



REPUBLIKA SLOVENIJA  
VLADA REPUBLIKE SLOVENIJE

# NATIONAL REFORM PROGRAMME 2023

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## 1. INTRODUCTION

The National Reform Programme 2023 (NRP 2023) is a government document that includes the planned government priorities, key structural measures, and measures to address specific recommendations and objectives of national and European strategic documents.

The 2023 European Semester was launched with the Annual Sustainable Growth Survey 2023, which was published by the European Commission in November 2022, and which sets out the EU priorities for the next year. In the survey, the Commission highlights four key pillars, i.e., inclusive growth, productivity, sustainable growth, and the green transition, and ensuring macroeconomic and fiscal stability. The NRP 2023, which is prepared in cooperation with the social partners, is based on this structure.

After the pandemic years, Slovenia in 2022 and 2023 effectively addressed the challenges resulting from the energy crisis and high inflation. With coordinated action to mitigate the negative consequences of the crisis at the EU and national levels, numerous measures were taken to help the most vulnerable groups of the population and the economy. At the same time, Slovenia remains committed to the objectives of recovery and economic growth and medium-term stability of public finances.

The EU and Slovenia face major changes, such as climate, technological, geopolitical, social and environmental changes, which are changing the European economic model. The European economy has so far relied on a cheap and accessible labour force, energy, raw materials and funds, which are becoming less accessible and/or more expensive. This also changes the economic conditions in which the Slovenian economy operates.

In this respect, the Slovenian economy faces specific challenges, such as the necessary further growth of the added value of the economy, which requires the renewal of knowledge, technologies, and processes to use the economic conditions to accelerate productivity gains and to maintain export orientation, particularly towards high-tech exports. Therefore, accelerated investments in innovations and their application are planned. Further investments in the double transition (green and digital) must be increased, which should be supported by a more active and developed capital market. Therefore, the adopted Slovenian Capital Market Development Strategy 2023–2030 will facilitate a better placement of the Slovenian capital market within the group of recognisable, modern and successful European capital markets.

The key intervention field is the digital transition or investing in digital technologies, which requires empowering people, businesses, and administration systems with next generation technologies to make digital transformation beneficial for all. Although artificial intelligence, machine learning, digitisation, robotisation and automation increase efficiency, changing work methods and business models, also require highly specialised skills to manage them. Slovenia has set ambitious development goals, including ranking in the group of leading innovators on the European Innovation Scoreboard by 2030.

Another clear goal Slovenia has set is to achieve net zero emissions or climate neutrality by 2050. This requires a significant reduction in greenhouse gas emissions in transport, industry and energy, which will significantly change production, transport and energy supply methods. Slovenia is therefore taking measures for a comprehensive green transition, including to promote sustainable mobility.

The plan to abandon fossil fuels has been temporarily slowed down by the energy market crisis, therefore, further action in this field is essential. This will also be addressed as part of supplementing the Recovery and Resilience Plan with the REPowerEU chapter. With the RePowerEU funds, major investments will be made in the Slovenian economy to improve energy efficiency and the use of renewable energy sources, and to reduce dependence on fossil fuels.

In the labour market, employment reached a high growth, and unemployment reached its lowest level in the last 30 years despite the crisis. However, employment growth slowed down in the second half of 2022 due to the slowdown of the economic activity and labour shortages. Therefore, a responsive labour market must be provided in light of the changing environment. Labour shortages must be prevented, and a qualified workforce ensured, both within the framework of employment policies and of the measures planned in the field of education modernisation, migration and particularly within the framework of the green and digital transition.

The planned measures outlined below will also respond to the demographic challenges of an ageing population. Effective social policy will be ensured by modernising and increasing the responsiveness of the public social care system. The housing policy will be overhauled with the aim of establishing a stable and predictable system of building public rental housing. The wage system in the public sector is also being renewed to establish greater transparency and efficiency and preserve the sustainability of public finances.

