



REPUBLIC OF SLOVENIA

NATIONAL REFORM PROGRAMME 2022

No-policy-change scenario

April 2022

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1. INTRODUCTION

The National Reform Programme is part of the European Semester documents, which the EU Member States, including Slovenia, draft annually. This year's document provides an overview of the key measures, reforms and investment plans adopted in the recent period, while the key reforms and investments for the coming period are based on the adopted Recovery and Resilience Plan, due to the forthcoming national elections in Slovenia. In the National Reform Programmes, Slovenia addresses country specific recommendations and challenges provided by the European Commission in its documents.

Slovenia, which like the rest of Europe in 2020 faced the consequences of the crisis caused by the COVID-19 epidemic, saw a strong rebound in economic growth in 2021. During the inter-pandemic period, Slovenia took unprecedented emergency measures that significantly mitigated the impact on the economy and the population and contributed to high growth in 2021. The measures, that were adopted in ten legislative packages, mainly addressed challenges in the areas of the health system, maintaining employment, helping businesses and helping to improve the socio-economic situation of the population.

In 2020, a temporary derogation from the rules of the Stability and Growth Pact was enabled at the EU level. Moreover, a historic agreement on a common European response to the crisis was adopted and the Recovery and Resilience Mechanism was established. The Recovery and Resilience Mechanism, together with the National Recovery and Resilience Plan and the available resources, will also contribute to the adoption of key reforms and investments in Slovenia to achieve stable economic growth in the medium and long term.

Slovenia has also decisively addressed the challenges that followed the epidemic, notably the rapid rise in energy and food prices. Joint action to mitigate the negative effects of any further shocks at the EU and national levels will continue in the future. The war in Ukraine is creating additional uncertainty both in Slovenia and at the EU level, with a further negative impact on the rise in commodity and energy prices, as well as on supply chains, resulting in higher-than-expected inflation both in Slovenia and at the EU level.

In the wake of the war in Ukraine, the European Commission has put in place a set of measures and guidelines to mitigate the impact of rising energy prices, increase the EU's independence from Russian energy imports, including through the promotion of research and development in the field of alternative forms of energy, and accelerate the implementation of measures to increase the EU's energy self-sufficiency. In Slovenia, measures have already been taken to mitigate the increase of energy prices and changes are planned to strengthen independence from Russian energy imports.

Notwithstanding the factors Member States are facing, which require swift policy action in the areas of energy independence, self-sufficiency, high price growth, health and defence, Slovenia remains committed to the objectives of increasing productivity, ensuring fiscal sustainability and the green and digital transition.

2. MACROECONOMIC FRAMEWORK

The National Reform Programme is prepared in a context of high uncertainty due to the ongoing epidemic and the war in Ukraine, which could worsen the macroeconomic situation if it escalates. The review of the macroeconomic framework considers the sanctions adopted or announced by Western countries in March and the scenarios of international institutions and banks regarding the impact of sanctions on economic activity, which were still limited at that time. The war in Ukraine affects the European economy mainly through imports of energy products, certain metals and food raw materials.

After a deep contraction in GDP in 2020 and a strong rebound last year, the macroeconomic outlook for Slovenia shows a good picture. Economic growth is expected to moderate from last year's 8.1%, which was already expected before the start of the war, mainly due to rising price pressures from high energy and raw material prices and bottlenecks in supply chains, in addition to the high base last year. In addition, the volume of support measures that have a positive impact on economic growth will be lower this year than last year, even considering the latest measures taken. Economic growth this year will be largely driven by domestic demand. Investment growth will continue to be strong, also boosted by EU funds, as funding from the 2014–2020 financial perspective comes to an end, and the strengthening contribution of the Recovery and Resilience Mechanism. Export growth is also expected to continue, but at a lower rate than last year. GDP growth is expected to moderate over the next two years. As foreign demand moderates, this will also be influenced by continued price pressures, which will affect business costs and constrain households' purchasing power.

Employment growth and unemployment decline are expected to continue this year and in the next two years. The labour market situation had already started to improve at an accelerated pace in mid-2020, with the gradual lifting of restrictive measures and the resumption of most activities, with employment rising to an all-time maximum last year and a strong contribution from the recruitment of foreign workers, also in the context of labour shortages. Due to the rising labour demand, the number of registered unemployed fell sharply last year.

Inflation picked up significantly at the end of last year and is expected to remain relatively high for most of this year. The measures taken by the government to mitigate the impact of high energy prices are expected to limit even higher price increases this year.

The main uncertainty for the macroeconomic situation is the future course of the war in Ukraine and the related changes in energy prices. Higher energy prices would force EU countries to rationalise energy and look for alternative sources. Trade flows with Russia, which are already severely weakened, would be reduced, with a negative impact on exports, at least in the short term. At the same time, inflation would remain high for a longer period of time if higher oil and natural gas prices were to increase and likely persist. More extensive fiscal measures would be needed to support the economies in order to mitigate the larger negative effects on financial markets and the fall in consumer and business confidence, which would slow down fiscal consolidation. Negative risks to the outlook also remain linked to the epidemic situation and, increasingly, to disruptions in supply chains.

3. KEY ECONOMIC POLICY PLANS

This chapter summarises the key measures taken and outlines the planned reforms that are part of the Recovery and Resilience Plan. Slovenia is the only EU Member State to have addressed all country specific recommendations made to Slovenia within the European Semester in its Recovery and Resilience Plan. The reforms, measures and planned investments will therefore address the key challenges identified by the European Commission and other international institutions and contribute to strong and stable economic growth.

The National Reform Programme covers four key areas, namely productivity, inclusive growth, sustainable growth and green transition, and ensuring macroeconomic and fiscal stability, in line with the Annual Sustainable Growth Survey.

The National Reform Programme 2022 contains **structural reforms** that are key to the medium- and long-term sustainability of public finances and respond to Slovenia's demographic challenges. The key reforms included in the Recovery and Resilience Plan are **pension, health care and long-term care reforms**. In the area of health care, in addition to the reform, a comprehensive investment package is planned. Slovenia plans to invest just under EUR 225 million in this area. The long-term care reform will also be underpinned by investments, specifically the construction of homes for the elderly.

The adoption of the amendment to **the Personal Income Tax Act** will contribute to Slovenia's international competitiveness and to a faster economic recovery. The measures included in the amendment are aimed at supporting various government policies.

The ageing population also puts considerable pressure on **employment policy**. The National Reform Programme outlines labour market measures to promote employment. The measures address both the elderly and the young, including through subsidies for youth employment. The rapidly changing needs of the labour market require a rapid response from **the education system**. The document sets out measures to improve the responsiveness of education to labour market needs, to integrate digital and sustainable development competences into updated curricula at all levels, to promote vocational education and the provision of digital skills.

An important chapter outlines measures to **ensure the digital transition**. Slovenia has set itself the target of being among the top five most digitally advanced countries in the European Union by 2030 and has therefore adopted a series of measures and investments for an effective digital transition, in addition to the establishment of the Government Office for the Digital Transformation and the Strategic Council for Digitalisation.

In addition to ensuring an effective digital transition, enabling an efficient business environment is important for safeguarding **productivity growth**, and Slovenia has addressed this by promoting innovative public procurement, encouraging investment and removing administrative burdens. Investment promotion and capital market development remain a priority and the Alternative Investment Funds Forms Act and a capital market development strategy are being prepared. Affordable sources of finance are one of the preconditions for increasing investment, especially for small and medium-sized enterprises.

In the area of **sustainable growth and green transition**, Slovenia has committed itself, in the context of the strategic documents and the Recovery and Resilience Plan, to key reforms and investments to support a just green transition. Key investments include investments in rail infrastructure to promote sustainable mobility and reduce greenhouse gas emissions. Legislation on road and passenger transport will also contribute to this.

Rising **energy** prices are currently a major challenge not only for Slovenia but also for other countries. An ambitious fossil fuel omission plan will be further accelerated by the current energy market crisis. The government is helping companies and individuals who have suffered from the drastic rise in energy prices by providing financial assistance. Action in this area will be crucial in the coming months and the Government is already planning new measures under the RePowerEU initiative.

3.1. PRODUCTIVITY GROWTH

COUNTRY-SPECIFIC RECOMMENDATIONS FOR SLOVENIA (CSR):

CSR 2021—1: ... for Slovenia to maintain a stimulative fiscal stance in 2022, including the stimulus provided by the Recovery and Resilience Mechanism, and maintain nationally financed investment;

CSR 2021—2: ... for Slovenia to pursue, where economic conditions allow, a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring the sustainability of public finances over the medium term, while stepping up investment to boost growth potential;

CSR 2020—3: ... for Slovenia to continue to swiftly implement measures to provide liquidity and financing to businesses; and

CSR 2020—4: ... for Slovenia to reduce the administrative burden for households. Prioritise mature public investment projects and encourage private investment to support economic recovery. Focus investment on the green and digital transition, in particular on clean and efficient energy production and use, environmental infrastructure, sustainable transport, research and innovation and 5G network deployment. Promote the digital capabilities of businesses and strengthen digital knowledge and skills, e-commerce and e-health.

CSR 2019/2: ... to support the development of equity markets. Improve the business environment by reducing regulatory restrictions and administrative burdens. Improve competition, professionalisation and independent oversight in public procurement. Implement privatisation in accordance with existing plans.

3.1.1. Digital transition

Slovenia has set itself the goal of being among the top five most digitally advanced countries in the European Union by 2030, and the digital transformation has been given a boost in 2021, highlighting the following components of DESIndex: human capital, connectivity, digital technology integration and digital public services. Under the Recovery and Resilience Plan, more than 21% of the funding, or just over EUR 532 million, is earmarked for the digital transition.

