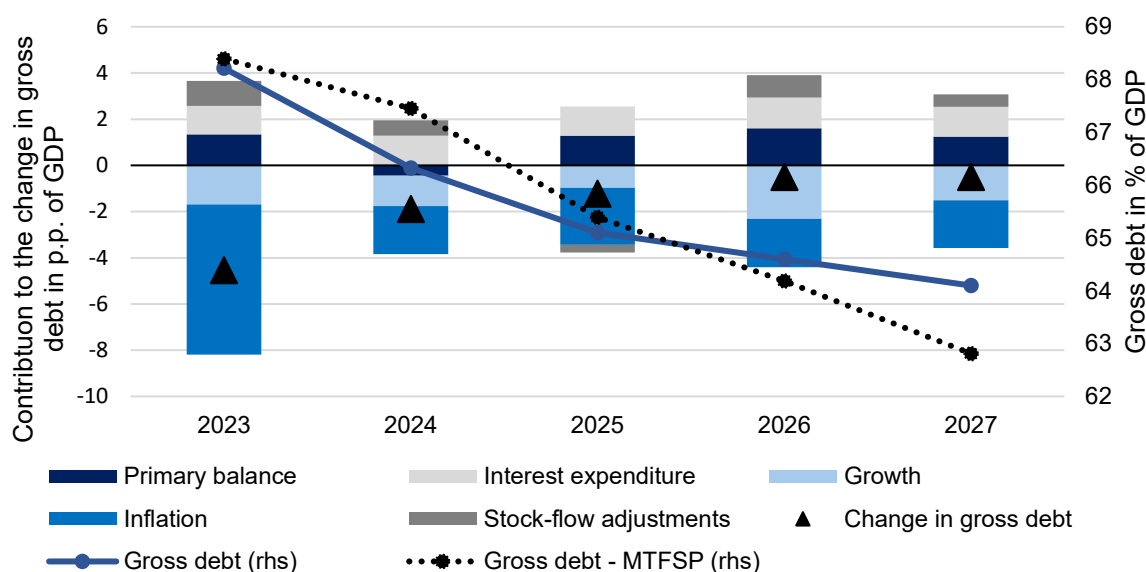
Based on the MoF estimate, the debt-to-GDP ratio will decrease to 64.6% of GDP by the end of 2026 and to 64.1% by the end of 2027 (Figure 3).

⁴ Official Gazette of the Republic of Slovenia, No 43/25.

⁵ This is still lower than for defence in other Member States, which are projected to reach at least 2.15% of GDP in core defence spending in 2026, and lower than in ReDPROSV40-1, where core defence spending is projected to reach 2.2% of GDP.

⁶ Which is 0.6 p.p. of GDP lower than the SORS's initial estimate and at the time of its publication in the Annual Progress Report 2026.

Figure 3: Contributions to the change in general government gross debt (in p.p. of GDP)



Source: SORS; MoF.

Slovenia continues to be significantly less indebted than the EU-27 average (81.7%) and the euro area average EA-20 (87.8%). Moreover, debt-to-GDP ratios are declining at a faster pace year-on-year than for the EU-27 and EA-20 (dynamic aspect).

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

Slovenia is ranked among the countries with the highest medium and high credit ratings in the euro area, respectively. It has the highest rating for S&P and JCR, namely AA with a stable outlook, thus ranking it among the countries with a high degree of investor confidence.

Slovenia also displays an upper-middle investment grade long-term creditworthiness for other reference rating agencies, namely Fitch (A+, stable outlook), Moody's (A2, stable outlook) and DBRS (AAL, stable outlook). Slovenia is classified by credit rating agencies as a safe European issuer of debt securities.

3 MACROECONOMIC DEVELOPMENTS AND OUTLOOK

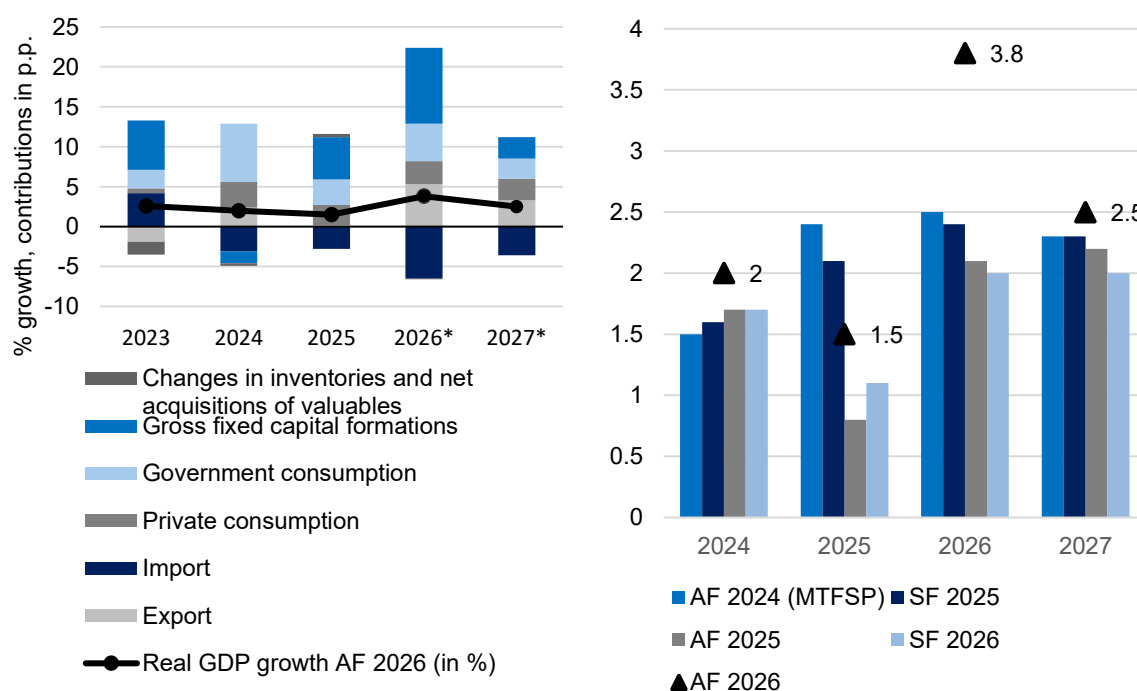
Gross domestic product

After 1.5% growth in the previous year, the Institute of Macroeconomic Analysis and Development (hereinafter: IMAD), in its Autumn Forecast of Economic Trends 2026 (hereafter: AF 2026) expects strengthening of economic growth to 3.8% this year, exceeding its spring forecast of 2.0%. This year's growth is expected to be driven primarily by a strong recovery in exports (5.3%), high investment dynamics (9.5%) and increased household (2.9%) and government spending (4.7%). Growth will be further supported by high employment levels, wage growth and improved confidence indicators.

For 2027, IMAD projects slightly more moderate growth rate of 2.5%, which still exceeds its spring expectations by 0.5 pp. While exports are expected to increase by 3.3 % next year (0.3 p.p. higher compared to spring expectations), investment activity is projected to moderate to 2.7% (1.3 pp. higher compared to spring expectations). Private consumption will remain at comparable levels at 2.7% (0.2 p.p. higher compared to spring forecast), while government consumption will moderate to 2.5% (0.2 p.p. higher compared to spring expectations) (Figure 4).

Compared to the euro area, Slovenia has recorded higher economic growth over the past two years. Last year, real GDP in the euro area grew by 1.2%. Despite heightened uncertainty and stagnation in the first quarter of this year (0.5% year-on-year growth, deseasoned), real GDP increased by 0.4% in the second quarter, or by around 1% year-on-year basis. In AF 2026, IMAD forecasts euro area growth of 0.8% in this year and 1.2% in 2027, which is 0.5 p.p. and 0.2 p.p. lower, respectively, than projected in the spring forecast. Growth will stem primarily from stronger domestic demand, an increase in real income, enhanced public infrastructure, defence and AI-related investments.

Figure 4: Real GDP growth and contributions to its growth (left) and comparison of growth with past forecasts (right)



Source: SORS; IMAD AF 2025; IMAD AF 2026; IMAD SF 2025; IMAD SF 2026; IMAD AF 2024 (MTFSP).

The key risks to the realization of the forecast are tilted to the downside and stem from the international environment, with the largest part arising from geopolitical (the war in the Middle East) and energy risks. These are further burdened by the situation in trade policy, as well as by the increasingly pronounced effects of climate change. For the domestic environment, IMAD in the AF 2026 also highlights risks related to labour shortages and labour cost growth. On the other hand, the prospects for more favourable economic growth are reinforced mainly by easing of geopolitical tensions, wider impacts of expenditure on infrastructure and defence, a strengthened technological investment cycle and labour market measures linked to a more successful attraction of highly educated staff.

Output gap

On the back of a more supportive overall economic outlook, a higher capital contribution is expected to boost potential GDP growth to 2.8% in 2026 and 2.7% in 2027, (which is 0.4 p.p. higher on average compared to spring). The output gap (the difference between actual and potential GDP, measured as a share of potential) would widen to 1.4% of potential GDP in 2026 and slightly narrow to 1.2% of potential GDP next year. The latter would, according to the European Commission⁷, place the Slovenian economy in the normal phase of the business cycle (range -1.5% to 1.5% of potential GDP).

Value added and labour productivity

In 2025, the real growth rate of value added of the Slovenian economy fell from 2.1 % to 1.5 % year-on-year. The highest growth was recorded in information and communication activities (7.3%), financial and insurance activities (5.8%) and in construction (4.6%). Negative growth occurred in agriculture, hunting, forestry and fisheries (0.7%) and in mining, manufacturing, electricity and water supply, sewerage and environmental remediation (2.3%). In the AF 2026, IMAD estimates that the real annual growth of total value added will increase by 2.0 p.p. to 3.5%, and by 2.5% in 2027.

Amid moderate value-added growth, Slovenia is experiencing very favourable developments in labour productivity. According to Eurostat data⁸ from early September this year, in an environment of supportive economic growth and labour market conditions, Slovenia recorded the highest annual growth in labour productivity among EU countries, both in terms of the number of persons (4.5%) as well as the number of hours worked (5.8%).