The measures listed in the NRP 2023 are crucial to the medium- and long-term stability of public finances and respond to the current challenges. The Government will prepare a proposal for changes to the tax system based on coordination with relevant stakeholders. With the aim of adopting balanced and sustainable systemic measures, the Government established the Strategic Council for Macroeconomic Issues under the Prime Minister. In accordance with the fiscal governance guidelines for the next year, Slovenia will present the so-called exit strategy in the spring of 2024, in which it will comprehensively present and evaluate all the potential solutions.

At this crucial time, Slovenia plans to create an energy, technological, digital and innovative highly efficient economy with broad inclusion to increase productivity and sustainable growth. Such a development orientation requires a solid social agreement in cooperation with the social partners for urgent changes, while consistently observing high standards of environmental, social and management responsibility.

The Government remains committed to social dialogue and will continue to be engaged in an intensive dialogue with the social partners in the preparation of reforms, also within the framework of the Economic and Social Council. Within this framework, the measures and reforms listed in the NRP 2023 will also be prepared in cooperation with the social partners, since the adoption and implementation of crucial reforms requires the broadest possible consensus.

## **2. MACROECONOMIC FRAMEWORK**

The Spring Forecast of Economic Trends for Slovenia (IMAD, March 2023) predicts a significant slowdown in economic growth this year (from 5.4 % to 1.8 %) but will still be higher than expected in the autumn (1.4 %). Since the autumn, the uncertainty regarding the supply of energy products and price movements has reduced and the expectations for economic growth in the most important trade partners have slightly improved accordingly. This year, moderate growth in investments,

supported by public and EU funds, will continue in Slovenia, and private consumption and exports are expected to show weak growth before picking up in the second half of the year. Growth in external trade and the export sector will slow in line with the slowdown in the growth of economic activity in our main trading partners and continued cost pressures, which, however, have been easing in the international environment. Growth in exports of goods and services (2.7 %) will be slightly lower than growth in external demand. After a strong post-epidemic recovery, the services trade growth will slow, especially in tourism-related segments. Growth in imports of goods is expected to weaken more than growth in exports this year, mainly due to a sharper slowdown in the growth in domestic, especially private consumption. Growth in gross fixed capital formation will be moderate this year (2.8 %), supported mainly by government investment, also related to the absorption of EU funds. Private investment activity will be lower in 2023 as a whole than last year due to lower capacity utilisation in manufacturing, rising interest rates and continued uncertainty. The growth in private consumption will be much slower this year (1.2 %) than last year, which was still marked by a strong recovery after the epidemic. Relatively high inflation and tighter credit conditions will continue to weaken household purchasing power and hamper faster consumption growth. Private consumption growth, which will be modest, will be supported by high employment, moderate wage growth, a somewhat lower current savings rate and government measures to mitigate the rise in energy prices. Government consumption growth (1.2 %) will again be subdued in 2023, similar to 2022. The relatively low growth rate will be due to a further reduction in expenditure for measures to mitigate the impact of the epidemic and subdued employment growth, while health expenditure will increase.

In the next two years, the GDP growth (2.5 % in 2024 and 2.6 % in 2025) is expected to return to slightly higher levels. Higher growth in total exports (slightly above 4 %) and related activities will follow higher growth in external demand, and investment in machinery and equipment will also recover. In 2024, the volume of government investment is expected to decline, mainly related to the absorption cycle of EU funds. Total gross fixed capital formation growth will therefore weaken in 2024 (to 2.2 %) before picking up again as government investment increases (5.0 %). Private consumption growth will strengthen to 1.8 % amid higher real disposable income growth and a slightly higher propensity to save, which will, however, remain lower than before the epidemic. Government consumption growth is also estimated.

This year, employment growth and the decline in unemployment will continue to weaken; however, severe labour shortages will not allow for stronger employment growth in the next two years. Real growth in the average gross wage will be positive again this year (1.1 %) and will strengthen towards the end of the forecast period.

As price increases are gradually slowing, inflation is expected to be 5.1 % at the end of this year and average 7.1% in the years as a whole. It could only gradually decline towards 2 % after 2024. Higher service prices will still contribute significantly to inflation, and the contribution of food prices will also remain relatively high, although growth in food prices is expected to ease gradually. The contribution of energy prices is expected to be smaller this year in the absence of external shocks, and the increase in non-energy industrial goods prices is also expected to ease of gradually.