In April 2021, the **Strategic Council for Digitalisation**¹ was established, an advisory body to the Prime Minister, composed of top Slovenian entrepreneurs, scientists, researchers, professors and other experts in the field of digitalisation and digital transformation. On the basis of the proposal of the Strategic Council for Digitalisation, the Government adopted **40 measures**² in 2021 (the first package of measures) and another **25 measures**³ (the second package of measures) in March 2022 for the digital transformation of Slovenia, aiming to accelerate the digital transformation of the economy, public administration, healthcare, education and society as a whole.

Based on the first package of measures, the **Government Office for Digital Transformation** was established in August 2021 to coordinate and accelerate digitisation and digital transformation of the economy and society at the national level, to prepare national strategic documents and policies on digital transformation and information society, and to coordinate and monitor their implementation. The Office is

¹ <https://www.gov.si/novice/2021-04-10-informacija-o-ustanovitvi-in-imenovanju-strateskega-sveta-za-digitalizacijo/>

² <https://www.gov.si/assets/vladne-sluzbe/SDP/Dokumenti/Prvi-paket-ukrepov-Strateskega-sveta-za-digitalizacijo.pdf>

³ <https://www.gov.si/assets/vladne-sluzbe/SDP/Dokumenti/Drugi-paket-ukrepov-Strateskega-sveta-za-digitalizacijo.pdf>

also in charge of coordinating the implementation of measures and the implementation of some of the measures adopted by the Government on the proposal of the Strategic Council for Digitalisation. These actions cover a total of 65 measures addressing public administration and digital society, the economy and the business environment, new technologies, education, healthcare, digital diplomacy and green technologies. Of these, 13 had already been implemented by March 2022, namely: informative calculation of family benefits, a pilot project of virtual counters of administrative units, mandatory e-signature in state administration, establishment of the Government Office for Digital Transformation, promotion of employee co-ownership in technology and other companies, attracting Slovenian and foreign experts to Slovenia, a pilot project on automatic subtitling for the deaf and hearing impaired, increased enrolment in ICT studies, co-design of the European digital policy, the first joint e-procurement in healthcare, the eHealth mobile app, a public tender for e-care for the elderly, important strategic partnerships with digital champions such as Google and NVIDIA.

At the beginning of 2022, the Government adopted **the Promotion of Digital Inclusion Act**, which for the first time comprehensively regulates the acquisition and strengthening of digital skills in Slovenia. The aim of the Act is to increase the digital inclusion of the population and to benchmark the digital development of the economy and society. The objectives of the Act include raising awareness of the benefits of using digital tools, confidence in digital technologies, acquiring and raising the level of basic digital competences of the population (by 2028, at least 80% of the population (aged 16-74) should have basic digital competences), raising the level of skills to use digital competences to a high level, and incentives to purchase computer equipment. The Act includes the following measures: (i) subsidies for raising digital competences; (ii) support for projects to promote the use and development of digital technologies, educational and promotional campaigns; and (iii) incentives for the purchase of computer equipment (so-called digital vouchers). In 2022, calls for tenders will be launched to subsidise digital skills courses for people over 55 and young people, and digital vouchers of EUR 150 will be issued for the purchase of computer equipment, to be awarded in 2022 to primary school pupils in the last three years of school, all pupils and students. Digital vouchers will also be available to those aged 55 and over who attend subsidised courses.

According to the Recovery and Resilience Plan, the public sector and public administration should be digitally transformed by 2027, which means creating an environment for the use of public administration e-services, ensuring cyber security, modernising administrative processes for a successful digital transformation, establishing a competence centre and raising the skills of public administration staff and moving to a gigabit society.

In the area of **strengthening connectivity**, the adoption of the **Broadband Roadmap 2025**, the development of both fixed and mobile 5G broadband networks, is planned by the end of June 2022. The objective is to provide all households with **access to high-speed broadband internet** (i.e. at least 100 Mbps to the user) by the end of 2025, and the coverage of the vast majority of the population and key traffic routes with 5G networks by all operators, which also depends on the timeliness with which operators offer services over 5G technology. Gigabit connectivity must also be provided to all major drivers of socio-economic development by 2025.

In the area of **digital technology integration**, a **Digital Transformation Strategy for Enterprises** was adopted in 2022. The Strategy addresses three main areas: advanced digital technologies as an enabler for the digital transformation of the economy, an efficient ecosystem for a competitive economy, and an open and sustainable society as a basis for the growth of the digital economy. It also includes, inter alia, the amendment of the registration legislation, which foresees the transfer of registers to a single business register, which will form the basis for the e-identity of companies. In addition, sectoral strategies are being prepared, such as **the Digital Transformation Strategy for Slovenian Tourism 2022–2026**.

In April 2021, the Government adopted **the National Programme for the Promotion of the Development and Use of Artificial Intelligence by 2025**, which is the main strategic orientation instrument to support activities in research, innovation and the deployment of artificial intelligence in society, the economy and the public sector in the coming period. To ensure that indigenous knowledge is transferred as quickly as

possible through the life cycle, from research to applied products and solutions, the programme identifies 10 strategic objectives, including support for research and innovation projects, the establishment of appropriate data and communication infrastructures, and support for reference projects in six priority areas (health, Industry 4.0, digital public services, language technologies, sustainable food production and the environment, and spatial planning). In 2021, activities were started to set up **the National Observatory for Artificial Intelligence** in Slovenia, which will define a model of indicators and methodologies for assessing and monitoring the research and development and innovation potential of stakeholders in Slovenia in this field, as well as the deployment of artificial intelligence itself in the private and public sectors. An IT platform will also be set up to monitor the situation.

In the area of digital public services, an amendment to the Decree on administrative operations was adopted in 2021, which, inter alia, introduces mandatory **internal e-operations** for state administration bodies, municipalities and holders of public powers in 2022.

In order to develop the management of the information and communication systems of the public administration, the Government set up **the Informatics Development Council** at the beginning of 2022. This re-establishes and provides a single point of coordination for activities at operational level related to IT investments, standards, back-office systems and other technology development issues where the compatibility of systems is key to their efficient operation and rational maintenance.

The adoption of the **Digital Slovenia 2030 Strategy Guidelines** by the Government is planned for April 2022. The Guidelines identify four key pillars for a decisive shift towards digital: (i) competences and an ecosystem of digital inclusion; (ii) secure and sustainable digital infrastructures; (iii) digital transformation of enterprises; and (iv) digitisation of key public services. The Digital Slovenia 2030 strategy is expected to be finalised and endorsed by the end of 2022.

The Digital Public Services 2030 Strategy is expected to be adopted in 2022 with three key strategic priorities: 100% of key public services are digitally accessible, at least 80% of key public services that are digitally accessible are also delivered digitally and at least 80% of public service users use a digital identity.

The various line ministries have taken an active approach to digital transformation. In June 2021, the Ministry of Education, Science and Sport established **the Service for Digitalisation of Education** to coordinate and ensure coherence of digital transformation measures across the education vertical, to support educational institutions in the preparation of digital transformation plans and to promote the development of digital pedagogy and skills in the use of digital tools in the field of education. The actions planned by the Service for Digitalisation of Education range from experimental and development projects in the field of digital education and acquiring digital competences to the modernisation of infrastructure. In order to make the acquisition of digital competences by students effective and efficient, the Service for Digitalisation of Education, within the framework of the Recovery and Resilience Plan, envisages the development of new forms of training, the planning, preparation and implementation of continuing professional training programmes for professionals and managers to strengthen digital competences, competences for sustainable development and financial literacy. As part of the Recovery and Resilience Plan, a selection process for pilot projects for the renewal of the higher education learning process is planned to be implemented and finalised in 2022. The pilot projects will test solutions for integrating digital and sustainability competences into higher education curricula to improve labour market outcomes. Over EUR 67 million is planned under the Recovery and Resilience Plan to strengthen competences, in particular digital competences and those required by new professions and the green transition.

To address the challenges in the area of digital literacy, **the Ministry of Public Administration – Administrative Academy** is implementing the project "Strengthening the digital skills of civil servants". In line with the Digcomp document (Digital Core Competences for Citizens), a horizontal training programme has been developed to improve the basic digital literacy of civil servants. A number of different practical workshops and e-learning activities have also been developed.

The Ministry of Justice continues to implement measures to **digitise the judiciary**, ensuring that it is more accessible and adapted to modern ways of business, with a greater focus on the individual. The necessary further digitisation of services will be accelerated, which will help to speed up the processing of cases, to exchange information and documents more quickly and comprehensively, to use secure and high-quality communication technology for videoconferencing, and to ensure easy access to justice for all those who enter the justice system (citizens, businesses).

The adoption of the amendment to **the Corporate Income Tax Act** has also made it possible to support other policies, such as digitisation, by introducing or extending tax relief.

The Recovery and Resilience Plan will launch a EUR 44 million call for tenders for the digital transformation of the economy in 2022 to co-finance the digital transformation of business consortia.

3.1.2. Research, development, and innovation (RDI)

One of the important goals is to make Slovenia an internationally attractive destination for research, with a focus on the return come back of Slovenian researchers working abroad. This is also the aim of the Scientific research and innovation activities act, adopted in 2021. The Act ensures higher public investment in research, development and innovation, regulates the funding modalities to ensure the stability and autonomous development of scientific research and innovation activities, and ensures the functioning and involvement of all stakeholders in the innovation system. Public research organisations will be granted a higher degree of autonomy, such as the state funds managed by public research institutes and the option to set up a knowledge transfer company. Funding will also depend on performance indicators that influence the European Innovation Index, and the rewarding of researchers will be more stimulating, encouraging their participation in excellent international scientific research projects and research and development projects with industry.