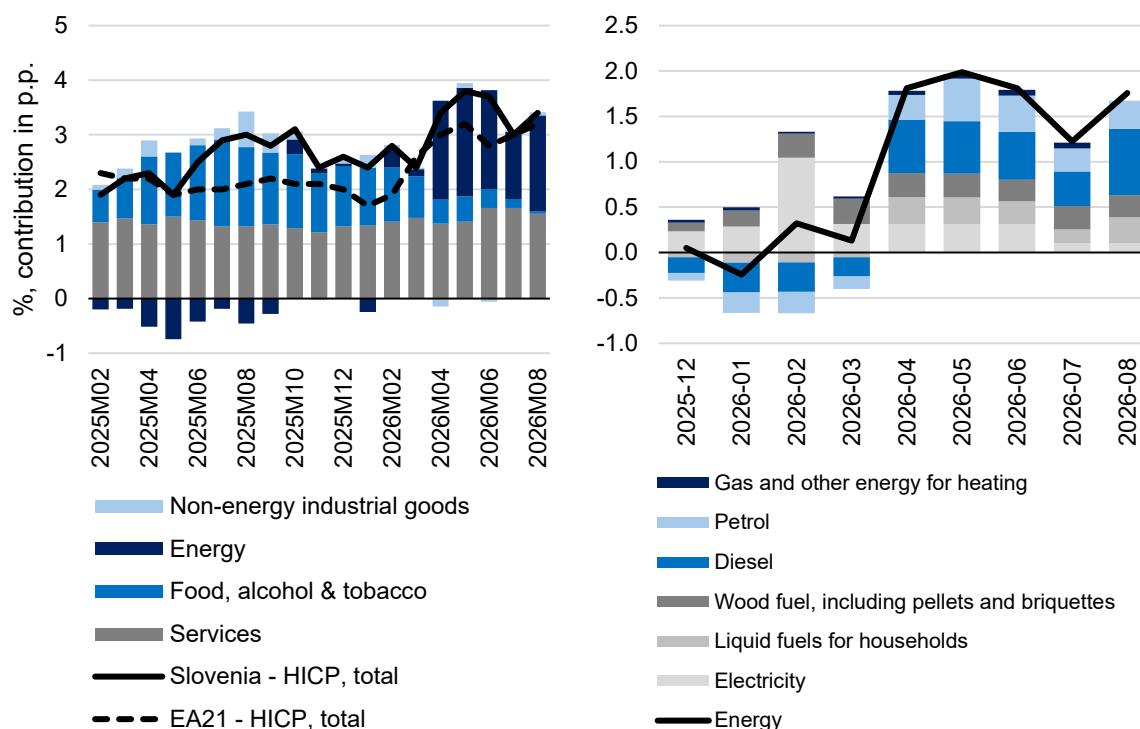
Inflation

The monthly developments in the annual inflation rate have been marked by an elevated contribution from the energy components since April, while the food contribution gradually eased out until August. In August 2026, annual inflation measured by the Harmonised Index of Consumer Prices (hereinafter: HICP) was in Slovenia 3.4%, slightly above the euro average (3.2%). The energy component had the highest contribution, as well as the continued contribution elevated of services, which has slightly increased again over the last month – Figure 5, left. In addition to fossil fuels (petrol, diesel, liquid fuels), where the contribution has been increasing since April this year, the contribution of electricity as well as wood fuel for heating is contributing to the energy component, which has however been present before this year's April (Figure 5, right).

⁷ European Commission (2019). Vade Mecum on Stability and Growth Pact: 2019 Edition. Institutional Paper 101. April. European Commission. Available at: https://economy-finance.ec.europa.eu/document/download/f5e4d0a2-9363-4563-a656-c7de43b8d9a3_en?filename=ip101_en.pdf.

⁸ Eurostat (September 2026). EU labour productivity increased in Q2 2026. Available at: <https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20260907-2>.

Figure 5: Monthly developments in the annual rate of HICP inflation (%) in Slovenia and the euro area and its contributions (p.p.) in Slovenia (left), as well as a more detailed account of the contribution of to the energy component in Slovenia (right)



Source: Eurostat (17. 9. 2026).

Owing to the higher contribution of energy prices, as well as more expensive services resulting from high-wage growth, a tight labour market and strong demand, IMAD in the AF 2026 expects an increase in inflation this year to 3.1% (annual average). A rebound in food prices (especially unprocessed food) is also expected towards the end of the year, due to the surge in energy prices as well as adverse weather conditions this year. Electricity prices are also expected to rise as the tariff item of the network charge will increase with the introduction of the new billing system. Inflation is expected to ease next year in the absence of external shocks, averaging 2.7% over the year.

Employment and unemployment

Employment increased by 0.3% year-on-year basis in the first six months of this year. In the private sector, however, it was lower, with the largest declines in manufacturing, construction and some market services. Growth was driven primarily by employment in public services related to health, social care and education. Foreign nationals – who account for 16.5% of the total labour force - continue to make a key contribution to employment growth. This year, employment will be higher than last year (0.3%) and will remain at a high-level next year as well. The main concerns are the risks associated with labour shortages, which could further fuel pressures on labour costs and wage growth. According to IMAD, Slovenia is among the most exposed countries in the EU, with a high share of jobs linked to the risk of automation, while approximately 37% of skills are changing due to AI needs, technological progress and digitalization.

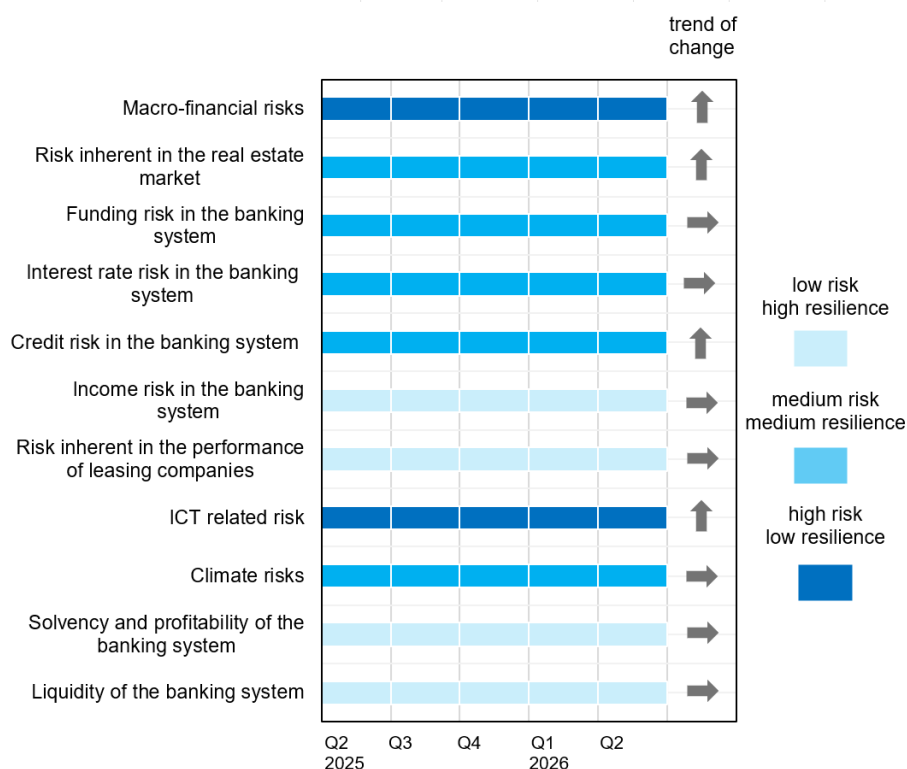
The unemployment rate remains low this year (4.6%), with a number of registered unemployed at levels similar to last year's (around 45,000). This figure is expected to remain at historically

low levels in the coming year as well, due to the intensified transition from unemployment to retirement and demographic changes.

Financial stability

Financial stability in Slovenia remains robust, as the banking system maintains a high degree of resilience, supported by a strong capital and liquidity position and a favourable asset quality. Nevertheless, the uncertain international macro-financial situation, geopolitical tensions, international trade disruptions and growing cyber threats remain a key source of risks. Bank of Slovenia estimates macro-financial and cyber risk as elevated, while credit and real estate risk remain moderate but with a negative outlook. The resilience of the financial system is confirmed by high capital ratios (common equity Tier 1 capital ratio – CET1: 17.4%; total capital adequacy ratio - CAR: 20.2%), highly liquidity coverage ratio (LCR: 275%; net stable funding ratio – NSFR: 160%) and low non-performing exposures (NPE: 1.6%). At the same time, the banking sector maintains solid profitability (return on equity – ROE pre-tax: 10.9%), while credit activity remains robust, with annual growth of loans to the non-banking sector standing at 10.7%. According to the Bank of Slovenia's estimates, risks remain manageable, with high solvency, liquidity and asset quality allowing the financial system to absorb potential future shocks effectively (Figure 6).

Figure 6: Evolution of systemic risks and resilience for the Slovenian banking system



Source: Bank of Slovenia (2026)⁹; MoF.

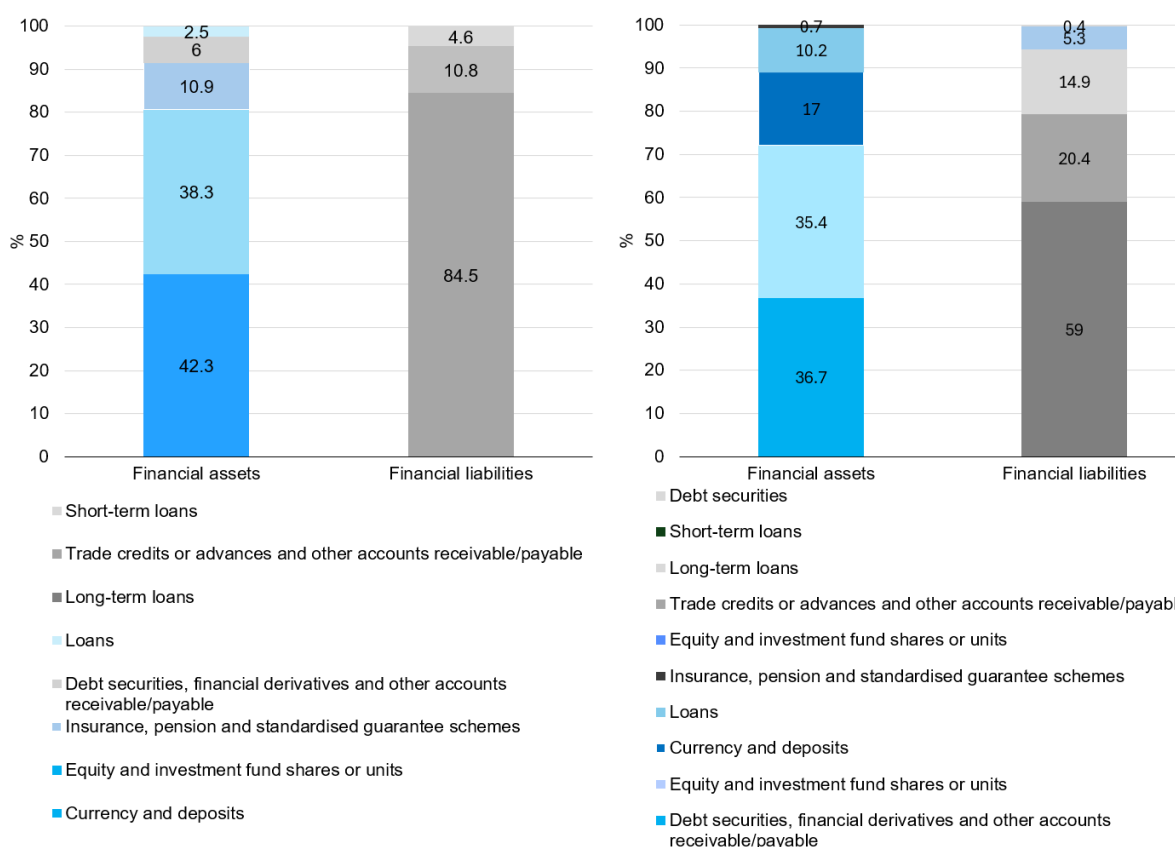
The financial situation of households and corporations constitutes an important supporting factor that strengthens the resilience of the Slovenian economy. With gross disposable income (5.2%) growing faster than final consumption expenditure (4.3%), the household gross savings rate increased by 0.7 p.p. to 14.7% in 2025, slightly above the EU-27 average (14.3%).

⁹ Bank of Slovenia. (2026). Monthly report on bank performance. Available at: <https://www.bsi.si/sl/publikacije/p/informacija-o-poslovanju-bank-s-komentarjem-junij-2026>.