Uncertainty in the international environment is lower than in the autumn but remains high and is related mainly to the war in Ukraine and the energy markets conditions. The downside risk to economic growth is also related to a possible persistence of a high inflation, which could lead to an acceleration of monetary tightening. The downside risks to economic growth also include a possible persistence of high inflation, the impact of climate change and the geopolitical and pandemic

situation. Economic growth can be higher in the event of a faster-than-expected decline in inflation or higher private consumption, more effective absorption of EU funds and effects of reform measures on public finances.

### 3. CRUCIAL PLANS OF ECONOMIC POLICY

#### 3.1. INCLUSIVE GROWTH

##### 3.1.1. Labour market

Expectations in the labour market in terms of employment trends in 2023 are positive, with over one million people being employed, to which the employment of foreign workers, due to the lack of domestic labour force, contributed greatly. With the forecast increase in the number of employees, mismatches in the labour market and the employers' difficulties when it comes to hiring workers are also increasing, recording a lack of relevant skills. Therefore, the most vulnerable groups remain registered unemployed people, i.e. less educated, older workers and people with medical and other disabilities. According to forecasts, the number of registered unemployed people will further decrease and should amount to an average of around 57,000 people in 2023.

Slovenia's key orientations in the field of the labour market and employment remain the activation of unemployed people and measures for the most vulnerable groups who need support when entering the labour market. The focus is on tackling the crisis resulting from the war in Ukraine and high energy prices, i.e. **an intervention measure is in place to subsidise "short time work schemes" and "waiting for work measure" including training and education of employees.**

The strategic framework for the implementation of active employment policy measures is represented by the **Guidelines for implementing active labour market policy measures 2021–2025**. The main objectives are the reduction of the number of long-term unemployed people, faster activation of unemployed people, particularly of people over 50, low-educated people and recipients of social assistance benefit in cash, faster transition of unemployed young people below 29 to the labour market – Youth Guarantee, and the elimination of structural discrepancies in the labour market.

**"Structural measures to strengthen (the resilience of) the labour market"** will be implemented as part of the Recovery and Resilience Plan (RRP). Structural measures are aimed at providing legal and strategic basis to strengthen the resilience of the labour market, the foreseen basis will contribute to the provision of quality jobs that will be adapted to digitalisation and the transition to a low-carbon circular economy, as well as to increasing the employment rate of young and elderly people:

- the preparation of the analytical and strategic basis for examining the adjustment of the institutes in the field of unemployment insurance.
- the evaluation of the active employment policy measures and the adjustment of the implementation documents of the Guidelines for implementing active labour market policy measures 2021–2025.

To effectively achieve the overall objectives of the Guidelines, Slovenia will, in cooperation with the OECD, review and evaluate the current implementation and achievement of the results of active employment policy programmes from March 2023 until the end of 2024. The Guidelines highlight the importance of equipping unemployed people with the knowledge and skills required by the rapidly changing needs in the labour market, including digitalisation and the green transformation of the economy.

Within the framework of labour market policies, we also respond to major influences on the target group of young people. Therefore, the project **Faster entry of young people to the labour market 2022 - 2024** is being implemented within the framework of the RRP. The goal of the project is a faster activation of young people up to and including 25 years of age with subsidies for permanent employment. By guaranteeing gaining work experience and mandatory training during subsidised employment, and promoting permanent employment, this measure, in addition to facilitating the first entry to the labour market, also strengthens sustainability and reduces the uncertainty of their employment, which young people usually face at the beginning of their employment.

In addition to supporting the employment of unemployed people, we also strive to **overcome crisis situations with job retention intervention measures**. The “**waiting for work measures**” and “**short time work schemes**” were for the first time implemented and adapted according to the situation during the health crisis between 2020 and mid-2021. An intervention measure implemented in the first half of 2023 within the framework of the Act Determining the Aid to the Economy to Mitigate the Consequences of the Energy Crisis constitutes further adaptation to the rapid changes in the economy.