The drafting and adoption of regulations to implement the provisions of the new law is planned for 2022. In March 2022, the National Assembly adopted Resolution on the Slovenian Scientific Research and Innovation Strategy 2030. The Resolution is complementary with **the National Higher Education Programme and other strategic documents**. At the implementation level, sectoral action plans will be prepared within one year, defining the objectives set and building on them with measurable monitoring indicators. Effective governance of the research and innovation system is objective 1 of the Resolution, which addresses the current state of this area, which is reflected in an unstable and unpredictable regulatory framework and the disconnected nature of the two systems. The Recovery and Resilience Plan foresees **the establishment of a Programme Board** in 2022 as part of the new governance model that will ensure greater efficiency and coherence in the management of the whole RDI system. So far, RDI policy has been coordinated only at the strategic level of the Science and Technology Council and partly through the Working Group of Secretaries of State for the coordination of the implementation of the Smart Specialisation Strategy. The newly established Programme Board will enable coordination at both the strategic and the implementation level. It will also coordinate the instrumentation of the implementation of the RDI policy, irrespective of the source of funding. The Programme Committee will prepare common starting points for a coherent RDI policy and discuss common reports and evaluations on the implementation of the RDI policy. It will coordinate the actions of different ministries and agencies, address key issues for standardisation and coherence of RDI implementation (e.g., issues related to digital and green transition). The aim of the integrated action and evaluation implementation is to improve the efficiency of investments, to accelerate knowledge transfer and to facilitate the commercialisation of RDI solutions.

The Recovery and Resilience Plan funds will also be used to empower the NCP network (National Contact Points for EU programmes), project offices at public research organisations, and the implementing institutions SPIRIT (Agency for Entrepreneurship, Internationalisation, Foreign Investment and Technology) and ARRS (Slovenian Research Agency). This will enable the implementation of the investments under the

Recovery and Resilience Plan, the establishment of mechanisms to bring together the stakeholders of the research and innovation system, and the strengthening of advice to stakeholders to support applications to centralised EU programmes.

In February 2022, the Recovery and Resilience Plan provided EUR 45 million in incentives for business research and development projects. Support for pilot demonstration projects of EUR 30 million is also planned. In the framework of the European Cohesion Policy, support will be provided to co-finance RDI projects, pilot demonstration projects, young researchers, etc.

3.1.3. Eliminating administrative burdens

In order to improve the situation in Slovenia regarding administrative barriers and a competitive business environment, the Government adopted **the Debureaucratisation Act**. Its aim is to reduce obstacles for the business sector and citizens, simplify legislation and rationalise existing procedures. The purpose is to simplify life for citizens and business, thereby contributing to reducing costs and removing administrative barriers. By strengthening respect for the principles of legal certainty, the protection of confidence in the law and the clarity and certainty of rules, the Act aims to clean up the Slovenian legal order and strengthen the rule of law in Slovenia.

A stable regulatory and business environment is ensured through **the Stop Bureaucracy project**, which operates the STOP Bureaucracy portal, which enables the general public to participate in reporting perceived administrative obstacles and provides the opportunity to submit initiatives for their removal. The initiatives taken are translated into concrete actions that the public can follow on the Single Collection of Measures website. Currently, 408 measures have been collected, of which 312 have already been implemented, 84 are in the implementation phase, and activities have not yet started for the remaining 12, but these have a longer implementation deadline due to their complexity (expected in 2022 or 2023). The Single Collection of Measures is continuously updated with new measures.

Activities also continue in the systematic evaluation of the impact of the measures in **the Single Collection of Measures**. The balance of identified impacts of implemented measures for the period 01/01/2016 to 31/12/2021 currently stands at EUR 118.8 million on an annual basis, with a good half of the evaluations for 2020 and 2021 still to be carried out. In total, 51 evaluation reports have been completed and formally approved by the relevant ministries during this period.

The Government adopted **the Action Plan to improve the procedure of planning, drafting, adopting and evaluating the impacts of legislation 2019–2022**, which also includes systemic measures to modernise and optimise the drafting of regulations on the basis of the defined OECD recommendations following a review of the state of regulatory policies in Slovenia. They include the implementation of **the Project for the preparation of methodologies to assess the impacts of regulations and their inclusion in the MOPED application**. The purpose of the project is to assess the impacts of regulations on other social fields (social services, the environment, IT solutions, administrative consequences, public finances, the introduction of the ex-post regulation evaluation module). A government working group was also set up to implement the eRegulations project in 2021, which will develop methodological and applied solutions for implementing ex-ante impact assessments of draft regulations and evaluations of laws. A methodology will be developed to better assess the impact of legislative changes in a consistent manner.

Public procurement operates according to the principles of economy, efficiency and effectiveness, ensuring competition between bidders, transparency of public procurement and equal treatment of bidders. The amendment of **the Legal Protection in Public Procurement Procedures Act**, in 2019, ensured adequate legal protection against misconduct in public procurement procedures and, in particular, enhanced the independence and professionalism of the National Review Commission as a public procurement body. By amending the Act, we have also increased the effectiveness of legal protection for large projects. The Act

also aims to regulate judicial protection against decisions of the National Review Commission. All these solutions will make public procurement procedures more efficient, especially for large infrastructure projects, and will optimise work from a legal point of view.

In order to provide quality training courses and to promote institutionalised training, **the Procurement Academy** will be set up in 2023. In addition, the Ministry of Public Administration is continuously providing other measures and activities in the field of professionalisation of public procurement, such as the provision of free training courses and workshops, written and telephone counselling, the preparation of thematic guidelines, brochures and schemes, the computerisation of the entire public procurement process and other similar measures.

Among the key measures to remove administrative barriers and encourage investment, **the Intervention Act to Remove Obstacles to the Implementation of Significant Investments to Start the Economy After the COVID-19 Epidemic**, adopted in 2020, is being amended and supplemented in line with needs. The last amendment to the list was approved by the Government in January 2022. Its purpose is to establish a list of priority investments and thus to coordinate and speed up the handling of the individual procedures related to these investments. The list of investments is divided into several clusters and includes projects in the fields of environment, energy, transport and regional development. Currently, 353 projects are on the list. Some projects are already under implementation, and some are also included in the Recovery and Resilience Plan. The implementation of the projects on the list will facilitate Slovenia's transition from the post-pandemic crisis, as these projects will also contribute to economic growth.

3.1.4. Business environment and sources of finance

The promotion of innovative public procurement will be operationalised in 2022 through **the Guidelines for Innovative Public Procurement**, defining criteria and procedures addressing both the elements of public procurement and the integration of innovative concepts in the public procurement of public entities. An amendment to the **Public Procurement Act** was adopted in 2021 and entered into force on 1 January 2022. Its aim is the complementation and clarifications of bids in the selection of bidders and the elimination of abnormally low offers that (in the long term) restricted competition.

Two amendments to the Investment Promotion Act were adopted in December 2021 and April 2022. The government's aim with the amendments is to enable companies to adapt as quickly and easily as possible to the requirements of the green transition, which requires companies to develop new skills, innovate and invest sustainably in clean technologies, and thus prevent the loss of competitiveness. The Act also provides incentives for companies and various forms of networking to invest in research and development and innovation. The Act led to the amendment of the Decree on the method of determining the conditions and criteria for allocating investment incentives and conditions for strategic investment, which entered into force in February 2022 and defines in more detail the criteria for the selection of investments to be financed with public funds.

The revision of the Building Act and the Spatial Management Act is foreseen for 2022. The Building Act will pursue the objectives of administrative relief and accelerating sustainable economic development through efficient and quality implementation of procedures, by introducing elements of digitisation. The Spatial Management Act aims to improve spatial planning instruments, to establish more efficient management of national and municipal spatial planning, which will necessarily be supported by the digitisation of all key spatial data.

The implementation of the Regulation on European Crowdfunding Service Providers for business and amendments to Regulation (EU) 2017/1129 and Directive (EU) 2019/1937 is planned for 2022. The Regulation also regulates crowdfunding for business by setting uniform requirements for the provision of crowdfunding services, supervising crowdfunding service providers and harmonising the activities of

crowdfunding platforms, including transparency requirements and market reporting in relation to the provision of crowdfunding services in the EU.

A new proposal for **the Alternative Investment Funds Forms Act** is being prepared to clearly define the forms of investment funds. With technical support from the EC, a project to improve and develop the capital market in Slovenia was completed at the end of August 2021. The aim of the project was to identify the main weaknesses of the Slovenian capital market and to propose concrete measures for its development. The proposed measures will lead to the preparation of **the Development Strategy for the Slovenian Capital Market** and the creation of a single website on capital markets. The adoption of the Alternative Fund Forms Act and the adoption of the strategy for the development and strengthening of the capital market are foreseen in 2022.

An efficient business environment is also ensured by the institutions of the supportive environment, the services of which will continue to be supported by the European Cohesion Policy: SPOT Global, SPOT Counselling points, innovation environment entities and the Digital Innovation Hub of Slovenia.

Access to affordable finance sources is important for small and medium-sized enterprises. For this purpose, Slovenia has been providing Cohesion Policy funding for the implementation of financial instruments since 2004. SID Bank, the Slovenian Enterprise Fund and the Slovenian Regional Development Fund offer affordable finance sources in the form of guarantees (with interest rate subsidies), micro-credits, loans and equity. Progress has been made in the area of venture capital investment, which is provided through cooperation with the EIF and SID Bank in the form of quasi-equity financing and through the Regional Technology Transfer Platform.

The Government has also adopted the Act on the Deburocraticisation of the Taxation of the Purchase of Virtual Currencies, which will regulate the trading of virtual currencies in an administratively simple way. The Act will help Slovenia to be more competitive in the field of taxation of virtual currencies, especially in the light of the increasingly uncertain situation on global financial markets, where virtual currencies are gaining in importance.