Households remain conservative in their choice of savings, targeting less risky and highly liquid forms of investment, as currency and deposits continue to represent the highest share in their financial asset structure at 42.3%. At the end of 2026 Q2, the latter stood at EUR 42.9 bn, EUR 1.0 bn higher than in the previous quarter, with deposits increasing by EUR 890 mio to EUR 34.3 bn. At the same time, households' net financial wealth (i.e. the difference between financial assets and liabilities) continued to grow, increasing by EUR 4.0 bn and 5.2% respectively compared with the previous quarter, reaching EUR 81.0 bn (Figure 7, left). The favourable financial situation of households contributes to more stable private consumption and government revenues.

The gross investment rate of corporations increased to 21.5% of gross value added in 2025, 1.1 p.p. higher than one year earlier. The profit share of corporations increased by 0.2 p.p to 33.2%, as growth of gross operating surplus (7.2%) exceeded growth of gross value added (4.1%). At the same time, corporations maintain high liquidity, with deposits amounting to EUR 13.3 bn at the end of 2026 Q2 and remaining at historically high levels, despite a quarterly decline of EUR 121 mio, supporting the financing of current operations and investment activities (Figure 7, right).

Figure 7: Structure of household financial assets and liabilities 2026 Q2 (left) and structure of corporate financial assets and liabilities 2026 Q2 (right)



Source: SORS; Bank of Slovenia; AJPEs; calculations by MoF.

4 BUDGETARY PROJECTIONS OF THE GENERAL GOVERNMENT

The general government deficit amounted to 2.5% of GDP in 2025. It is estimated at 2.9% of GDP in 2026 and 2.5% of GDP in 2027. Priority investments are dedicated to development and prosperity, accelerating economic growth, decentralisation, de-bureaucratisation, and strengthening security and defence. If the increase in defence expenditure is excluded, the deficit would amount to around 2.4% of GDP in 2026 and 1.1% of GDP in 2027.

GENERAL GOVERNMENT REVENUES

Favourable labour market conditions will continue to be reflected in the growth of general government revenues in 2026, as revenues will be higher by EUR 3 bn or 9.1% relative to 2025, reaching a level of just under EUR 36 bn.

Revenues from social contributions will grow the most (by EUR 1.4 bn or 10.8%), which, in addition to favourable employment indicators, is due to the full year-round payment of the mandatory long-term care contribution. In March 2026, the compulsory health contribution also regularly aligned with the growth of the average gross wage in the previous year (to EUR 39.36). The growth in value added tax revenue will also be higher (by EUR 344 mio or 6.1%). Personal income tax revenues will increase by EUR 353 mio or 9.3%, while corporate income tax revenues will increase by EUR 222 mio or 12%. Compared to 2025, excise revenues will decrease (by EUR 109 mio or 6.4%), still due to lower excise duties on mineral oils and gas. Among the other revenue groups, the largest increase will come from capital transfers (by EUR 375 mio or 82.4%), mainly due to higher revenues from the projected winding-up of the Recovery and Resilience Fund and higher revenues from the EU budget from the structural funds. Property income will be lower than in 2025 (by just under EUR 50 mio or 5.1%), due to both lower interest income and lower profits of state-owned companies.

General government revenue growth will moderate slightly to EUR 1.2 bn or 3.4% in 2027. Tax revenues will grow the most (by EUR 1 bn or 6.2%) mainly due to the growth of value added tax (by EUR 737 mio or 12.4%). Personal income tax revenues will increase by EUR 245 mio or 5.9%, and corporate income tax revenues will increase by EUR 125 mio or 6%. Compared to 2026, excise revenues will decrease (by EUR 57 mio or 3.6%), still largely due to lower excise duties on mineral oils and gas. Among the other revenue groups, most revenues will decrease, most capital transfers (by EUR 246 mio or 19.7%), mainly as a result of the winding down of the Recovery and Resilience Fund, while revenues from the EU budget from the structural funds will be higher. Property revenues (by over EUR 100 mio or 11.3%) will be lower than in 2026, due to both lower interest income and lower profits of state-owned companies.

Table 1: General government revenues

			2025	2025	2026	2027
	Revenue	ESA code	bn. EUR	% of GDP	% of GDP	% of GDP
1	Taxes on production and imports	D.2	9.0	12.7	12.5	12.6
2	Current taxes on income, wealth, etc.	D.5	6.0	8.4	8.6	8.6
3	Social contributions	D.61	12.6	17.7	18.3	18.2
4	Other current revenue	(P.11+P.12 +P.131) + D.39+D.4+ D.7	4.8	6.8	6.5	5.8
5	Capital taxes	D.91	0.1	0.2	0.1	0.1
6	Other capital revenue	D.92+D.99	0.5	0.6	1.1	0.7
7	Total revenue (= 1+ 2+ 3+ 4+ 5+ 6)	TR	33.0	46.3	47.1	46.0
8	Of which: Transfers from the EU (accrued revenue, not cash)	D.7EU+ D.9EU	0.7	1.0	1.4	1.1

9	Total revenue excluding transfers from the EU(= 7-8)		32.2	45.3	45.7	44.9
10	p.m. Revenue measures (increments, excluding EU funded measures)		0.2	0.3	0.1	0.1
11	p.m. One-off revenue included in the projections (levels, excluding EU funded measures)					

Source: SORS; MoF.

DISCRETIONARY REVENUE MEASURES

Discretionary revenue measures for the years 2025, 2026 and 2027 are in the area of financing for post-flood reconstruction (which were on the expenditure side treated as one-off expenditure until 2025) and changes in legislation.

Due to flood rehabilitation, the Act on Reconstruction, Development and Provision of Financial Resources was adopted,¹⁰ temporarily increasing corporate income tax until 2028, while introducing a tax on the balance sheet of banks and savings banks, and using the net and distributable profits of the Slovenian Sovereign Holding as earmarked revenue for the Reconstruction Fund.

For 2024, a measure of non-indexation of the personal income tax scale and allowances was adopted, with a positive impact on public finances, and a 100% indexation to wage growth was introduced for the year 2025. For 2026, the personal income tax and allowance scale has been harmonised at 75% of wage growth, while for 2027 an indexation of 50% of wage growth is expected. The harmonisation of the personal income tax scale and allowances is provided for each year in accordance with the law governing personal income tax, which is at least equal to 50% of wage growth.

The impact of the introduced long-term care contribution is estimated at EUR 680 mio this year and around EUR 720 mio next year. Due to the introduction of the contribution, an additional income tax revenue shortfall of EUR 65 mio is foreseen in 2026.

The environmental tax on air pollution by carbon dioxide emissions increased from EUR 17.3 to EUR 30.85 in September 2024, resulting in an increase in revenues of EUR 30 mio in that year and an estimated full-year impact of EUR 110 mio. In order to mitigate the price of oil products, an exemption from the CO2 tax on fuels has been introduced several times since March 2026 and is valid until mid-December this year. The payment of the URE contribution is also exempted from August to mid-December this year. The total shortfall due to energy measures is thus estimated at EUR 95 mio this year.

Table 2 shows the impact of discretionary revenue measures for 2025, 2026 and 2027. Their combined impact is estimated at 0.3% of GDP in 2025, 0.1% of GDP in 2026 and 0.1% in 2027.

¹⁰ Official Gazette of the Republic of Slovenia, No. 131/23.

Table 2: Estimated impact (year-on-year change) of discretionary revenue measures¹¹

	Title/description of the measure	One-off	Expenditure/Revenue		2025	2026	2027
				ESA code	% of GDP	% of GDP	% of GDP
1	Harmonisation of the personal income tax scale and allowances (recorded as a shortfall in case of indexation higher than the inflation rate).	No	Revenue	D.51	-0.1	-0.1	-0.1
2	An increase in the price per unit of carbon dioxide load from EUR 17.3 to EUR 30.85 (2328. Decision on the amount of environmental tax for air pollution by the emission of carbon dioxide).	No	Revenue	D.29	0.1	0.0	0.0
3	Long-term care contribution.*	No	Revenue	D.61	0.5	0.5	0.0
4	Loss of income tax due to long-term care contribution.	No	Revenue	D.51	0.0	-0.1	0.0
5	Winter holiday allowance – impact on social security contributions and corporate income tax.	No	Revenue	D.6/D.51	-0.1	0.0	0.0
6	Energy measures (reduction of the CO2 levy and the contribution to efficient energy use).	No	Revenue	D.21		-0.1	0.1
	SUM				0.3	0.1	0.1

Note: * By accounting flow.

Sources: MoF calculations according to the European Commission's classification of discretionary measures (2015). Report on public finances in EMU – 2015. Institutional Paper 014, and to the European Commission (2016). Report on public finances in EMU – 2016. Institutional Paper 045.

GENERAL GOVERNMENT EXPENDITURE AND STRUCTURAL CHANGES

General government expenditure amounted to EUR 34.8 bn in 2025, and represents an increase of 11.1% compared to 2024. In 2026 and 2027, however, growth will slightly decline to 9.9% and 2.7%. It is important to note that the estimated expenditure growth is lower than the revenue growth in 2027. All measures and legislative proposals that have an impact on the assessment of projections in 2027 are expected to continue this year or be in place in early 2027.

Compensation of employees

Compensation of employees increased by 10.1% in 2026 according to the latest data, mainly as a result of the gradual implementation of the public sector wage system reform. The introduction of the winter bonus for civil servants in 2025 also contributed to this increase. According to the reform, the evolution of this year's compensation per employee will be affected by two salary increases (tranches) in June to December. In addition to the above,

¹¹ Estimates of the impact of changes in the personal income tax legislation are drawn up on the basis of a microsimulation model taking into account all taxpayers liable for income tax in each year, which makes it possible to take into account all the taxpayers' personal allowances and other benefits. Models also based on individual data are used to assess the effects of the remaining changes to tax legislation, with FURS adjusting the received data, accordingly, taking into account the individual macroeconomic indicators.

regular promotions will also contribute to growth. According to the Act on the Common Foundations of the Public Sector Salary System (hereinafter: ZSTSPJS)¹², the salary scale was also harmonized as of April 1 this year (basic salaries increased by 0.9%). In 2027, wages will align if inflation in 2026 exceeds 1.6%. Based on the autumn macroeconomic forecast, it would amount to 2.1 %. In addition to alignment, growth in 2027 is also affected by the continued gradual implementation of the wage reform (wage increases in July 2027 and the effect of the December 2026 increase, which will be reflected for throughout the following year), the alignment of pay grades, regular staff promotions, etc.

In September 2026, the Act on Temporary Measures for a More Efficient Implementation of the Long-Term Care System (hereinafter: ZZUIDO),¹³ for the period from October 1, 2026, through December 31, 2027, also foresees the payment of a bonus to staff in order to ensure sufficient staff resources. The financial impact of this measure is estimated at EUR 61.6 mio over the period 2026-2028. The funds for the payment of the bonus will be provided by the long-term care providers themselves, while for other providers the bonus will be financed from the funds of the Health Insurance Institute of Slovenia (hereinafter: ZZZS).

The dynamics of developments in compensation per employee are also influenced by the growth of employees in the general government sector. In 2025, the number of employees¹⁴ increased by 3,077 (by 1.6%), with the largest increase in public institutes of around 2.600 (by 1.9%).