The measure “**Training and education of the employees**” addresses crucial challenges with which their knowledge and competences are adapted, deepened, and upgraded to meet the needs of the labour market, with an emphasis on digital competences. The measure will remove structural discrepancies and improve the qualification structure of human resources, which has a positive impact on several fields: greater competitiveness of companies; the development and progress of services; an increase in added value and productivity; greater resilience of companies and employees to fluctuations in the economy and the onset of crises.

Activities to prevent negative consequences of non-standard forms of work and combat precariousness will continue. Currently, the social partners and the Government are coordinating the amendment to the **Employment Relationships Act**, which will include amendments to the regulation of work at home, the transposition of the Directive on transparent and predictable working conditions within the European Union, the Directive on work-life balance for parents and carers and any other changes harmonised with the social partners. In accordance with the current practice, all key changes in the labour market will be formed in social dialogue and adopted in agreement with the social partners. In this regard, the Government will also examine possibilities of strengthening the capacities and qualifications of the social partners for social dialogue.

Taking into account the demographic situation and a lack of skilled labour, the Government will examine the possibilities of concluding **bilateral agreements in the field of employment** and strive for more efficient procedures in the field of employment of foreigners in cooperation with the relevant ministries.

Two acts are being drafted to ensure a highly qualified workforce, i.e. the starting points for the drafting of a **Development jobs Act**, which will implement a special system of incentives for

development jobs to increase the competitiveness of Slovenian companies in recruiting development staff and the starting points for an **act on the attractiveness of Slovenia for recruiting global talent**, with which we intend to implement a special procedure for the recruitment of highly qualified experts with the aim for Slovenia to reduce the deficit of certain experts and skills in specific fields, thereby improving the international competitiveness of Slovenian companies. These are mainly companies in the high-tech and IT sectors, which are characterised by a high intensity of their own development. Discussions were held with stakeholders.

The Ministry of Culture is planning to **reform the position of the self-employed in culture** through a series of measures and the realisation of a series of pilot projects for more active cross-sectoral integration, in which the self-employed in culture will be significantly involved. The elimination of inequality in the field of self-employed people will foster the rise of creativity and the realisation of the three fundamental guidelines of the New European Bauhaus, which is connected to sustainability and specific energy challenges, which are also highlighted in the latest Council specific recommendations to Slovenia.

### 3.1.2. Pension system

Favourable labour market trends are an important factor contributing to a 2.5 % growth rate in the number of insured persons in 2022 compared to 2021, with more than one million of insured persons. The ratio between the number of insured persons and pension recipients from compulsory pension insurance increased to 1.57 in 2022, compared to 1.54 in 2021, and was the highest during the period of the current revised legislation. Incentives for staying longer in the labour market continue to prove highly effective, with more than 30 % of individuals continuing to work after the fulfilment of the retirement conditions in 2022. As a result of these trends, the share of pension expenditure in GDP fell from 9.95 % in 2021 to 9.56 % in 2022, which is also a result of high nominal GDP growth. Years of pensionable service and age at retirement are gradually increasing. In 2022, women applied for old-age pension with an average of 38 years and seven months, and men with 37 years and 8 months of pension qualifying period, which means an increase of two months for women and nine months for men compared to 2021. Additional measures are being prepared to maintain the balance between the sustainability of the pension system and provision of pension adequacy.

In the field of **pension reform preparation**, the preparation of expert, analytical and communication bases to commence the process of changing the pension and disability insurance system (upgrading analytical models, OECD analysis, additional IER calculations) was completed last year.

In accordance with the commitments within the RRP, the proposal for changes to the pension legislation will be submitted to the Economic and Social Council, and prior to that, a broader discussion will take place with the interested public regarding the conceptual orientations for changing the pension and disability insurance system towards fairness and resilience. In addition to representatives of trade unions and employers, key partners will include pensioners, young people, disabled people's organisations and broader civil society.

To formulate the proposal for reforming the pension and disability insurance system, the starting points, agreed between the social partners and the Government and confirmed by the Economic and Social Council in 2017, will be taken into account. The social partners and the Economic and Social Council, where a relevant negotiating group has already been established, are expected to play an active role. In accordance with current practice, all key changes in the field of pension and



disability insurance will be formulated in social dialogue and adopted in agreement with the social partners.