3.2. INCLUSIVE GROWTH

COUNTRY-SPECIFIC RECOMMENDATIONS FOR SLOVENIA (CSR):

CSR 2020-1: ... for Slovenia to take action in 2020 and 2021 to ensure that, in compliance with the general escape clause of the Stability and Growth Pact, it takes all necessary measures to respond effectively to the COVID-19 pandemic, to preserve the economy and to support the recovery that will follow. Where economic conditions allow, implement fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability while strengthening investment. Ensure the resilience of the healthcare and long-term care system, including by ensuring sufficient supply of critical medical equipment and addressing the shortage of health workers;

CSR 2020-2: ... for Slovenia to take action in 2020 and 2021 to mitigate the impact of the COVID-19 crisis in the social and employment spheres, including by ensuring adequate income replacement and social protection, by strengthening part-time work schemes and by flexible work arrangements. Ensure that these measures provide adequate protection for workers in non-standard forms of employment;

CSR 2019/1: ... for Slovenia to achieve its medium-term budgetary objective in 2020. Adopt and implement reforms in health care and long-term care that ensure quality, accessibility and long-term fiscal sustainability. Ensure the long-term sustainability and adequacy of the pension system, including by adjusting the statutory retirement age, limiting early retirement and other forms of early exit from the labour market. Increase the employability of low-skilled and older workers by improving the relevance of education and training based on the needs of the labour market, and through lifelong learning and activation measures, including improving digital literacy.

HEADLINE TARGETS under the European Pillar of Social Rights:

1. By 2030, at least 78% of the population aged 20–64 should be in employment:

Slovenia's national employment target is to increase the employment rate of the population aged 20–64 to at least **79.5% by 2030** (the 2020 baseline is 75.6%). **The increase in employment rate** will be achieved mainly by focusing policies and measures on the activation of groups that are under-represented in the labour market compared to the average (the elderly, the less educated, women, youth and foreigners) and the group of long-term unemployed. This should be guided above all by **the principle of an inclusive labour market for all vulnerable groups**, where no one is left behind. Strengthening incentives to make work pay, increasing adult participation in lifelong learning, with a focus on digital skills, and ensuring stable and sufficient funding for the implementation of active employment policy measures (ALMP) will be the key.

2. At least 60% of adults should participate in training programmes each year:

The Resolution on **the National Adult Education Programme for 2022-2030** (ReNPIO 2022–2030) was adopted by the Government at the end of December 2021. The first two headline indicators ensure national comparability with the past periods of implementing national adult education programmes and international comparability. The third headline indicator is being introduced anew for the attainment of the objectives set by the EU in the European Pillar of Social Rights Action Plan, in which education and training play a crucial role. The level of participation in lifelong learning by adults aged 25 to 64 will increase from the estimated 40% in 2016 to **60% in 2030**. Key actions include the development and implementation of public adult education programmes to raise literacy and basic skills levels and improve general educational attainment, the development of adaptations for the use of digital technology for distance education and the delivery of these programmes at a distance, the development and implementation of new educational approaches and animations for the less educated, the development and support of advisory activities, etc. It is important to continue to implement measures, both in the area of upgrading staff competences, further vocational education and training, adult education programmes for competence building, etc.

3. The number of people at risk of poverty or social exclusion should be reduced by at least 15 million by 2030.

In Slovenia, the number of people at risk of social exclusion indicator is most influenced by the number of people at risk of relative poverty. The task of reducing the indicator's value in the period up to 2030 will be challenging, especially in the light of expected demographic changes. The decline of the indicator value will be driven by the implementation of systemic social protection measures, particularly in the labour market and pension system, with the focus on increasing the labour force participation rate of older people aged 55–64. In view of the above challenges, Slovenia aims to reduce the number of people at risk of poverty or social exclusion by 9,000 by 2030, including 3,000 children.

3.2.1. Labour market

During the COVID-19 epidemic, Slovenia addressed the challenges of a changing labour market quickly and effectively through measures as short time work schemes, despite the lack of a systemic legislative framework. Measures as short-time work schemes were in place from the start of the COVID-19 pandemic until mid-2021 and were updated according to the situation of the economy and labour market needs. In order to effectively cope with future labour market shocks in times of crisis, Slovenia will prepare **legislation on a short-time work scheme** by the end of 2022, which is also foreseen in the Recovery and Resilience Plan.

The epidemic crisis has also shown the importance of ensuring more flexible ways of organising work. The Recovery and Resilience Plan also foresees important measures in this area, such as the establishment of direct support for workers and employers to use more flexible working arrangements in 2022. The **Support to more flexible work arrangements** project aims to enable greater resilience and labour market inclusion, promote better reconciliation of work and private life, strengthen digital competences of employees (with a focus on older workers) and raise occupational safety and health standards in this area. The project **Introducing more flexible work arrangements adapted to the needs of people with disabilities in disability enterprises and employment centres** will be implemented to maintain and create new jobs suitable for the most severely disabled workers.

Activation of the unemployed and measures to help the most vulnerable groups to enter the labour market remain a key focus for Slovenia. In this light, in January 2021, the Government adopted **the Guidelines for Active Employment Policy 2021–2025**, which are a strategic document in this area and provide a framework for the implementation of active employment policy measures over the next five-year period. The main objectives of the document are to reduce the number of long-term unemployed, to accelerate the activation of the unemployed, especially the over-50s, the low-educated and recipients of social assistance, to accelerate the transition of unemployed young people up to 29 years of age to the labour market – the Youth Guarantee, and to address structural imbalances in the labour market, in order to provide the skills needed to meet the labour market needs.

In order to increase the activation of the unemployed, amendments to **the Labour Market Regulation Act** on unemployment benefits (eligibility conditions and duration) came into force in 2020. The age of unemployed persons eligible for the unemployment benefits for a period of 19 months has been increased from 50 to 53 years (the insurance period has remained unchanged at 25 years). However, for those entitled to the unemployment benefit for 25 months, the age condition has been increased from 55 to 58 and the insurance period has been increased from 25 to 28 years.

In addition, in March 2022, the Government endorsed a proposal by coalition Members of the Parliament regarding the new amendments to the Labour Market Regulation Act, which also aims to increase the activation of the unemployed. The key changes are to extend the permissible period of inclusion in public works programmes, thus allowing the most vulnerable to reintegrate into the labour market and reducing their social exclusion. The amendments provide those jobseekers who have been on the unemployment register for more than six months may be posted to a job corresponding to a maximum of two levels of educational attainment below the person's level of the corresponding job, irrespective of the type of education acquired by the unemployed person. The reintroduction of a one-step infringement procedure for all grounds for breach of obligations and the provision that an appeal against a decision to terminate the management would not suspend enforcement are also part of the proposed amendments, which also address, inter alia, the abuse of registration in the unemployment register and the consequent entitlement to social assistance benefits. The amendments to the law are pending before the National Assembly.

The adoption of the amendment to **the Corporate Income Tax Act** has also made it possible to support labour market policies. The adopted amendment has extended the already existing employment reliefs not only to employees aged between 29 and 55, but also for occupations needed on the labour market (so-called "deficit occupations"). There is also a new relief for employers who employ a person under the age of 25 who is being employed for the first time.

Slovenia pays particular attention to young people in its labour market policies. For example, the Recovery and Resilience Plan foresees the project **Faster entry of young people into the labour market** (2022–2024), which aims to accelerate the activation of young people up to and including 25 years of age by means of subsidies for permanent employment (at least 4,000 jobs). The project addresses the key challenges young people face in their transition to the labour market. By providing work experience, compulsory training during subsidised employment and promoting permanent employment, it also

strengthens the long-term resilience of young workers to economic fluctuations in the face of crises. The measure will encourage young people to take up supplementary pension insurance.

In order to address the consequences of employee sickness absence and absences due to ordered quarantines, **the Act on Intervention Measures to Support the Labour Market** was adopted in March 2022. The Act addresses labour shortages by increasing the number of hours of occasional and temporary work of pensioners, which is regulated by the Labour Market Regulation Act. The measures are to be in force until 31 December 2022.

3.2.2. Education, training and lifelong learning

In the field of lifelong learning, it is essential to take measures to ensure that adults are more involved in lifelong learning. For this purpose, at the end of 2021, the Government adopted **the Resolution on the National Adult Education Programme for 2022–2030**, which also aims to raise the level of basic competences and improve the general education of adults, to raise the educational attainment of adults, to increase the competence of the population to respond successfully to the needs of the labour market, to strengthen research and development in the field of adult education, and to improve and strengthen activities in the field of adult education. At the end of 2020, **the Rules on norms and standards for funding and provision of public service in adult education** were adopted, defining the public service in the field of adult education and including counselling activities and the adult elementary school programme.

At the end of 2019, the Government adopted **the National Strategy for the Development of Reading Literacy for the period 2019–2030**. Its strategic objectives are to establish an effective social framework for the development of reading literacy, to develop the reading literacy of individuals who have different roles, needs and requirements at different stages of life, thus enabling the continuous development of society and the economy, to increase access to books and other reading material, and to pay greater attention to specific age/target groups within the education system. An Action Plan is foreseen for adoption in the first half of 2022, addressing a number of actions to improve the situation.

Key strategic documents include **the Resolution on the National Agenda for Higher Education 2030**, adopted by the Government. It is a key strategic document for the development of quality objectives, benchmarks, measures and policies in the field of Slovenian higher education. The objectives are to raise the level and quality of higher education in Slovenia, to increase the responsiveness, flexibility and attractiveness of the higher education system to the needs of the economy, the non-economy and society as a whole, to strengthen its international integration, to improve the accessibility of education and the opportunities for continuing education and lifelong learning in higher education throughout Slovenia, to increase the intensity of research and innovation, and to improve the transfer of knowledge to the environment.