This year, compensation per employee will account for 12.6% of GDP, or 0.3 p.p. more compared to 2025. In 2027, compensation of employees is limited and aligned with available financial resources. The staffing levels will be adjusted to the actual needs of individual budget users, taking into account the potential for rationalisation of operations, more efficient organisation of work, digitalisation and simplification of processes. The staff adjustment is not based on a single target of a linear reduction in the number of employees, but rather on a differentiation between areas according to their actual staffing needs. Adequate staffing capacity will be ensured in areas where the need for additional staff is strong, in particular in health, social care, long-term care and police. In other areas, staffing needs will gradually adapt to changes in the volume of work, the organisation of processes and the effects of digitalisation. As far as possible, the adjustment of staffing capacity will take place through natural outflow, mainly through retirement, selective replacement of vacant posts and redeployment to areas with higher staffing needs. In doing so, particular attention will be paid to reducing administrative burdens and improving the efficiency public services delivery.

Intermediate consumption

Intermediate consumption expenditure will increase by 7.1% or EUR 343 mio in 2026 compared to the previous year, mainly due to the reclassification of two larger units into the general government sector (Termoelektrarna Šoštanj d.o.o. and Premogovnik Velenje d.o.o.) and a change in the way the company "Družba za upravljanje javnega potniškega prometa" operates (hereinafter: DUJPP), which has been part of the general government sector since its inception, no longer carries out agency transactions for general government this year, but instead records all revenue and expenditure in its own accounts. The impact of all three units on intermediate consumption will amount to over EUR 600 mio in 2026. Growth will also be affected by higher intermediate consumption by public institutes and expenditure by the RRP fund for this purpose.

¹² Official Gazette of the Republic of Slovenia, No. 95/2024.

¹³ Official Gazette of the Republic of Slovenia, No. 1508/26.

¹⁴ AJ PES, measured in terms of number of hours worked.

Intermediate consumption expenditure will continue to grow in 2027, at 9.8 % or just over EUR 500 mio.

Since the resources of the State budget for the provision of the public services of general economic interest of the DUJPP are entered in the account Central budget 4135, Current payments to public service providers other than indirect budget users, the consolidation of flows between the State budget and the DUJPP is carried out under heading D.3 Subsidies.

Social benefits

Expenditure on social benefits will increase by 10% or just over EUR 1.3 bn in 2026, mainly due to 7.7% growth in social benefits and cash assistance. Within this, gross pension expenditure will increase by 7.6% or EUR 589 mio. Pensions were subject to the regular indexation adjustment, for the first time under the new formula (50:50) on the basis of the Act amending the Pension and Disability Insurance Act (hereinafter: ZPIZ-2O)¹⁵, as well as an additional extraordinary adjustment; the total adjustment amounted to 5.2%, ensuring growth in accordance with the financial plan of the Pension and Disability Insurance Institute of Slovenia (hereinafter: ZPIZ), which envisaged growth of 7 %. Transfers to the unemployed will also increase (by 33.8%), mainly due to amendments to the Labour Market Regulation Act and a higher amount of cash benefit as of 1 January 2026, as well as expenditure due to changes in the area of parental and family benefits¹⁶. For the second consecutive year, the winter allowance for pensioners will also be paid. Its financial impact within the ZPIZ is estimated at EUR 103 mio in 2026 (18.6 % more than in the previous year) and EUR 117 mio in 2027 (an increase of 13.6%).

Expenditure growth will also be driven by the continued implementation of rights and services under the Long-Term Care Act (hereinafter: ZDOsk-1)¹⁷ and the gradual full establishment of the long-term care system following the full implementation of rights at the end of 2025. For 2026, the ZZZS's revenues from long-term care are estimated at EUR 684 mio and expenditure at EUR 526 mio. The higher expenditure in 2026 will mainly result from the financing of institutional long-term care and payments to family caregivers. Expenditure on payments to caregivers of a family member is estimated to amount to EUR 54.6 mio in 2026, and as of 2026 its financing has been transferred in full from the state budget to the ZZZS as the manager and provider of the long-term care system. In 2026, as a temporary measure under Article 69 of the Act amending the Long-Term Care Act (hereinafter: ZDOsk-1B)¹⁸, the assistance and attendance allowance will continue to be financed through ZZZS, in an estimated amount of EUR 69 mio. ZZZS expenditure for long-term care is lower than foreseen in the financial plan by EUR 197 mio, or 27.3 %, mainly due to the slower implementation of home-based long-term care services, and cash payments, as well as lower expenditure on the assistance and attendance allowance than initially planned. At the end of August 2026, 34.429 users were active in the long-term care system, with the highest number of users, 17.339, exercising their right to long-term care in an institution. In 2026, the surplus of the ZZZS from the provision of long-term care is estimated at EUR 158 mio.

The growth in expenditure on cash social benefits will be partly mitigated by lower expenditure on sickness benefits under compulsory health insurance, which will decrease by 0.5% in 2026, following an increase of around 6% in 2025. This decline will mainly reflect measures to address health absenteeism adopted by the intervention legislation under the Act on Additional

¹⁵ Official Gazette of the Republic of Slovenia, No. 90/2025.

¹⁶ On 3 February 2026, the National Assembly adopted the Act amending the Parental Protection and Family Benefits Act (ZSDP-1H; Official Gazette of the Republic of Slovenia, No. 12/26).

¹⁷ Official Gazette of the Republic of Slovenia, No. 84/23, 112/24 and 44/25.

¹⁸ Official Gazette of the Republic of Slovenia, No. 44/25 and 91/25.

Intervention Measures in the Healthcare (hereinafter: ZDIUPZ)¹⁹, in particular enhanced monitoring of the eligibility for and duration of sick leave, as well as measures to be taken in cases where infringements are identified.

Growth in expenditure on medicines is expected to moderate to 3.7%, compared with an increase of 8.5% in 2025. Expenditure on medical devices will increase by 9.5%, which is lower than the growth projected in the ZZZS's financial plan for 2026 (16.3%). Measures to rationalise and contain this expenditure, including negotiations to secure lower prices for medicines, restrictions on the classification of medicines and a 10% reduction in the price standard for certain medical devices, will help moderate expenditure growth.

The more moderate growth in social benefits in 2027 compared to 2026 will also be influenced by planned measures in the healthcare sector. Expenditure growth will be mitigated by measures to increase the efficiency and financial sustainability of the compulsory health insurance (CHI) system, including changes to the planning and financing of healthcare programmes. The Decree determining the healthcare service programmes for 2027, which is currently being prepared, envisages adjustments to the scope, organisation and financing arrangements of healthcare programmes, as well as the updating of payment models, with an expected financial impact of EUR 50 mio. The planned adjustments will focus on more efficient use of available resources, more appropriate valuation of healthcare services in line with actual needs and delivery costs, and ensuring the accessibility and quality of healthcare services. For 2027, the Ministry of Health has prepared an additional set of potential measures with an estimated financial impact of EUR 125 mio, of which EUR 100 mio in the area of compensation for temporary absence from work, with the aim of keeping sickness benefit expenditure in 2027 at the level of 2026. In the area of temporary absences from work, it is envisaged to comprehensively address the factors affecting the extent and duration of sick leave and develop solutions to more effectively prevent long-term absences, ensure the timely assessment of insured persons and support their safe return to work. Any potential changes to the compensation system will be subject to further professional and inter-ministerial coordination, taking into account the social protection of insured persons and the long-term sustainability of the system. The preparation of the necessary legislative solutions is planned by the end of 2026. The set of proposed measures also includes the introduction of new funding sources for advanced treatments for rare diseases²⁰, which will contribute to lower expected growth in expenditure on medicinal products financed by statutory health insurance in 2027, and the continued supervision by the ZZZS of the provision, recording and billing of health services, thereby contributing to a more efficient use of resources and limiting the growth of this expenditure.

In the coming year, ZZZS's revenue from long-term care is estimated at EUR 724 mio (5.9% growth) and expenditure at EUR 591 mio (12.3% growth). A further increase in the number of users of home-based long-term care services, recipients of cash benefits and family caregivers is foreseen. In 2027, ZPIZ will again take over the financing of the assistance and attendance allowance and allocate EUR 52 mio for this purpose. The estimate is based on an anticipated reduction of approximately 25% in the number of eligible beneficiaries due to the expected gradual transition of part of the beneficiaries to the new long-term care system, under which they will be entitled to a cash payment under ZDOsk-1. The ZZZS surplus from the provision of long-term care is estimated at EUR 134 mio and will be used to finance long-term care rights and services.

¹⁹ Official Gazette of the Republic of Slovenia, No. 111/2025.

²⁰ The legal basis for introducing new sources of funding for rare diseases is the Act on the Public Fund for Advanced Treatment of Rare Diseases, Official Gazette of the Republic of Slovenia, No. 1607/26..

Harmonisation of social welfare systems and family benefits is envisaged in order to eliminate anomalies and duplications. In addition, the share of the dependent child allowance allocated to education, to which those enrolled in the education system would be entitled, will be determined. Changes to child benefits are also being considered, in connection with the gradual introduction of free kindergarten, as well as the possibility of including support for young people up to the age of 26 into the child benefit or educational allowance.

In the area of cash social assistance, changes will be made, among other things, to the regulation of the activity allowance. Direct payment of bills or expenses, instead of payments to beneficiaries, will increase. An individual plan will be drawn up for working-age recipients of financial social assistance after six months of receiving the benefit, and after twelve months of benefit receipt, the Centre for Social Work (hereinafter: CSD) and the Employment Service of Slovenia (hereinafter: ZRSZ) will jointly carry out an in-depth review of their situation and activities to date.

Data alerts will be introduced for changes in income, assets or residence, enabling more consistent verification of the actual circumstances. Income and assets will be taken into account more strictly when determining eligibility for benefits and the amounts payable. The assessment will distinguish the primary residence from other assets and will take into account financial assets, additional real estate, business shares, crypto-assets and assets located abroad.

Unemployed people who are fit for work will be dealt with by the ZRSZ. For these individuals, a revised scheme for cash benefit, which is not linked to insurance contributions, will be considered. The CSD will assist individuals whose main obstacles are social, health or other functional difficulties. Upon recruitment of the recipient of cash social assistance, the assistance will be progressively reduced, or they will receive an employment allowance for a fixed period. The aim is to make employment financially more advantageous than continuing to receive benefits. The measures and draft legislation are expected to be adopted in 2027.

Interest expenditure

Interest expenditure is expected to increase by EUR 123 mio in 2026 and by EUR 26 mio in 2027. The appropriations for the payment of interest are higher as they include not only the repayment of liabilities due under the contractual provisions, but also the increased cost of new borrowing. In 2027, they are expected to fall to 1.3 % of GDP.

Subsidies

Subsidy expenditure in 2026 will amount to EUR 873 mio, an increase of EUR 76 mio or 9.5% compared to 2025. The main contributors to this growth will be higher subsidies from the Borzen Centre for Support. Government subsidies in 2027 will be at a similar level as in 2026. Subsidies on the part of the state budget will be higher, mainly in the form of investment promotion measures and support for the restructuring of certain companies.

Investments

Total general government investment as a share of GDP is expected to remain at high levels, exceeding its ten-year average (2015-2025) by 1 p.p. of GDP this year and 1.2 p.p. of GDP in 2027. Nationally financed investment will be kept at a high level, accounting for 4.5% of GDP in 2026 and 4.9% of GDP in 2027. The share of EU-funded general government investment will be 1% of GDP this year and 0.8% of GDP next year.