The content of the pension and disability legislation proposal will address challenges in the fields of pension adequacy and the long-term fiscal sustainability of the system, taking into account the socio-economic status of pensioners and expected demographic trends, as well as the need for transparency of the pension and disability insurance system. In addition, a modernisation of the disability insurance system will be proposed with the aim to increase the inclusion of individuals with reduced work capacity in the labour market (by establishing a model for more effective occupational rehabilitation) and to improve their social situation. Simultaneously with the changes in the pension legislation, the possibilities of additional measures in the labour market will be examined from the aspect of working conditions and lifelong learning and training, which would enable and promote prolonged work activity.

### 3.1.3. Education, training and lifelong learning

In 2020, Slovenia already attained the objective of the Slovenian Development Strategy regarding the education of the population, while the quality of young people's knowledge is also high. The inclusion of children in kindergartens (preschool education) is important, regarding which Slovenia has been above the EU average for years (particularly regarding the inclusion of children from the age of three) and the inclusion of young people in secondary and tertiary education is also above average. They remained one of the highest-recorded groups among EU countries in 2019. The inclusion of young people (20–24 years of age) in tertiary education reached 44.5 % (EU: 33.4 %) (Eurostat, 2022). Young people who are not in education, employment or training (NEET) are overrepresented in certain socio-economic groups, although the share of NEET in Slovenia is one of the lowest in the EU. The Development Report 2022<sup>1</sup> states that research points to certain knowledge gaps due to distance learning during the epidemic, particularly for more vulnerable groups of children. The rapid recovery of the economy following the epidemic and the increased demand for work exposed again a labour force deficit and the mismatch between the supply of, and demand for, knowledge and skills.

To provide the knowledge and skills for the future green and digital transition, one will introduce changes required to **reform the education system**. The purpose of the revision of the education programmes is to equip learners and education staff with competences necessary to face current and future challenges (digital competences, competences for sustainable development, and financial literacy), thereby matching better competences with the labour market needs and facilitate the transition of learners to the labour market.

Based on the Recovery and resilience plan the **“Reform of education programmes by reforming key programme documents: the kindergarten curriculum, subject-curricula and knowledge catalogues for general school subjects”** (curriculum reform), and the **“Modernisation of upper secondary vocational and professional education including apprenticeship, reform of higher education study programmes, and setting up digitally-supported learning places” (modernisation)**, were designed. Both activities address directly the current key issues, initiatives, and identified requirements for the revision of key programme documents, which proved to be essential during the closure of schools due to the COVID-19 pandemic.

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<sup>1</sup> [Development Report 2022 \(gov.si\)](https://gov.si)

On top of knowledge gaps because of the COVID-19 pandemic (school closure, distance learning), special attention will be given to children and students' emotional and behavioural problems.

The Council of Experts of the Republic of Slovenia for General Education has approved the **premises for the programme reform**, which will cover the basic school subject-curricula and the premise for the reform of the kindergarten curriculum. The analysis of the knowledge catalogues for general subjects in upper secondary vocational education programmes has already been prepared and it will function as the basis for developing the platform for their revision.

The **aims of the kindergarten curriculum reform** are to revise the structure and content of the curriculum document, while maintaining the specificities related to the characteristics of the development and learning of preschool children; to focus on different areas of the child's development and stimulation (e.g. curiosity, engagement, own activity, creativity, joy in learning); to maintain the curriculum for the full-day programme open and flexible while paying special attention to the applicability and clarity of the document for education staff and to its adaptability to eventual social changes. The objective is also to draft a curriculum for half-day and shorter programmes.

The **aims of the education programme reform are to** link subject-curricula and knowledge catalogues both horizontally and vertically, to harmonise and modernise them, to standardise their structure and terminology; to modify the scope of the objectives to match the number of lessons in the timetable, and to define the objectives and standards of knowledge accordingly, as well as establish links between them. The **common goals** of the education programmes will be included in the subject goal (broader and revised) didactic recommendations, including the recommendations for assessment and marking. The common goals are new to the established system. The **goals derive from transversal subject areas, transversal skills, key competences, literacy, and so forth, common to all education programmes and subjects and are also relevant at all levels of education.**

The **common goals areas** are:

- Digital competences.
- Health (mental and physical).
- Entrepreneurial skills (financial literacy, creativity, critical thinking, communication, ...).
- Education for sustainable development (social, environmental and economic aspects).