In the field of higher vocational education, Strategy of Short Cycle Higher Vocational Education 2020-2030 has been adopted, which pursues the objective of financial stability of the operation of higher vocational schools with a shorter work cycle; strengthening the quality of provision of short higher vocational education; adapting to the needs of the economy or society; and higher employability of graduates of secondary higher vocational schools.

In January 2021, amendments were adopted to **the Rules on norms and standards for the implementation of educational programmes in secondary education, the Rules on norms and standards in secondary schools employing Italian as a language of instruction, the Rules on norms and standards in bilingual secondary schools**, which include provisions regarding the option of an additional reduction in the number of weekly hours of instruction in relation to the current regulation for a teacher who performs the tasks of an IT organiser and has the relevant skills and competences.

In the field of education, the Recovery and Resilience Plan foresees in 2022 the adoption by the Government of **the Strategy for the Greening of Educational and Research Infrastructure**. In particular, the strategy will identify priorities for investment in environmentally friendly education and research facilities, considering specific characteristics and needs such as sustainable building principles with near-zero energy consumption, spatial planning, digital transition and innovative pedagogical approaches.

In the field of higher education, the Recovery and Resilience Plan envisages the project **Higher Education Reforms for a Green and Resilient Transition to Society 5.0** (a system that is responsive to environmental needs and creates a highly skilled workforce for the professions of the future). The aim is to make higher education more flexible, resilient and responsive to the needs of the environment and, as a consequence, to improve the relevance of its role for economic recovery, increasing productivity, promoting cohesion and balanced social, environmental and economic development (creating highly skilled jobs for the professions of the future and achieving Society 5.0; providing the adequate competences for the digital and green transition). The focus of the reform project is on creating a mix of knowledge (competences) that enables graduates to enter the labour market early and encourages them to pursue lifelong learning (upgrading and deepening higher education skills).

As a measure to promote the involvement of employees in lifelong learning, **the Training and Education of Employees** project is foreseen in the framework of the Recovery and Resilience Plan 2022–2026. The project will provide incentives for employers, employees and the self-employed to reimburse the costs of training and education. The project will aim to promote the involvement of employees in lifelong learning, taking into account the needs of the labour market and the economy, in particular in terms of raising the digital skills of adults. Employers and the self-employed will also be reimbursed for loss of income during the training period.

3.2.3. Social policy

In 2021, the Government adopted a series of measures under the heading of prosperity and solidarity. Important changes were made to policies that support family welfare through the social transfer system and those that increase disposable income by raising the minimum wage and pensions. Measures taken included: **welfare-related measures and social transfers** (raising the minimum wage; increasing some transfers or subsidies), **solidarity-related transfers** (raising the amount of the partial payment for loss of income; raising the amount of the partial payment for loss of income for the family assistant), **measures increasing pensions and the well-being of pensioners** (the guaranteed pension for full insurance period has been increased; as of 1 May 2021, the minimum pension for insured persons with 15 years of insurance who are entitled to an early retirement, old-age or invalidity pension has been increased to 29.5% of the minimum pension base; a new institution of a guaranteed invalidity pension has been introduced (i.e. minimum invalidity pension) for all recipients of an invalidity pension; instead in 2025, a pension replacement rate for men of 63.5% will be fully implemented as early as 2023).

Appropriate indexation of pensions is important for the prevention of risk of poverty among the elderly from the perspective of the pension system. These have been regularly adjusted by 2.5% in 2021 and 4.4% in 2022. In addition, pensions were also adjusted on an extraordinary basis in January 2022 on the basis of the Law on the Amendment of the Pension and Disability Insurance Act.

The increase in efficiency and targeting of social transfers is also enabled with the so-called automatic indicative calculation, which is designed to simplify and rationalise decision-making procedures on social rights. Its application was planned for 1 January 2022, but it has already been introduced as of 1 June 2021, which has also increased the efficiency and targeting of social transfers.

The strategic document for the development of the country's social protection system is **the Resolution on the national social assistance programme 2022-2030**, adopted by the National Assembly on 23 March

2022. The key objectives pursued by the Resolution are to reduce the risk of poverty and increase social inclusion, to improve the accessibility and availability of services and programmes, to strengthen community-based forms of social protection, and to create a supportive environment/conditions for improving the quality of services and programmes. In defining actions, the Resolution follows the European Pillar of Social Rights Action Plan for the period until 2030.

In addition to the above measures, in March 2022, the Government endorsed the proposals for amendments to the social protection legislation submitted by the coalition members of the Slovenian National Assembly for adoption by the National Assembly. These are the proposed **Act Amending Social Assistance Payment Act**, the proposed **Act Amending the Exercise of Rights from Public Funds Act** and the proposed **Act Amending the Parental Protection and Family Benefits Act**, by which the proposers of the amendments are attempting to restore public "confidence in the system of social transfers and the social state" and to underline that work pays.

In addition to labour market measures to increase activation and comprehensive treatment of the unemployed, the proposed Act Amending Social Assistance Payment Act provides a legal basis for ensuring the exchange of personal data of persons in need who are under consideration at social work centres, between social work centres and the Employment Service, and between social work centres and humanitarian organisations or providers of social welfare programmes, if they have been under consideration there. It is also envisaged that the payment of social assistance in kind will be compulsory in the event that a child is absent from school or there is a debt to public services or educational establishments. The amendments to the Act are pending before the National Assembly.

In Slovenia, the 2012 social reform inextricably linked annual entitlements and monthly public benefits. With the proposed Act, the proposer proposes to gradually separating family policy from social security policy, with the aim of gradually shifting family policy entitlements towards the introduction of universal annual entitlements from public funds. The proposed amendment to the Exercise of Rights from Public Funds Act thus provides that, in the case of annual public entitlements (child benefit, state scholarship, reduced kindergarten fees, midday meal subsidy and lunch subsidy), only income is to be taken into account in the determination of the material situation, but not assets. It is envisaged to raise the eligibility threshold for the grants (state scholarship) (equating income brackets with the child benefit), to exclude the child benefit from income for the purposes of establishing entitlement to the grants (state scholarship) and rent subsidy, and to exclude the company scholarship and the student work allowance from income for the purposes of establishing entitlement to all public entitlements altogether. The proposal aims to simplify the procedure for the determination of annual entitlements, which in turn makes it possible to provide informative calculations (under the current rules, only half of the cases are decided by informative calculation), which will reduce the workload of the main centres for social work. The proposer also proposes that, in order to increase the social security of particularly vulnerable groups, the right to the ex-officio income support be extended and that, if a person is entitled to both social assistance and the income support, they should also be entitled to the right to the coverage of the difference up to the full value of the health care services, which replaces the supplementary health insurance. It is also proposed to introduce the electronic delivery of decisions and informative calculations, which will reduce the workload of the main centres for social work. The proposer also proposes electronic delivery of decisions and informative calculations, which would significantly reduce the workload of the main centres for social work. The amendments to the Act are pending before the National Assembly.

In March 2022, the Government also signalled its approval on the draft amendments to **the Parental Protection and Family Benefits Act**, which are currently under discussion by the National Assembly of Slovenia. The proposal amends the existing provisions in a way that brings them into line with the specific provisions of Directive (EU) 2019/1158 of the European Parliament and of the Council on work-life balance for parents and carers, as it has a more favourable legal framework than the Directive in the area of paternity and parental care. According to the proposed amendments to the Act, paternity leave would be reduced from 30 to 15 days, although the number of mandatory days of parental leave for fathers would be

increased to 60. The change would not apply retroactively, but only to children born after 1 February 2023. The Directive also makes a change to the age of the child until which the right to part-time work for parental reasons lasts, extending it to the child's eighth birthday. Both parents will also be able to work part-time for parental reasons, but the total use of the right must not exceed 20 hours per week.

The draft amendment also introduces changes to the child benefit for families whose children are unduly absent from primary school and for families whose children do not continue their secondary education after primary school. This introduces automaticity in the granting of child benefit in kind, whereby one parent receives child benefit in kind for three months if the Inspectorate of Education and Sport informs the competent centre for social work ex-officio of the initiation of offence proceedings against the parents of a pupil who is absent from classes or other activities within the compulsory curriculum of primary school for an unexcused reason. For families in which the child would not continue education in a secondary school, the change would be different. In these cases, the amount of child benefit for that child would be reduced by 33%. In this way, the proposer aims to encourage children to attain a higher level of education than primary school.

The adoption of an **amendment to the Housing Act in 2021**, which will improve the conditions for faster construction of public rental housing, will further contribute to reducing the number of people at risk of poverty and social exclusion. The amendment to the Housing Act establishes the legal basis for the introduction of a realistic level of non-profit rent, which will allow for the adequate maintenance of public rental housing and the gradual expansion of the stock of public rental housing. In parallel with the increase in non-profit rents, the rent subsidy system is being adapted to protect the socially vulnerable in the event of a rise in non-profit rents. The subsidy is increased to a maximum of 85% of the non-profit rent, which ensures that the most socially vulnerable are not affected by the rent increase. The amended Act also allows for higher borrowing by housing funds, up to 50% of the value of the fund's earmarked assets, and a pre-emptive right for the Housing Fund in the sale of building municipal land earmarked for multi-family housing. A public rental service has also been established within the Housing Fund, with the aim of activating the existing but unoccupied housing stock.

The funds under the Recovery and Resilience Plan (EUR 60 million is foreseen) will be used exclusively for the construction of public rental housing, let through public tenders and at non-profit rents.