Gross fixed capital formation for the general government will amount to 5.5% of GDP in 2026, while gross fixed capital formation for the general government will increase to 5.7% of GDP in

2027. The largest contribution will come from investment in defence and civil protection and transport infrastructure. High levels of investment will also be maintained in the health sector, particularly at secondary and tertiary levels of care, as well as environment protection and environmental infrastructure, including investments in water and waste management. Nevertheless, some measures have been taken to contain expenditure growth. The proposed amendments to the Scientific Research and Innovation Activity Act and the Higher Education Act represent a temporary reduce expenditure growth relative to target funding level of % of GDP in 2027. Investments in reconstruction and development following the floods in August 2023, including by municipalities, will also continue. In addition to the state budget and municipalities, large-scale investments will be made by other general government units, including companies such as Slovenske železnice, 2 TDK, etc.).

Investment in the construction of new housing is also important. In 2026, under the Act on Financing and Promotion of the Construction of Public Rental Housing, funds of EUR 75 mio were provided²¹ from the state budget to recapitalise the Housing Fund to provide public rental and public rental serviced housing. In accordance with the spending plan, the same amount is also planned for this purpose in 2027. On the basis of the above-mentioned Act, the EUR 50 mio loan mechanism continues to be implemented at the Slovenian Export and Development Bank, d.d. Ljubljana, thus enabling public rental housing providers to continue to have access to affordable resources in the coming years. A new Resolution on the National Housing Programme will be prepared by the end of 2027 as a central strategic document for housing policy development.

Table 3: General government expenditure

			2025	2025	2026	2027
	Expenditures	ESA code	bn. EUR	% of GDP	% of GDP	% of GDP
12	Compensation of employees	D.1	8.7	12.3	12.6	12.0
13	Intermediate consumption	P.2	4.8	6.8	6.8	7.0
14	Interest expenditure	D.41	0.9	1.3	1.3	1.3
15	Social benefits other than social transfers in kind	D.62	11.2	15.7	15.8	15.2
16	Social transfers in kind via market producers	D.632	2.2	3.1	3.5	3.1
17	Subsidies	D.3	0.8	1.1	1.1	1.1
18	Other current expenditure	D.29+(D.4-D.41)+D.5+D.7+D.8	1.5	2.1	2.5	2.2
19	Gross fixed capital formation	P.51	3.9	5.5	5.5	5.7
20	<i>Of which: Nationally financed public investment</i>		3.5	4.9	4.5	4.9
21	Capital transfers	D.9	0.6	0.9	0.7	0.9
22	Other capital expenditure	P.52+P.53+NP	0.1	0.2	0.2	0.0
23	Total expenditure (=12+13+14+15+16+17+18+19+21+22)	TE	34.8	48.9	50.1	48.6

Source: SORS; MoF.

Assessment of general government units other than public finance funds on balances and debts in the current and future year

In accordance with Article 14 of Council Directive 2011/85/EU on budgetary frameworks, Member States are to publish, in the context of annual and multiannual budgetary procedures, information on bodies and funds that are not included in the regular budgets but are part of

²¹ Official Gazette of the Republic of Slovenia, No. 57/25 and 112/25.

general government, including its sub-sectors. Table 4 shows the consolidated general government balance for the years 2025 to 2027, with the values of surpluses, deficits and shares for 2026 and 2027 representing estimated future developments. The general government sector is divided into three sub-sectors: central government (S.1311), local government (S.1312) and social security funds (S.1314). It also comprises the four public funding pots, which represent the largest shares of each sub-sector and are booked on a cash basis: the state budget, which is part of the central government, the municipal budgets, which are part of the local government, and the budgets of ZPIZ and ZZZS. 'Other users', such as public institutes, trusts, agencies and corporations, are also classified under each subsector, representing the remainder of the subsector data according to the European System of Accounts (ESA 2010) methodology. The remainder includes other units of general government, accounting adjustments representing the transition from cash to accounting flow, and other transactions methodologically belonging to the general government sector. An up-to-date list of all units in the general government sector (S.13) can be found in the List of Business Entities according to the Standard Classification of Institutional Sectors (available at: [Financial account statistics](#)).

Table 4: General government balance by subsector, 4BJF and other sources

General government S.13	Balance (EUR mio)		Balance (% of GDP)		Balance (EUR mio)		Balance (% of GDP)		Balance (EUR mio)		Balance (% of GDP)
	2025	2026			2025	2026			2025	2026	
	-1,812	-2,242	-2.5								
	-2,050		-2.5								
Central government S.1311	Balance (EUR mio)		Balance (% of GDP)	Government budget	Balance (EUR mio)		Balance (% of GDP)	Other	Balance (EUR mio)		Balance (% of GDP)
	2025	2026			2025	2026			2025	2026	
	-1,729	-2,216	-2.4		-1,711	-2,218	-2.4		-18	2	0.0
	-2,108		-2.6		-2,317		-2.9		209		0.3
Local government S.1313	Balance (EUR mio)		Balance (% of GDP)	212 municipal budgets	Balance (EUR mio)		Balance (% of GDP)	Other	Balance (EUR mio)		Balance (% of GDP)
	2025	2026			2025	2026			2025	2026	
	-105	-98	-0.1		-112	-99	-0.2		7	1	0.0
	57		0.1		57		0.1		0		0.0
Social security funds; S.1314	Balance (EUR mio)		Balance (% of GDP)	ZPIZ	Balance (EUR mio)		Balance (% of GDP)	Other	Balance (EUR mio)		Balance (% of GDP)
	2025	2026			2025	2026			2025	2026	
	21	72	0.0		0	0	0.0		-36	-87	-0.1
	1		0.0	ZZZS	0		0.0		4		0.0
					57		0.1				
					158		0.2				
					-2		0.0				

Source: Gov.si. Available at: <https://www.gov.si/teme/javnofinančna-statistika/>.

Comparison of fiscal projections

Table 5: Comparison of the fiscal projections for the general government with the latest available European Commission forecast

		Ministry of Finance (October 2026)		European Commission (May 2026)	
		2026	2027	2026	2027
		% of GDP	% of GDP	% of GDP	% of GDP
1	General government balance	-2.9	-2.5	-3.3	-3.5
2	Primary balance	-1.6	-1.2	-2.0	-2.1
3	Total expenditure	50.1	48.6	50.6	50.2
4	Total revenue	47.1	46.0	47.3	46.8
5	Gross debt	64.6	64.1	64.9	65.1
6	Change in gross debt (p.p.)	-0.5	-0.5	-0.8	0.2

Source: MoF; [European Commission \(May 2026\)](#).

5 OVERVIEW OF COMPLIANCE WITH THE COUNTRY-SPECIFIC RECOMMENDATION IN THE AREA OF FISCAL POLICY

CSR 1: In view of the deviation recorded by 2025 and the material deviation projected for 2026 by the Commission vis-à-vis the recommended net expenditure ceiling, take action to control net expenditure so that it respects the maximum growth rates recommended by the Council on 21 January 2025, while making use of the flexibility under the NEC for higher defence expenditure. Reinforce defence spending and readiness while ensuring spending efficiency and gradually adapting the budget to sustain structurally higher defence spending. Ensure that any **measures taken to mitigate the impact of the hike in energy prices are temporary**, targeted at protecting vulnerable households or at addressing the needs of energy-intensive firms, preserve incentives for energy savings while ensuring that their fiscal cost is compatible with the commitments under the EU fiscal framework. Rebalance tax revenues towards more growth-friendly and sustainable sources. Improve the efficiency of public spending, in particular by **implementing spending reviews in the largest spending areas**.

Addressing: Yes/Partially

- The Draft Budgetary Plan 2027 estimates the general government deficit at 2.9% of GDP in 2026, lower than the Spring 2026 Annual Progress Report's estimate of a no-policy-change scenario (3.4% of GDP), which is, among other things, a result of government action. A deficit of 2.5% of GDP is planned in 2027.
- This year, the MoF estimates a growth rate of 9.5% (of which 0.9 p.p. is a contribution of defence expenditure) and an estimated growth rate of 2.5% in 2027 (of which 1.9 p.p. is a contribution of defence expenditure). Taking into account the national escape clause for defence expenditure, the cumulative deviation in the control account will be exceeded in 2026, as the new government was only able to make a rebalancing of the budget for 2026 in September in a limited period of time. In 2027, the cumulative deviation is estimated at 0.3% of GDP, within the allowed deviation (up to 0.6% of GDP).
- Defence remains a key priority. Defence expenditure by COFOG increased as a share of GDP from 1.13% in 2021 to 1.30% in 2025, representing a change of 0.17 p.p. In 2026, defence expenditure increased to 1.68% of GDP in the supplementary state budget, 0.56 p.p. more than in 2021. More abrasive expenditure is also foreseen for 2027. The estimate of defence expenditure according to the COFOG methodology will also be

affected in 2027 by deliveries based on advance payments of previous years. Expenditure is estimated at 2.52% of GDP, or about 1.39 p.p. higher than in 2021.

- In the area of tax policy, the government has established a Strategic Council for the Economy, within which the Tax Focus Group operates. The focus group will prepare a proposal for amendments in the tax area.
- In the area of energy measures to mitigate the impact of the increase in energy prices, around 0.1% of GDP of measures were adopted this year. The measures consisted of regulating the level of environmental tax for air pollution by carbon dioxide emissions and the environmental performance contribution for petrol, diesel and heating oil.
- Several measures have been implemented or are planned in the area of efficiency of public expenditure. In 2026, Slovenia successfully presented at EU level, in the context of the Ageing Group, the effects of a pension reform that improved the medium- and long-term sustainability of public finances. In the context of structural changes in the area of pensions and long-term care, sustainability factors have been introduced in the legislation, which will have a significant impact on the quality and efficiency of public finances.
- A draft law on the National Demographic Fund is being drafted, which envisages the establishment of long-term sustainable and transparent management of state assets, with a view to strengthening the stability of the pension system and providing greater social security for present and future generations. The draft law is being coordinated with the social partners within the Economic and Social Council. It is expected to be adopted still in 2026.
- In 2025, the 'Evaluation of the proposal to reform the Slovenian public pension scheme' and 'The wide-ranging effects of active labour market policies in Slovenia' were analysed to assess the effectiveness and sustainability of public finances. In early 2026, the 'Rapid Assessment of Health System Reform in Slovenia – Focus on Health Financing' was also finalised.

ANNEX 1

Table 1a: Fiscal commitment

			Council Recommendation				Output/forecast			
			2024	2025	2026	2027	2024	2025	2026	2027
			%	%	%	%	%	%	%	%
1	Net nationally financed primary expenditure	(annual)	6.2	5.6	4.4	4.1	4.3	8.2	9.5	2.5
		(cumulative)		12.1	17.0	21.8		12.9	23.6	26.6

Source: calculations of MoF.

Table 1b: Main variables

		2025	2026	2027
		% of GDP	% of GDP	% of GDP
1	Net lending/borrowing	-2.5	-2.9	-2.5
2	Structural balance*	-2.3	-3.6	-3.1
3	Structural primary balance*	-1.1	-2.3	-1.8
4	Gross debt	65.1	64.6	64.1
5	Change in gross debt (in p.p. of GDP)	-1.2	-0.5	-0.5

*Note: % of potential GDP. Source: SORS; MoF.

Table 2: Macroeconomic assumptions

			2025	2025	2026	2027
	GDP	ESA code	bn. EUR	% Growth	% Growth	% Growth
1	Real GDP	B.1*g		1.5	3.8	2.5
2	GDP deflator			3.9	3.3	3.3
3	Nominal GDP	B.1*g	71.2	5.5	7.3	5.8
	Components of real GDP	ESA code	bn. EUR	% Growth	% Growth	% Growth
4	Private consumption	P.3		2.5	2.9	2.7
5	Government consumption	P.3		3.2	4.7	2.5
6	Gross fixed capital formation	P.51		5.3	9.5	2.7
7	Change in inventories and valuables (% of GDP)	P.52 + P.53		0.4	-0.1	0.0
8	Exports of goods and services	P.6		0.2	5.3	3.3
9	Imports of goods and services	P.7		2.8	6.5	3.6
	Contribution to real GDP growth					
10	Final domestic demand*			3.0	4.5	2.5
11	Change in inventories and valuables	P.52 + P.53		0.4	-0.1	0.0
12	External balance of goods and services	B.11		-1.9	-0.6	-0.1
	Deflators and HICP			% Growth	% Growth	% Growth
13	Private consumption deflator			1.8	2.8	2.7
14	p.m. CPI			2.4	3.1	2.7
15	Government consumption deflator			7.3	6.3	4.9
16	Investment deflator			1.6	4.5	3.2
17	Export price deflator (goods and services)			1.4	3.0	1.2
18	Import price deflator (goods and services)			0.1	3.9	1.2
	Labour market	ESA code	Level	% Growth	% Growth	% Growth
19	Domestic employment (1000 persons, national accounts)		1,102	-0.1	0.3	0.0
20	Average annual number of hours worked per employed person		1,603	-1.0	2.1	0.3
21	Real GDP per person employed			1.6	3.5	2.4
22	Real GDP per hour worked			2.7	1.4	2.1
23	Compensation of employees	D.1	37.0	6.7	7.3	5.8
24	Compensation per employee (= 23/19)		42.2	6.8	7.0	5.8

				%	%	%
25	Unemployment rate (%)			3.9	3.9	3.9
	Potential GDP and components			% Growth	% Growth	% Growth
26	Potential GDP			2.7	2.8	2.7
	Contribution to potential growth					
27	Labour			0.6	0.5	0.4
28	Capital			0.6	0.9	0.9
29	Total factor productivity			1.4	1.4	1.4
				% pot, GDP	% pot, GDP	% pot, GDP
30	Output gap			0.5	1.4	1.2

*Note: contribution net of change in inventories and valuables. Source: SORS; IMAD AF 2026; calculations of MoF.

Table 3: External assumptions

			2025	2026	2027
1	Short-term interest rate	(%, annual average)	2.2	2.4	2.8
2	Long-term interest rate	(%, annual average)	3.1	3.4	3.7
3	USD/EUR exchange rate	(yearly average)	1.1	1.2	1.2
4	Global real GDP (excluding the EU)	(growth rate)			
5	EU real GDP	(growth rate)	1.4	1.1	1.4
6	Global import volumes without the EU	(growth rate)			
7	Oil price	(Brent, USD/barrel)	69.1	89.7	79.7

Source: IMAD AF 2026; MoF.

Table 4: Budgetary projections

			2025	2025	2026	2027
	Revenue	ESA code	bn. EUR	% of GDP	% of GDP	% of GDP
1	Taxes on production and imports	D.2	9.0	12.7	12.5	12.6
2	Current taxes on income, wealth, etc.	D.5	6.0	8.4	8.6	8.6
3	Social contributions	D.61	12.6	17.7	18.3	18.2
4	Other current revenue	(P.11+P.12 +P.131) + D.39+D.4+ D.7	4.8	6.8	6.5	5.8
5	Capital taxes	D.91	0.1	0.2	0.1	0.1
6	Other capital revenue	D.92+D.99	0.5	0.6	1.1	0.7
7	Total revenue (= 1+ 2+ 3+ 4+ 5+ 6)	TR	33.0	46.3	47.1	46.0
8	Of which: Transfers from the EU (accrued revenue, not cash)	D.7EU+ D.9EU	0.7	1.0	1.4	1.1
9	Total revenue excluding transfers from the EU(= 7-8)		32.2	45.3	45.7	44.9
10	p.m. Revenue measures (increments, excluding EU funded measures)		0.2	0.3	0.1	0.1
11	p.m. One-off revenue included in the projections (levels, excluding EU funded measures)					
	Expenditure	ESA code	bn. EUR	% of GDP	% of GDP	% of GDP
12	Compensation of employees	D.1	8.7	12.3	12.6	12.0
13	Intermediate consumption	P.2	4.8	6.8	6.8	7.0
14	Interest expenditure	D.41	0.9	1.3	1.3	1.3
15	Social benefits other than social transfers in kind	D.62	11.2	15.7	15.8	15.2
16	Social transfers in kind via market producers	D.632	2.2	3.1	3.5	3.1
17	Subsidies	D.3	0.8	1.1	1.1	1.1

18	Other current expenditure	D.29+(D.4-D.41)+D.5+D.7+D.8	1.5	2.1	2.5	2.2
19	Gross fixed capital formation	P.51	3.9	5.5	5.5	5.7
20	<i>Of which: Nationally financed public investment</i>		3.5	4.9	4.5	4.9
21	Capital transfers	D.9	0.6	0.9	0.7	0.9
22	Other capital expenditure	P.52+P.53+NP	0.1	0.2	0.2	0.0
23	Total expenditure (=12+13+14+15+16+17+18+19+21+22)	TE	34.8	48.9	50.1	48.6
24	Of which: expenditure funded by transfers from the EU(= 8)	D.7EU+D.9EU	0.7	1.0	1.4	1.1
25	Nationally financed expenditure (23-24)		34.1	47.8	48.7	47.5
26	p.m. National co-financing of programmes funded by the Union		0.2	0.2	0.4	0.6
27	p.m. Cyclic 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)		0.3	0.4	0.0	0.0
29	Net nationally financed primary expenditure (before revenue measures) (= 25-26-27-28-14)		32.7	46.0	47.1	45.6
	Net nationally financed primary expenditure			% Growth	% Growth	% Growth
30	Net nationally financed primary expenditure growth	Table 1a, row 1		8.2	9.5	2.5
	Balances	ESA code	bn. EUR	% of GDP	% of GDP	% of GDP
31	Net lending/borrowing (= 7-23)	B.9	-1.8	-2.5	-2.9	-2.5
	Net lending/borrowing by sub-sector					
31a	Central government	S.1311	-1.7	-2.4	-2.9	-2.6
31b	State government	S.1312				
31c	Local government	S.1313	-0.1	-0.1	-0.1	0.1
31d	Social security funds;	S.1314	0.0	0.0	0.1	0.0
32	Primary balance (= 31-14)		-0.9	-1.3	-1.6	-1.2
	Cyclical adjustment			% of GDP	% of GDP	% of GDP
33	Structural balance			-2.3	-3.6	-3.1
34	Structural primary balance			-1.1	-2.3	-1.8
	Debt		bn. EUR	% of GDP	% of GDP	% of GDP
35	Gross debt		46.3	65.1	64.6	64.1
36	Change in gross debt		1.6	-1.2	-0.5	-0.5
37	Contributions to changes in gross debt					
38	Primary balance (= minus 32)			1.3	1.6	1.2
39	Snowball effect			-2.2	-3.1	-2.3
40	<i>Interest expenditure (=14)</i>			1.3	1.3	1.3
41	<i>Growth</i>			-1.0	-2.3	-1.5
42	<i>Inflation</i>			-2.5	-2.1	-2.1
43	Stock-flow adjustment (=36-38-39)			-0.3	1.0	0.5
				%	%	%
44	p.m. Implicit interest rate on debt (=14/debt(t-1))			2.0	2.2	2.1
			bn. EUR	% of GDP	% of GDP	% of GDP
45	Defence expenditures	COFOG 2	0.9	1.3	1.7	2.5
46	Of which: defence investment	COFOG 2, P.51g	0.2	0.3		

Source: SORS; MoF.

Table 5: Budgetary projections under unchanged policies in 2026 and 2027

	Revenue	ESA code	2025 bn. EUR	2025 % of GDP	2026 % of GDP	2027 % of GDP
1	Taxes on production and imports	D.2	9.0	12.7	12.5	12.6
2	Current taxes on income, wealth, etc.	D.5	6.0	8.4	8.6	8.6
3	Social contributions	D.61	12.6	17.7	18.3	18.2
4	Other current revenue	(P.11+P.12+P.131) + D.39+D.4+D.7	4.8	6.8	6.5	5.8
5	Capital taxes	D.91	0.1	0.2	0.1	0.1
6	Other capital revenue	D.92+D.99	0.5	0.6	1.1	0.7
7	Total revenue (= 1+ 2+ 3+ 4+ 5+ 6)	TR	33.0	46.3	47.1	46.0
	Expenditure	ESA code	bn. EUR	% of GDP	% of GDP	% of GDP
8	Compensation of employees	D.1	8.7	12.3	12.6	12.4
9	Intermediate consumption	P.2	4.8	6.8	6.8	7.0
10	Interest expenditure	D.41	0.9	1.3	1.3	1.3
11	Social benefits other than social transfers in kind	D.62	11.2	15.7	15.8	15.5
12	Social transfers in kind via market producers	D.632	2.2	3.1	3.6	3.3
13	Subsidies	D.3	0.8	1.1	1.1	1.1
14	Other current expenditure	D.29+(D.4-D.41) +D.5+D.7+D.8	1.5	2.1	2.5	2.2
15	Gross fixed capital formation	P.51	3.9	5.5	5.5	5.7
16	<i>Of which: Nationally financed public investment</i>		3.5	4.9	4.5	4.9
17	Capital transfers	D.9	0.6	0.9	0.7	0.9
18	Other capital expenditure	P.52+P.53+NP	0.1	0.2	0.2	0.0
19	Total expenditure	TE	34.8	48.9	50.2	49.4
	Balances	ESA code	bn. EUR	% of GDP	% of GDP	% of GDP
20	Net lending/borrowing (= 7-23)	B.9	-1.8	-2.5	-3.1	-3.4
21	Primary balance (= 31-14)		-0.9	-1.3	-1.7	-2.1

Note: the following assumptions have been taken into account in order to assess the projections under unchanged policies: measures related to the rationalisation of the health fund from 2026 onwards have not been taken into account; neither the measures related to the gradual transformation of the public sector in 2027 or the measures to reduce the growth of social benefit expenditure in 2027 in the areas of family, social and labour market policy.

Source: SORS; MoF.

Table 6: Estimated impact (year-on-year change) of discretionary revenue measures²²

	Title/description of the measure	One-off	Expenditure/Revenue		2025	2026	2027
				ESA code	% of GDP	% of GDP	% of GDP
1	Harmonisation of the personal income tax scale and allowances (recorded as a shortfall in case of indexation higher than the inflation rate).	No	Revenue	D.51	-0.1	-0.1	-0.1
2	An increase in the price per unit of carbon dioxide load from EUR 17.3 to EUR 30.85 (2328. Decision on the amount of environmental tax for air pollution by the emission of carbon dioxide).	No	Revenue	D.29	0.1	0.0	0.0
3	Long-term care contribution.*	No	Revenue	D.61	0.5	0.5	0.0
4	Loss of income tax due to long-term care contribution.	No	Revenue	D.51	0.0	-0.1	0.0
5	Winter holiday allowance – impact on social security contributions and corporate income tax.	No	Revenue	D.6/D.51	-0.1	0.0	0.0
6	Energy measures (reduction of the CO ₂ levy and the contribution to efficient energy use).	No	Revenue	D.21		-0.1	0.1
	SUM				0.3	0.1	0.1

Sources: MoF calculations according to the European Commission's classification of discretionary measures (2015). Report on public finances in EMU – 2015. Institutional Paper 014., and to the European Commission (2016). Report on public finances in EMU – 2016. Institutional Paper 045.