In view of the high energy price rises that Slovenia is also facing, **the Act on emergency measures to mitigate the impact of high energy prices** was adopted earlier this year, introducing a one-off solidarity allowance for the most vulnerable, a temporary exemption of all economic operators from electricity network charges and lower excise duties, and equalisation of the rights of all natural gas consumers.

3.2.4. Health care system

The adoption of **the Health Care and Health Insurance Act** (by the end of 2024) is planned in order to increase the universality of health insurance, solidarity in health care financing, better access to health care services, and higher quality and efficiency, while maintaining long-term substantive and financial sustainability with the expected results of ensuring the financial sustainability of the health care system, equal access to health care services, and the introduction of counter-cyclical elements in the health care financing segment.

The objective of **the Act on Provision of Funds for Investments in Slovenian Healthcare in the Years 2021 to 2031** is to provide financial resources in the planned volume and according to the planned dynamics for the establishment of the most important operational capacities of Slovenian healthcare (at primary, secondary and tertiary level) and educational institutions in order to increase the number of enrolment places in medical and health education programmes. This will ensure the long-term preparedness and sustainability of the Slovenian healthcare system for the challenges of the future, the additional burden

on the healthcare system following the COVID-19 pandemic in the face of worsening demographics, and the preparedness for possible new outbreaks of infectious diseases.

A new Decree establishes the "Agency for Investments in Healthcare". Changes in healthcare investments are introduced by the Act on Provision of Funds for Investments in Slovenian Healthcare in the Years 2021 to 2031, adopted in 2021, which provides for the provision of funds for healthcare investments over a 10-year period, representing a more than five-fold increase of the previous healthcare investment funds. The purpose of the establishment of the Agency for Investments in Healthcare is to ensure that the field of investment is properly organised, both institutionally and in terms of organisation and staffing. It is necessary to establish a stable organisational structure capable of implementing the dynamics of the work in this area in terms of content and time.

Healthcare also plays an important role in the context of the Recovery and Resilience Plan and EUR 83 million is foreseen in the framework of the digital transition. Investments such as the new infectious diseases clinics in Ljubljana and Maribor (foreseen funds under the Recovery and Resilience Plan amount to EUR 110 million) will also have an important impact on the healthcare sector.

3.3. SUSTAINABLE GROWTH AND GREEN TRANSITION

COUNTRY-SPECIFIC RECOMMENDATIONS FOR SLOVENIA (CSR):

CSR 2021-3: ... for Slovenia to pay particular attention to the structure of public finances, both on the revenue and expenditure side of the budget, and to the quality of budgetary measures, in order to ensure a sustainable and inclusive recovery; give priority to sustainable, growth-enhancing investments, in particular investments to support the green and digital transition; prioritise structural reforms with an impact on public finances that will help secure financing for public policy priorities and contribute to the long-term sustainability of public finances, where appropriate, including strengthening the coverage, adequacy and sustainability of healthcare and social protection systems for all, where appropriate.

CSR 2020-3: ... to continue to swiftly implement measures to provide liquidity and financing to businesses; and

CSR 2019-3: ... for Slovenia to take action in 2019 and 2020 so as to focus its economic investment policy on research and innovation, low carbon and energy transition, sustainable transport (especially rail) and environmental infrastructure while taking into account regional differences.

Slovenia has devoted a large share of the Recovery and Resilience Plan's attention and resources to the green transition (42%), or more than EUR 1 billion, in which actions and investments represent the largest share of the Slovenian Recovery and Resilience Plan. The key reforms envisaged under the Recovery and Resilience Plan will address the challenges outlined above.

3.3.1. Environmental policy

In line with EU objectives, Slovenia is on the path to becoming a green, modern, resource-efficient and competitive economy. The key goal being pursued is zero net greenhouse gas emissions by 2050, with the principle that economic growth will be decoupled from resource use and that no one, and no place will be left behind.

Slovenian strategic documents therefore highlight awareness of climate targets and the need to adapt to and address the effects of climate change. The Slovenian objective is in line with the European Commission's targets to become a climate neutral society by 2050 and to decrease greenhouse gas emissions by half by 2030.

Slovenia has also established these goals in **the Slovenian Long-term Climate Strategy until 2050**, adopted in 2021, which sets Slovenia a clear target of achieving net zero emissions or climate neutrality by 2050. The document complements **the National Energy and Climate Plan**, which was adopted in 2020 and is due to be updated in 2023. The documents were prepared in a coordinated manner and are based on the same technical baselines.

The main focus of the Long-Term Climate Strategy is to reduce greenhouse gas emissions. Horizontal orientations that apply to all sectors include increasing material efficiency, promoting low-carbon sources, energy efficiency and promoting digitalisation. Slovenia is already intensively developing, monitoring and investing in research, new technologies and development in order to form final solutions for reaching the objective of climate neutrality and it will also continue to do so in the future. The implementation of the Climate Strategy can also be a stimulus for the Slovenian economy, as it encourages measures and the development of technologies that have a positive impact on environmental protection, climate change adaptation or remedy the consequences of climate change. The Natura 2000 network is key to securing the habitats of species threatened at the EU level, and Slovenia has the highest share of this network among all EU Member States, with almost 38% of its territory.

The package of measures in this area is complemented by **the Spatial Development Strategy of Slovenia**, a strategic national document that will define the country's high-quality spatial development for decades to come. It defines the country's long-term strategic objectives and guidelines for the development of spatial activities, which will form the basis for coordinated action by all stakeholders that contribute to shaping the spatial environment. The Spatial Development Strategy of Slovenia reinforces the principle of sustainable spatial development. The development requirements for achieving competitiveness are set in relation to the rational use of space, resources and energy, which is why it is essential to achieve spatial cohesion and to address spatial development challenges in a comprehensive manner.

From the outset, the preparation of the Spatial Development Strategy of Slovenia has been a consultative process involving representatives of stakeholders from all levels of spatial planning and management, as well as non-governmental organisations. The Strategy is expected to be adopted in 2022.

The Environmental Protection Act was also adopted, which introduces new and comprehensive regulations in the area of waste management, including defining the basic rules for waste management, conditions and criteria for the end-of-waste status and the regulation of the extended producer responsibility system. Another important content of the Act is the introduction of provisions for reducing the overall impact of the use of resources and for improving the efficiency of such use, which is essential for the transition to a circular economy.

The Act provides for extended responsibility for full-cycle waste management, a circular economy for the use of waste for energy in high-efficiency and low life-cycle emission cogeneration of heat and electricity for district heating and cooling, and for processing into new products.

In the area of public procurement, **the Decree on green public procurement** was amended to add new goods and services (building furniture and noise barriers) to the list of products to be procured in accordance with sustainable principles. The amendment dictates that, in general, all public procurement should be implemented in compliance with sustainable principles wherever possible, i.e. with products that are plastic-free, longer-lasting or reusable. The amendment also changed the rules on the procurement of vehicles. Vehicles and several transport services will have to be procured on the basis of "clean vehicle" and "zero emission" standards as set out in Directive EU 2019/1161. The Decree also applies to the procurement of transport services.

3.3.2. Energy

Slovenia, like other countries around the world, is facing a rapid increase of energy prices. The increase in energy prices had already started at the end of the COVID-19 pandemic, and the Russian invasion of Ukraine has further accelerated this price increase. In response to the drastic increase in prices, measures have been taken to help the most vulnerable groups of the population, as well as in the field of energy efficiency and the use of alternative sources of energy. Although Slovenia has an ambitious plan to phase out fossil fuels, the current energy market crisis will accelerate the development and deployment of new technologies in areas such as alternative fuels, energy supply and efficient energy management. Slovenian companies are ready for the challenge and the state will encourage them through various incentives and financial instruments (Recovery and Resilience Plan, funds from the current Financial Perspective, funds from SID Bank, etc.).

In February 2022, the **Act Determining the Measures to Mitigate the Consequences of Rising Energy Prices in the Economy and Agriculture** was adopted. It was drafted in response to the rapid increase in the price of energy products, which was mainly due to the epidemic. The Act regulates in more detail the calculation of the amount of aid to which beneficiaries are entitled and sets ceilings on the amounts of aid. The Act also provides for the recovery of aid received if the beneficiary who claimed the aid subsequently discovers that they had claimed an excessive amount of aid or that they did not fulfil the conditions for receiving it. **The Act on Emergency Measures to Mitigate the Impact of High Energy Prices**, adopted in February with the aim of alleviating energy poverty, grants energy vouchers to the lowest income earners, in particular pensioners with a pension of less than EUR 1,000, recipients of cash and social assistance, recipients of child benefits, large families and carers. Large families receiving social assistance will be entitled to an additional EUR 50. As a general measure to limit the impact of energy price increases, the Government also adopted **the Decree determining the amount of excise duty on energy products**, both on motor fuels and on natural gas and fuel oil, and suspended the payment of the network charge, the connection capacity charge and the contributions for renewable energy sources and cogeneration of heat and electricity.

The government is earmarking additional funds, in particular for energy-intensive businesses, which have been most affected by the prices increase. As farmers have also suffered damage from the increase of energy prices, they also benefit from intervention measures, which depend on the actual use of the land. Up to EUR 70 million is planned for measures in the economic and agricultural sectors.

In the energy sector, other sectoral documents were also adopted in the past period. In early 2021, the Government endorsed **the Long-term Strategy for the Energy Renovation of Buildings by 2050**, which includes a review of the national building stock, the identification of cost-effective renovation approaches, policies and measures to promote cost-effective major renovation of buildings, measures to guide investment decisions by individuals, the construction industry and financial institutions, and an assessment of the expected energy savings and wider benefits. This is a business opportunity for companies, together with public funds, to provide leverage for more efficient and faster energy renovation. Slovenia already has a contractual partnership model in place, but due to the absence of companies in this segment, it has not made a significant breakthrough so far.