Table 7: RRF grants

	Revenue from RRF grants	2021	2022	2023	2024	2025	2026
		% of GDP	% of GDP	% of GDP	% of GDP	% of GDP	% of GDP
1	RRF grants as included in the revenue projections	0.22	0.21	0.61	0.53	0.68	0.81
2	Cash disbursements of RRF grants from the EU	0.44	0.00	0.47	0.21	0.56	0.71
	Expenditure financed by RRF grants						
3	Total current expenditure	0.00	0.00	0.07	0.14	0.16	0.24
4	Gross fixed capital formation	0.21	0.11	0.07	0.10	0.27	0.33
5	Capital transfers	0.00	0.01	0.09	0.08	0.18	0.19
6	Total capital expenditure (4+ 5)	0.21	0.12	0.16	0.19	0.46	0.52
	Other costs financed by RRF grants						
7	Reduction in tax revenue						
8	Other costs with impact on revenue						
9	Financial transactions						

Source: Eurostat; MoF.

²² Estimates of the impact of changes in the personal income tax legislation are drawn up on the basis of a microsimulation model taking into account all taxpayers liable for income tax in each year, which makes it possible to take into account all the taxpayers' personal allowances and other benefits. Models also based on individual data are used to assess the effects of the remaining changes to tax legislation, with FURS adjusting the received data, accordingly, taking into account the individual macroeconomic indicators.

Table 8: RRF loans

		2021	2022	2023	2024	2025	2026
	Revenue from RRF loans	% of GDP	% of GDP	% of GDP	% of GDP	% of GDP	% of GDP
1	Disbursements of RRF loans from the EU			0.48	0.17	0.06	0.00
2	Repayments of RRF loans to EU						
	Expenditure financed by loans RRF loans						
3	Total current expenditure			0.00	0.02	0.02	0.03
4	<i>Gross fixed capital formation</i>			0.06	0.20	0.19	0.21
5	<i>Capital transfers</i>			0.00	0.02	0.00	0.00
6	Total capital expenditure (4+ 5)			0.06	0.21	0.19	0.22
	Other costs financed by RRF loans						
7	Reduction in tax revenue						
8	Other costs with impact on revenue						
9	Financial transactions						

Source: Eurostat; MoF.

ANNEX 2

Measures of the Draft Budgetary Plan 2027 addressing the 2026-2027 Council Recommendations to Slovenia

CSR 2: Ensure continuity of reforms and investments implemented under the Recovery and Resilience Facility. Sustain implementation momentum under cohesion policy programmes, building, where appropriate, on the reallocation to strategic priorities and flexibilities agreed in the context of the mid-term review of the cohesion policy framework.

Addressing: Yes

- To ensure the efficient use of available funds and the timely implementation of the remaining reforms and investments under the RRP, Slovenia proposed the 6th amendment to the RRP, which was approved by the EU Council in July 2026. In accordance with the prescribed deadlines, Slovenia submitted the final payment request under the RRP to the European Commission.
- In the context of the implementation of the RRP to date, Slovenia has not reversed any of the planned measures (reforms and investments) related to previously satisfactorily fulfilled milestones. In addition, during the implementation period of the Recovery and Resilience Facility, Slovenia set up a system to monitor the continuity of these measures within the framework of Manual on the method of implementation of the RRF, published by the Recovery and Resilience Office of the Republic of Slovenia.
- The **Government Decision** for a more efficient and accelerated use of the funds of the European cohesion policy programme was adopted. It follows from the decision that monthly reports are submitted to the Government of the Republic of Slovenia on the realisation of payments from the state budget by individual direct budget users; the manager of the holding fund within the framework of financial instruments, SID – Slovenian Export and Development Bank, must report on a monthly basis on all measures implemented and the next steps in the implementation of Operation Financial Instruments 2021-2027; the competent ministry prioritises projects from territorial mechanisms that will be able to contribute to the realisation already in 2026. The Government Decision also instructs all ministries involved in the implementation of cohesion policy to examine projects that, due to changed macroeconomic circumstances, no longer make sense for implementation. At the same time, they shall draw up a list of potential projects that could contribute to the absorption of funds in 2026, in particular with a view to achieving the N+3 rule. In addition, the Government Decision instructs ministries to propose projects that have started to be financed from the national budget and correspond in substance to the specific objectives of the European cohesion policy programme, in order to potentially replace projects whose implementation is delayed, or their timely realisation is at risk. The list of proposed projects may serve as a starting point for a possible amendment of the programme.

CSR 3: 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, taking into account

territorial disparities in R&D and productivity. Accelerate the digitalisation of public services, including through improved data interoperability and reuse.

Addressing: Partially

- **An action plan for de-bureaucratisation** is under preparation, which will contain concrete measures to reduce administrative burdens on the economy and the population. The action plan will be updated annually. The preparation of the first action plan is foreseen by the end of 2026.
- The **Act Amending the Companies Act** was adopted (15. 7. 2026), which contributes to improving the business environment and conditions for capital investments. By introducing multiple-vote shares, it makes it easier for start-ups, families and fast-growing companies in particular to raise external capital while maintaining the influence of the founders on the long-term development of the company. At the same time, simplifications in the area of sustainable reporting reduce administrative and regulatory burdens for businesses, in particular SMEs.
- The Regulation implementing the **Regulation (EU) on the European Digital Identity Wallet** (adopted by the Government of the Republic of Slovenia on 11 May 2026) and the Act Amending the Electronic Identification and Trust Services Act (ZEISZ), which is expected to enter into force by 30 June 2027, will define the national specificities related to the issuance and use of the European Digital Identity Wallet. This will enable citizens to carry out reliable electronic identification (e-ID), securely obtain, store and share attribute attestations (including official documents such as driving licences, residence certificates and educational certificates), and use legally binding electronic signatures in transactions, (including cross-border).
- **Act for the inclusion of Slovenia in the "European High Performance Computing Joint Undertaking"** (22. 7. 2026) enables Slovenia to obtain EUR 71 mio in EU funding and opens up new development opportunities for Slovenian science, research and economy, placing supercomputing and artificial intelligence at the heart of Slovenia's development efforts.
- In September 2026, the **European Sustainable Blue Economy Partnership (SBEP)** launched the fourth joint transnational call for research and innovation projects in the field of the sustainable blue economy.
- The **Alliance for Research and Innovation (2026-2028)** has been adopted, which identifies public policy instruments across all portfolios and research and innovation priority areas of all relevant stakeholders across the Technology Maturity Scale (TRL) and identifies, among other things, coherent regional R&I developments. It is an action that provides a comprehensive approach to R&I development and provides a consolidated demonstration of R&I investment and strengthens the harmonisation and interconnection of instruments across different portfolios.
- In the field of quantum technologies, on 16 October 2025 the Government of the Republic of Slovenia adopted the **Strategy for the Development of Quantum Technologies in Slovenia until 2035**, which establishes a comprehensive national strategic framework for strengthening investments in research, development and innovation activities, enhancing infrastructure capacities, transferring knowledge to the economy, and developing human resources in this field. The implementation of 18 direct measures is envisaged, including the establishment of a competence centre for quantum technologies, the development of a Slovenian quantum chip, and the acquisition of a quantum computer.
- In June 2026, with the financial support of the Republic of Slovenia, **the National Institute of Chemistry (KI) officially opened the Centre for Development, Demonstration and Training for Low-Carbon Technologies (DUBT) in Zasavje**, which will significantly

contribute to the comprehensive restructuring of the former coal mining area and increase Slovenia's capacity for research in the field of the green transition (hydrogen technologies and batteries). The new acquisition enables direct cooperation with companies and the integration of research results into the economy, which is especially important for the development of high-tech companies in the former industrial region.

- In July 2026, the **University of Novo mesto** started its work, which is established as a **public university** and is directly financed by public funds in accordance with national legislation. It combines the capacities of pre-existing independent institutions, which will significantly contribute to the concentration of knowledge and the channelling of potentials into the development of the region and beyond.
- In 2026, the Government of the Republic of Slovenia adopted a decision **to merge the Faculty of Polymer Technology (FTPO)**, based in the Carinthia region, with the University of Primorska, thus becoming part of the public network of research organizations.
- In 2026, the Science and Innovation Centre Pomurje (ZIS) was transformed into the **regional centre** of the largest Slovenian public research institute "Jožef Stefan", which will connect the potential of the region and the research capacity of the IJS.
- In the area of **investment in research, development and innovation**, an action is under preparation to grant incentives for the development and manufacturing of Strategic Technologies for Europe (STEP) for projects in the Western Cohesion Region (ERDF funding). The following shall be carried out: a measure to promote research, development, innovation, pilot and demonstration projects in two coal regions (JTF funding), a measure to promote research, development and innovation for the whole of Slovenia (both cohesion regions) for projects consistent with the Slovenian sustainable smart specialisation strategy (ERDF funding) and a measure to grant incentives for the development and production of strategic technologies for Europe (STEP) for projects in the Eastern cohesion region (ERDF funding).
- Slovenian companies involved in IPCEI are supported. ERDF funds will thus co-finance projects for companies included in IPCEI EuBatIn, IPCEI HYDROGEN and IPCEI Tech4Cure. Activities are being carried out to include Slovenian companies in IPCEI AI, IPCEI AST and IPCEI CIC.
- The public tender Incentives for the **Start-up of Innovative Enterprises P2 2027**, implemented by the Slovenian Enterprise Fund, is planned to be published. The aim is to encourage young innovative start-ups to realise their development potential and commercialise products, processes and services that prioritise areas in line with the principles of climate neutrality, the circular economy and the Smart Specialisation Strategy (S5). It is about promoting the establishment and start-up of emerging companies, which are in the initial phase of their entrepreneurial path.
- **The DevelopmentPlus Program (2025-2029)** includes the implementation of various highly specialized activities for the promotion of the entire Slovenian innovative startup ecosystem in Slovenia and abroad, which contributes to: (I) increasing interest in innovative start-up entrepreneurship and consequently improving the creation of new innovative start-ups; (II) attracting foreign venture capital investors to Slovenia and establishing partnerships with stakeholders of foreign innovative start-up ecosystems and consequently increasing investments in innovative start-ups (mainly equity) and their competitiveness in foreign markets.

CSR 4: Accelerate the roll-out of renewables and energy storage, including by streamlining and expediting administrative and permitting procedures. Strengthen the electricity grid infrastructure at distribution level and introduce smart grid components.

In addition, accelerate the implementation of energy efficiency measures, particularly in the building sector. Promote the electrification and digitalisation of the transport sector and focus investments on sustainable transport, particularly on the TEN-T railway network and the development of urban mobility and passenger transport, taking into account territorial disparities. Further strengthen climate, ecosystem and water resilience by implementing targeted climate adaptation, nature conservation and environmental measures.

Addressing: partially

- **Solar power plants for self-sufficiency and battery storage:** Borzen's call for companies, cooperatives, municipalities and other beneficiaries; EUR 30 mio was available. Published in 2026.
- **Electricity storage systems for legal entities:** Borzen call for the purchase and installation of energy storage systems; EUR 16.9 mio was made available. The call closed on 18 May 2026. A new call, published on 4 June 2026, provided an additional EUR 10 mio and closed on 8 August 2026.
- **District heating and cooling based on renewable energy sources and waste heat:** call for the construction, expansion and restructuring of systems in the period 2025–2029; EUR 51 mio is available. Published on 19 July 2025.
- **Community self-supply and shallow geothermal energy:** call for investments in the period 2026–2029; EUR 13.8 mio is available. Published on 28 November 2025. In 2026 adopted.