The adopted and enforced **Electricity Supply Act** also supports the objective of establishing a development-oriented regulatory framework for setting the level of network charges for the transition to a climate-neutral society and supporting the development of an efficient and competitive market to fully exploit the flexibility of the electricity system and new technologies. Promoting the generation of electricity from renewable energy sources and integrating a larger number of small-scale electricity producers into the grid requires accelerated investment in the modernisation of low-voltage networks owned by electricity distribution companies.

In the area of resources, future investments in nuclear energy are planned. The accelerated phasing-out of fossil fuels requires a reliable and stable source of energy, which can only be provided to Slovenia by a

nuclear power plant. The investment will respect the principle of "do no significant harm" (DNSH). In addition, the construction of a chain of hydroelectric power plants on the Middle Sava River and the completion of the hydroelectric power plants on the Lower Sava River are planned. The DNSH principles will also be respected.

The Energy Efficiency Package also includes **the Gas Supply Act**, adopted at the end of 2021, which aims to regulate the gas supply sector independently. In addition to the above, the Act pursues other objectives, such as effectively ensuring the rights of final customers, protecting the rights of household customers, ensuring the efficient and competitive organisation and functioning of the natural gas markets at the wholesale and retail levels, ensuring the efficient performance of the tasks of system operators and the provision of public utility services in the public interest, ensuring security of gas supply and facilitating the decarbonisation of gas supply. Measures are planned to reduce dependence on Russian gas. For this purpose, discussions on alternative gas supplies are already underway.

In the area of transport policy, the objective is to increase mobility and to encourage and support the use of public transport. For this purpose, **the Road Transport Act** has been amended to provide a legal framework to simplify the system of subsidised tickets for pupils, students and adult learners and to introduce free tickets in urban transport for pensioners, over 65, disabled persons and war veterans. A regulation was also adopted on the manner in which public service obligations are to be implemented, on passenger transport on domestic roads, the concession of this public service and the regulation of the integrated ticketing system.

The Management of Public Passenger Transport Act was adopted. High fuel prices and efficient public passenger transport can encourage citizens to give up their private cars and use more public passenger transport. With a proper awareness campaign on the benefits of public passenger transport and the contribution of abandoning the use of private cars to reducing greenhouse gases, the country will also take a step towards changing consumption habits. The Act provides a legal framework to ensure efficient public passenger transport in Slovenia and to increase the number of passengers using public transport. It also provides the legal basis for the establishment of a manager, i.e. the Public Passenger Transport Management Company.

The adoption of **the Integrated Transport Planning Act** is also foreseen for 2022. The proposed Act provides the legal framework for the establishment of an integrated transport planning system in the Republic of Slovenia, as currently there is a lack of integration of spatial and transport planning at both the national and local levels. The integrated approach considers the development needs of the different modes of transport and aligns them with investment opportunities, while taking into account the requirements to reduce energy use in transport, environmental requirements and long-term climate objectives, on the basis of which coordinated transport, spatial, environmental and climate policies are formulated. For this purpose, the proposed Act sets out the basic principles of integrated transport planning and the transport planning instruments that will form the basis for the long-term and systematic implementation of measures to promote sustainable mobility at the national, regional and local levels.

The adoption of **the Infrastructure for Alternative Transport Fuels Act** is also planned for 2022, which will establish a regulatory framework for the establishment, registration and management of refuelling or supply infrastructure for alternative transport fuels, regulate the allocation of incentives in this field and establish an appropriate state aid scheme. The objective is to increase the number of first-time registrations of alternative fuel vehicles in Slovenia and the number of refuelling or supply points in Slovenia.

In addition to those already adopted, a number of laws are in the process of adoption, which will complete the field of energy efficiency and sustainable mobility.

For example, **the Act on the Promotion of the Use of Renewable Energy Sources** was adopted in 2021, which sets the basis for a renewed scheme of financial incentives for energy efficiency, district heating and the use of RES, as well as new conditions and criteria for their allocation.

The legal framework for the transition to a circular economy is expected to be in place by the end of 2022, with the adoption of laws and regulations and the establishment of a Single Point of Contact for the circular economy by 2022.

Slovenia is also addressing energy efficiency and sustainable mobility challenges with EU technical assistance. In 2021, a technical assistance project was approved to identify barriers to greater integration of renewable energy sources into the system and to take appropriate action. This will help Slovenia to meet its targets for both the share of renewable energy sources and the reduction of greenhouse gas emissions. Technical assistance will also help to develop guidelines, criteria and a methodology to support the decarbonisation of heating and cooling systems and fuels.

A project on sustainable mobility is also ongoing, specifically on the preparation of a legislative framework for sustainable mobility and on the organisation and management of an alternative energy infrastructure.

The investments foreseen under the Recovery and Resilience Plan focus on renewable energy sources, energy efficiency in public buildings, the environment, the modernisation of railway infrastructure, the establishment of refuelling and supply infrastructure for alternative fuels in road transport, and dedicated measures for the circular economy to enable a green transition in key sectors of the economy. Slovenia has successfully modernised its drinking water supply and wastewater management systems with EU funding, but some projects will still be funded under the Recovery and Resilience Plan. For all investments, Slovenia will respect the DNSH principle and taxonomy.

In 2022 and 2023, investments in the modernisation of the railway infrastructure will be accelerated, in particular the high investment expenditure planned for the implementation of the Divača–Koper second track project. Energy rehabilitation projects and investments in the energy-efficient restructuring of district heating systems to renewable energy sources are also under implementation and will continue to be implemented in the coming years. Due to the increase in the number of small renewable energy producers, this year will see the start of an investment cycle in the modernisation of the distribution network, in particular investments in transformer stations. Despite the initial challenges, the projects in the Recovery and Resilience Plan will be implemented in accordance with the planned timetable.

3.3.3. Just transition

The National Strategy for Exiting Coal and Restructuring Coal Regions was adopted by the Government in January 2022. The Strategy defines 2033 as the year when Slovenia will stop using coal for electricity generation, with closure expected to continue for another 15 years. It foresees the closure of the Velenje coal mine, followed by the socio-economic restructuring of the Savinjska-Saleška region and Zasavje, as the coal mines have already been closed but environmental and social rehabilitation are still ongoing. The Strategy has been prepared in an inclusive manner, involving both non-governmental organisations and local communities in the area.

The Strategy directs investment in the green and digital transition, in particular in clean and efficient energy production and use, environmental infrastructure, sustainable transport, research and innovation and 5G network deployment. It promotes the digital capabilities of businesses and strengthens digital knowledge and skills, e-commerce and e-health.

The Strategy foresees the preparation of two laws within 6 months of the approval of the Strategy which will contribute substantially to the operationalisation of the Strategy. The implementation of the Just Transition project will be supported by the Just Transition Fund as well as by the Recovery and Resilience Plan funds and the Multiannual Financial Framework 2021–2027.

3.4. MACROECONOMIC AND FISCAL STABILITY

COUNTRY-SPECIFIC RECOMMENDATIONS FOR SLOVENIA (CSR):

CSR 2021-1: ... for Slovenia to maintain a stimulative fiscal stance in 2022, including the stimulus provided by the Recovery and Resilience Mechanism, and maintain nationally financed investment;

CSR 2021-2: ... for Slovenia to pursue, where economic conditions allow, a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring the sustainability of public finances over the medium term, while stepping up investment to boost growth potential;

CSR 2020-1: ... for Slovenia to take action in 2020 and 2021 to ensure that, in compliance with the general escape clause of the Stability and Growth Pact, it takes all necessary measures to respond effectively to the COVID-19 pandemic, to preserve the economy and to support the recovery that will follow. Where economic conditions allow, implement fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability while strengthening investment. Ensure the resilience of the healthcare and long-term care system, including by ensuring sufficient supply of critical medical equipment and addressing the shortage of health workers;

CSR 2020-2: ... for Slovenia to take action in 2020 and 2021 to mitigate the impact of the COVID-19 crisis in the social and employment spheres, including by ensuring adequate income replacement and social protection, by strengthening part-time work schemes and by flexible work arrangements. Ensure that these measures provide adequate protection for workers in non-standard forms of employment;

CSR 2019/1: ... for Slovenia to achieve the medium-term budgetary objective in 2020. Adopt and implement reforms in health care and long-term care that ensure quality, accessibility and long-term fiscal sustainability. Ensure the long-term sustainability and adequacy of the pension system, including by adjusting the statutory retirement age, limiting early retirement and other forms of early exit from the labour market. Increase the employability of low-skilled and older workers by improving the relevance of education and training based on the needs of the labour market, and through lifelong learning and activation measures, including improving digital literacy.

The Stability Programme for 2022, which is complementary to the National Reform Programme, was prepared in parallel. This year's Stability Programme is prepared as no-policy-change scenario and contains a spontaneous fiscal policy scenario.

At the end of 2021, **the Long-Term Care Act** was adopted, which for the first time comprehensively regulates this area. The Act provides the basis for ensuring the integrated treatment of people eligible for long-term care in all environments, including services to enhance and maintain independence, empowerment of the active role of the user and support for informal carers. The Act will ensure that the long-term care system is financed from various public sources, including the national budget and the new compulsory long-term care insurance, which means that it represents a new pillar of social security. A specific law on compulsory long-term care insurance is planned until 2025. A new source of compulsory insurance will establish a new stable and sustainable financing of long-term care in Slovenia in the future.

The adoption of **the Health Care and Health Insurance Act** is planned, which aims at a high quality, accessible, efficient and financially stable healthcare system. The amendment envisages a revision of the legislative framework in the healthcare sector and the entry into force of the reform of the Health Care and Health Insurance Act. It ensures the financial sustainability of the healthcare sector, preserves a wide range of rights under the compulsory health insurance scheme and improves the governance and performance of the healthcare system. As envisaged in the Recovery and Resilience Plan, the adoption of the reform is scheduled for the end of 2024.

In the area of **pension reform**, the preparation of the expert, analytical and communication basis for the launch of the process of reforming the pension and disability insurance system (upgrading of analytical models, OECD analysis) was completed in early 2022. The need for change in the area of pension and disability insurance, and its complexity, was the reason for including this need in the Recovery and Resilience Plan. In line with the commitments made in the Recovery and Resilience Plan, an inclusive process of public information and awareness-raising on the importance of pension and disability insurance and the need to adapt it will be followed by the establishment of an expert working group with the aim of

proposing legislative changes to be drawn up on the basis of consultations with the social partners. This should lead to a proposal for amendments to pension legislation by early 2023, with a view to ensuring fiscal sustainability and adequate pensions. In line with the commitment made in the Recovery and Resilience Plan, the adoption of comprehensive amendments to the Pension and Disability Insurance Act by the National Assembly is planned by the end of 2024. As this is a comprehensive system renewal, the changes will also inevitably impact health insurance. The aim of **the healthcare system reform** is a high quality, accessible, efficient and financially stable healthcare system.

In response to Slovenia's demographic challenges, **the Government Office for Demography** was established in October 2021. The main task of the Office is to monitor and analyse demographic indicators in Slovenia and abroad, and to coordinate state administration in facing and solving demographic issues which are reflected and will be reflected more and more each year in public finances and in all societal systems and subsystems. The Government Office for Demography will prepare a proposal for the National Demographic Strategy 2023–2043 in 2022, which is planned to be adopted in 2023.

The Government adopted **Act on the Deburocraticisation of the Taxation of the Purchase of Virtual Currencies**, which aims at introducing a tax liability of 5% on the value of virtual currencies redeemed, thereby equalising the tax treatment of different types of financial assets and ensuring public revenue from such taxation. The proposed Act is intended to encourage voluntary and easy payment of taxes on such income.

The adoption of the amendment to **the Personal Income Tax Act** will contribute to Slovenia's international competitiveness and to a faster economic recovery. The measures included in the amendment are aimed at supporting various government policies. The following solutions or reliefs have been adopted for this purpose:

- in the area of income from work, the general tax relief is increased from EUR 3,500 to EUR 7,500, with transitional periods until 2025; the automatic adjustment of tax reliefs and net annual tax bases in the income tax brackets, linked to the consumer price index, is reintroduced; the tax rate in the last 5th income tax bracket is reduced from the current 50% to 45%; the conditions for tax favourable treatment of the income paid on the basis of business performance are loosened, the EUR 1,500 relief for residents over 70 years of age is reintroduced and the value of the bonus for private use of electric motor vehicles is reduced to zero;
- in the area of capital income and income from renting property, the rate of income tax on capital income (interest, dividends and capital gains) is reduced from 27.5% to 25% and the holding period for capital gains is reduced from the current 20 years to 15 years, after which no income tax is payable on capital gains realised on the disposal of capital, the rate of income tax on rental income is reduced from 27.5 % to 15 % and the percentage of standard expenses to be allowed in determining the taxable amount of rental income from 15 % to 10 % of the rental income, and the option for the taxpayer to include rental income and capital gains in the annual tax base is introduced;
- in the area of tax on business income, the employment relief is amended, and a new relief is introduced for investment in green and digital transition.

The combination of all measures within the amendments to the income tax legislation will therefore strengthen the competitiveness of the business environment, which will have an impact on sustainable economic growth and increase Slovenia's international competitiveness. Maintaining economic activity and raising productivity are therefore important objectives, and the international labour market situation, i.e., the ability of the economy to retain and attract the appropriate people, is also an important factor.

4. EU FUNDS

In 2022, intensive implementation of already approved measures is foreseen. Slovenia is expected to have spent all available funds by 31 December 2023, which is the end of the eligible expenditure period of the 2014–2020 financial perspective.

The most intensive measures to be implemented under the Operational Programme 2014–2020 in 2022 will therefore be those under Priority Axis 6 "Improvements to the environment and biodiversity status", where EU funding of EUR 133 million is envisaged. Most investment will focus on the field of urban wastewater collection and treatment and drinking water supply. Major investments include the "Wastewater collection and treatment of the Ljubljansko polje" project. A large part of the funding will also be devoted to various forms of support for entrepreneurship under Priority Axis 3 "Dynamic and competitive entrepreneurship for green economic growth", for which more than EUR 103 million of EU funding is envisaged. Implementation of Priority Axis 4 "Sustainable consumption and production of energy and smart grids" will also be very intensive, with EUR 92.5 million of EU funding envisaged. Most investments will focus on energy renovation of public buildings and the construction of a cycling infrastructure to create the conditions for changing public travel habits, especially commuting. In 2022, just over EUR 87 million of EU funding will be earmarked for the area "International competitiveness of research, innovation and technological development in line with smart specialisation for enhanced competitiveness and greening the economy", under Priority Axis 1. Transport infrastructure under Priority Axis 7 will receive just over EUR 82 million of EU funding. In this context, it is worth mentioning the investment in two major railway projects, specifically the "Construction of the second track Divača–Koper", for which the European Cohesion Policy is also co-financing the construction of part of this very large infrastructure project, and the very important transport bottleneck "Pragersko Junction".

The implementation of the React-EU-funded measures planned under the Operational Programme 2014–2020, under Priority Axes 15 and 16, will also be very intensive in 2022 and 2023. The largest project in this area, worth almost EUR 50 million, will be the "Energy renovation of the UKC Hospital building". This year, React-EU funding will be used to invest in homes for the elderly and special social care institutions, with the aim of ensuring safe and healthy living conditions in these institutions. The measure will ensure that users of institutional care can be moved from substandard rooms to single or two-bed accommodation. In addition to ensuring an adequate standard of living, the construction of new units will also help to contain and prevent the spread of potential infections.

The Partnership Agreement between Slovenia and the European Commission for the period 2021–2027 and the European Cohesion Policy Programme for the period 2021–2027 in Slovenia (hereafter: the draft ECP 2021–2027 Programme) are expected to be formally submitted to the European Commission by summer 2022 and approved by the end of 2022.

The Partnership Agreement was submitted to the European Commission for informal coordination on 4 February 2022. The draft ECP Programme 2021–2027 was submitted on 4 March 2022.

Cohesion Policy funding under Policy Objective 1 "Smarter Europe" aims to develop and improve research and innovation capacities and the deployment of advanced technologies, to strengthen the sustainable growth and competitiveness of SMEs and create jobs, to promote skills for smart specialisation, industrial transition and entrepreneurship, the digital transformation of enterprises and better digital connectivity. Actions in the areas of research, development and innovation, boosting economic productivity, and digital transformation and connectivity will be complementary to the measures of the Recovery and Resilience Plan.

Under Policy Objective 2 "A greener, low-carbon Europe", funding will be devoted to reducing greenhouse gas emissions, moving towards a low-carbon circular economy, adapting to climate change, building environmental infrastructure, preserving biodiversity, sustainable urban mobility, and raising the productivity of land use and functionally degraded areas. Actions in the fields of energy efficiency, renewable energy, wastewater discharge and treatment, and adaptation to climate change will be complemented by the measures of the Recovery and Resilience Plan.

Slovenia will contribute to Policy Objective 3 "A more connected Europe" by modernising rail infrastructure, upgrading stations and sections and removing bottlenecks in individual industrial centres. Support for the development of national, regional and local mobility on the trans-European transport network will be complemented by measures planned in the Recovery and Resilience Plan.

To achieve Policy Objective 4 "A more social Europe", cohesion policy funding will support measures to reduce long-term unemployment and prolong working lives, to provide skills adapted to the future of work and global change, to ensure solidarity-based and sustainable social protection, healthcare and long-term care systems, to tackle poverty and material deprivation, and to strengthen the role of culture and tourism. Actions in the areas of education and the labour market, healthcare and social security, and tourism and culture will complement the measures of the Recovery and Resilience Plan.

Under Policy Objective 5 "A Europe closer to citizens", resources will be devoted to strengthening inclusive societies and furthering integrated economic development in urban and rural areas, with a particular focus on reducing disparities between socio-economically disadvantaged people and areas.

Slovenia will contribute to the specific objective "Europe for a Just Transition" by supporting the restructuring of two coal regions, namely Zasavska and Savinjsko-Saleška. Measures will be supported in four key areas: energy, environment, human resources and the economy. Actions to support the economy and to support human resource development will be complementary to the measures of the Recovery and Resilience Plan.

To achieve the objectives and maximise synergy effects, Slovenia will ensure, through a dedicated working group, the delineation and complementarity between the different funding sources by content, at instrument level, in time sequence and, for major infrastructure measures, also at the project level.

5. PREPARATION PROCESS

The National Reform Programme 2022 was prepared during the upcoming national elections period. The document therefore includes concrete actions that have already been taken to address the challenges and country specific recommendations. The plans for key structural reforms included in the document build on the adopted Recovery and Resilience Plan. The planned investments for the coming years are also based on the same document.

The document has been prepared on the basis of inputs received from key Ministries and updated by the Ministry of Finance. The National Reform Programme has been prepared in parallel to the Stability Programme, which contains a complementary part to the plans and economic policy measures adopted, specifically describing a no policy change scenario on the fiscal policy.

The National Reform Programme was sent to the Economic and Social Council for information after adoption by the Government.