Transport sector and mobility:

- **The Act Amending the Tolling Act (ZCestn-1A)** was adopted, introducing an external cost charge in accordance with the reference values set out in Annex IIIb of Directive 1999/62/EC for vehicles with a maximum permissible mass exceeding 3,500 kg. The charge has been levied since 1 April 2026. The revenues collected in the state budget will be used for measures contributing to the achievement of sustainable mobility objectives, the reduction of greenhouse gas emissions and the improvement of the overall condition of transport infrastructure (including incentives for investments in lower-emission vehicles, measures to reduce emissions from the existing vehicle fleet, transport digitalisation, incentives to increase freight transport by rail), as well as for the development of national road infrastructure.
- **Electrification of road transport:**
 - Light-duty electric vehicles: Slovenia allocates EUR 63.4 mio in subsidies in 2026, which is expected to encourage the purchase of approximately 11,000 vehicles.
 - Private charging infrastructure: call for slow chargers up to 22 kW; EUR 4 mio are available. Estimated closure of the call: 2027.
 - Publicly accessible recharging points outside the TEN-T network: EUR 15 mio is available. Project completion foreseen: 2027.
 - TEN-T charging stations: EUR 10 mio is available. Project completion foreseen: 2027.
 - Green Freight Logistics: incentives for electric lorries and charging infrastructure; EUR 6.7 mio is available.
 - Funding for those calls for recharging infrastructure is provided by the **Climate Fund**. In addition to the above, the Climate Fund funds are also being used to purchase urban zero-emission buses and vehicles for transporting schoolchildren and were available for municipalities for a total amount of EUR 45 mio.
 - In addition to the Climate Fund measures, investments in recharging points for electric vehicles were completed in 2026 under the Recovery and Resilience Plan (RRP).

- Public tender for the co-financing of Parking Policy Implementation Plans in Municipalities (published in March 2026): supports the systematic management of parking policy as an important instrument for managing transport demand and developing sustainable urban mobility. As part of the preparation of the NIPP, municipalities set up parking area records in the national parking platform SIPARK, thereby also contributing to the digitalisation of parking management.
- SIPARK and DIPSIIIP projects: The development of the national parking platform SIPARK and the Digital Integrated Platform to monitor the implementation of transport policy measures and infrastructure projects establishes and upgrades digital data and information solutions in the transport sector.
- Establishment and operation of regional mobility centres and preparation of regional integrated transport strategies: the measure strengthens the **planning and implementation of sustainable mobility** at regional level and the integration of local, regional and national levels of transport planning.
- Projects for national cycling connections are being implemented under the Regional Development Agreements.
- Investment in railway infrastructure has been accelerated; investments are ongoing, and financing is being provided through both national and EU budgetary funds.

Environmental measures:

- **The Climate Act** (adopted in August 2025) establishes a climate adaptation system in Slovenia. The act resulted in sectoral climate risk assessments for 10 key adaptation sectors in 2025 and 2026. A National climate change adaptation strategy has been developed. At the same time, activities are being carried out for the preparation of the Rules on the content and methodology of the preparation of regional adaptation action plans as envisaged by the Climate Act. The adoption of these Rules is foreseen in 2027.
- **The Drinking Water Supply and Urban Wastewater Discharge and Treatment Act (ZOPVOOV)** (adopted in March 2025) provides for the reliable and efficient provision of the public service of drinking water supply and the discharge and treatment of urban and storm wastewater as a fundamental objective of the provision of these public services. Investments in the reliability of the water supply system, reducing water losses, protecting water resources or improving the system's resilience to disruptions therefore contribute to reducing the vulnerability of the public drinking water supply.
- **Decrees on water protection areas:** Measures in water protection areas contribute to water resilience by reducing risks to the quantitative and qualitative status of water resources used for the public supply of drinking water. Such measures increase the ability of the water resource and supply system to maintain adequate water availability and quality, even in the face of changed hydrological conditions and other climatic pressures.
- **When preparing and updating the Water Management Plan (WMP), the Marine Environment Management Plan (MEMP) and the Flood Risk Management Plan (FRMP),** due account must be taken of the impacts of climate change and the aspect of adaptation to climate change within their legally defined content and objectives. This concerns in particular the impacts of climate change on the availability and quality of water resources, drought and flood risks, the resilience of water infrastructure and the state of the marine environment. In the case of Flood Risk Management Plan (FRMP), consideration of the effects of climate change on the occurrence of floods is also explicitly included in the current regulation.

CSR 5: Address labour shortages by enhancing the provision and acquisition of skills and competences, including basic skills among pupils, by further aligning the education system with labour market needs. Speed up work permit and qualification recognition procedures for foreign workers, including those highly skilled. Boost lifelong learning, upskilling, and reskilling for adults, including on basic digital skills. Further improve the non-wage working conditions and attractiveness, particularly in the healthcare, social and long-term care, and teaching sectors.

Addressing: partially.

- The **Act on Temporary Measures for a More Effective Implementation of the Long-Term Care System (ZZUUIDO)** was adopted (September 2026), introducing measures to improve the conditions for the provision of long-term care services, to organise work more efficiently, and to reduce the organisational and administrative burdens for employees. The envisaged solutions also include the provision of adequate facilities by providers and the smooth provision of long-term care services during the transition period.
- The Decree amending the Decree on compulsory health insurance service, the facilities necessary for its implementation and the allocation of resources for 2026 is in force, which provides for extensions of specific programmes where it is necessary to urgently and as soon as possible improve access to health services. To this end, primary-level extensions to family medicine outpatient programmes, women's dispensaries, physiotherapy and pedopsychiatry (a total of 3.9 teams) are identified, which will significantly improve accessibility at regional levels. Extensions at secondary level regarding diagnostic tests are also defined, as well as a better evaluation of the TAVI intervention and the introduction of payment for orthopaedic interventions according to the number of interventions performed for all providers in the public health network. The Decree also provides for funding for the expansion of the capacity of nursing homes.
- In March 2026, the Government of the Republic of Slovenia adopted the **Strategy for the Management and Development of Healthcare Professionals and Healthcare Associates in the Healthcare System 2026-2036**, which establishes a long-term framework for stable and sustainable management of healthcare personnel. The strategy aims to implement measures to attract and retain staff in the healthcare system, ensuring a holistic approach that takes into account financial incentives, working conditions, career prospects, and employee well-being.
- In February 2026, the public tender "**Introduction of specializations in the field of nursing and midwifery care**" was published (Official Gazette of the Republic of Slovenia, No. 16/26). The establishment of new specialised training programmes will enable the upgrading of the competences of graduate nurses and the acquisition of specific knowledge necessary to ensure the quality of patient care. This will directly contribute to increasing the accessibility, efficiency and sustainability of the health system and will make an important contribution to the long-term stability of the Slovenian health system.
- In September 2026, the **Order determining the professions in healthcare activities for which funds are allocated for scholarships and the number of scholarships for the academic year 2026/2027** was adopted, which calls 80 scholarships for the professions of medical doctor, graduate health care professional, nursing technician and master of pharmacy for the school or academic year 2026/2027. The purpose of the Order is primarily to strengthen professional development and motivate employees.

- The **Act Amending the Labour Market Regulation Act** (Official Gazette of the Republic of Slovenia, No. 70/25) introduced through the insertion of a new provision into the Employment Relationships Act (ERA-1), the 80/90/100 measure, aimed at extending the working lives of older workers and workers before retirement.
- **Lifelong learning for adults:** under the Recovery and Resilience Plan (RRP) and the European Cohesion Policy (ECP), funding is provided for strengthening basic skills, financial literacy and the culture of learning (the Lahko.si campaign), training of educators, and the attainment of educational attainment and vocational qualifications. Adult education programmes continue to be co-financed in 2026 and are also planned for 2027.
- Starting points for investing in green, resilient, sustainable and digitally connected higher education were prepared (31. 8. 2026). The document represents a starting point for the formulation of future public policies, development mechanisms, normative and organizational solutions and development investments that, after the completion of the RRP project Reform of Higher Education for a Green and Resilient Transition to Society 5.0, will support the further modernisation of Slovenian higher education and its sustainable, digital, inclusive and internationally comparable development orientation.
- The 2026/2027 school year marks the start of a gradual roll-out and monitoring of renewed curricula and knowledge catalogues in primary, secondary, vocational and professional education. The renewed programmes strengthen basic, digital, green and other transversal competences and the responsiveness of education to labour market needs. The process will continue until the school year 2029/2030.
- **Act amending the Social Protection Act (ZSV-K):** It is possible to employ professional workers and professional associates who have not yet passed the professional examination in the field of social security, but who fulfil the other conditions from Articles 69 or 70 of the ZSV, provided that within one year of employment they meet the missing condition, i.e. that they pass the professional examination. The measure contributes to addressing the lack of staff in the field of social protection.
- The regulation of professional qualifications in the field of social security, which is also implemented in order to align sectoral legislation with the **Act on the procedure for the recognition of professional qualifications for the pursuit of regulated professions (Official Gazette of the Republic of Slovenia, No. 39/16, 47/19, 92/21 and 76/23)** and represents the legal basis for the management and decision-making in the procedure for the recognition of professional qualifications in the field of social security for regulated professions for EU citizens and third-country nationals, will also help to solve the labour shortages.
- To strengthen **digital competences**, measures are being implemented to finance the informal education for adults in the field of digital competences:
 - Digital competences of adults: a new call for non-formal education is foreseen for the end of 2026; EUR 6.51 mio (EUR 3.58 mio in 2027 and EUR 2.93 mio in 2028) are planned for the period 2027-2028.
 - Elderly: Mobile trainings "Mobile heroes of the new generation" in 2026-2027; EUR 367 048 is foreseen for 2027.
 - Young people: A call for basic and advanced digital skills and the promotion of science and engineering professions is planned for 2027-2028 to better match skills to labour market needs.
- As part of the implementation of the **ECP 2021-2027**, programmes **in the area of justice** are ongoing: Judicial Training Centre (CIP) - the purpose of the project is to raise the specialized knowledge of judicial staff. The project "Strengthening the competencies of all employees in the prison system" is being implemented, which aims to establish systematic monitoring of competencies and evaluation of the competency

model. A measure enabling prisoners to obtain formal education and qualifications is also being implemented. Furthermore, a measure is being implemented to enable prisoners to obtain work skills, skills and resilience. A pilot project will establish a comprehensive approach to the treatment of prisoners with psychoactive substance dependence. Furthermore, four specialised programmes are being implemented to address the specific needs of persons under probation.

- **Decision on the Partial Reimbursement of Wage Compensation for Short-Time Work:** The reactivation of the permanent scheme (July 2026) applies for the period from 20 July 2026 to 20 January 2027. The measure targets companies that face a temporary inability to provide sufficient work to employees due to temporary economic circumstances, reduced demand, declining orders or other crisis situations. The measure specifically targets the manufacturing industry activities identified by the government as being the most exposed to the temporary negative effects on business. The purpose of the scheme is to enable companies to overcome a period of reduced activity without permanently reducing the number of employees, thereby strengthening the resilience of the economy and the stability of the labour market.