The Government plans also to **modernise vocational education** to provide for the development of competences for the digital and green transition, enhanced flexibility, resilience, and ability of vocational education to respond to the needs of the economy and society, and for the transition from education to the labour market. It aims to:

- To reform upper secondary vocational education programmes and short-cycle higher vocational education programmes
- To develop new and promote existing models of cooperation with employers in delivering education programmes including apprenticeship, practical work-based learning, and setting up supported learning places
- To develop modern models of vocational pedagogies and didactics.

In addition to **modernisation**, one has been pursuing activities to increase the recognition, attractiveness, and competitiveness of **vocational education**, namely **with promotional activities**: presentation of occupations and schools, vocational skills competition, and promotion on digital and

conventional media, promotion of shortage occupations, and providing information to the interested public about occupations of the future.

In the field of basic education, the process of amending the **Basic School Act** has started. It will:

- Amend the national assessment of knowledge (introduction of the national assessment for third-grade students, and the potential high-stake nature of it in case of cap on enrolment in upper secondary education).
- Introduce lessons in two foreign languages in the compulsory programme – students will start learning the first foreign language (English or German) as a compulsory subject in the first grade of basic school, and the second foreign language in the seventh grade, which will promote multilingualism within the educational process.
- Establish a new concept of the extended basic school programme (establish a better link between the compulsory and extended basic school programme, considering the modern paradigm in the organisation and implementation of the extended programme, and ensuring equal educational opportunities, coordinated with the interests, abilities and needs of groups of students and individuals).
- Introduce systemic amendments to home-based education.

Amendments to the Basic School Act will also allow for **changes to the admission criteria (in case of a cap on enrolment in the programme) to upper secondary schools** to also consider the outcomes of the national assessment of knowledge for which one must amend the relevant legislation.

In December 2022, a working group was appointed to draft the **National education programme for 2023–2033**. With this programme document, the Government intends to address the issues of development outside the scope of reforms:

- Social development and the role of education
- Safe and supportive environment for the optimal development of individuals
- Teaching, learning, following progress, assessment and marking
- Professional and career development of education staff and other staff working in education
- Quality assessment and assurance system, and
- Education system.

Currently, the platform for the implementation of development projects have been formed – measures within the framework of the European Cohesion Policy 2021–2027, particularly in digitalisation and addressing teacher shortages. **In the field of human resources**, the following is planned:

- Improve the reputation of the teaching profession and promote the teaching profession, and
- Modernise the career development system for education staff and school leaders (to address the initial teacher training, mentorship, introduction to the occupation and work, planning and managing one's own career path, promotion, further education and training, and support and position of headteachers).

Furthermore, one plans to **amend the Organisation and Financing of Education Act** to ease the requirement for starting a career in teaching. The key measures in education include the **Training of education staff and school leaders to improve digital competences, competences for**

**sustainable development and financial literacy** project, the goal of which is to plan, develop and deliver training programmes for education staff and school leaders, who provide officially recognised programmes, to raise the level and improve digital competences and learn the basics of computer science and informatics, attain develop competences for sustainable development and financial literacy.

In 2022, one adopted **the Slovenian Digital Education Action Plan – ANDI** and with it identified the following key impacts on the education system:

- Raised level of digital competences of education staff and school leaders
- Competences of learning communities
- E-content
- Personalised virtual learning space.

In support of the activities, one plans to upgrade the complete support environment to **advance the digitalisation of education**: infrastructure, platforms, e-content and e-communities, leading schools and public institutions and addressing the challenges of cyber security.

The plan includes the **establishment of a system or application to monitor the employability of graduates from vocational education**, which will facilitate the transfer of data between stakeholders, the automatic creation of reports and the digitalised storage of all documents, including a module for surveying students, lecturers and other stakeholders and a module for managing and monitoring practical training.

In the field of adult education, the ministry has been developing a measure of **financial literacy**. The aim is to equip learners with competences to face current and future challenges (financial literacy) and to strengthen the resilience of the education system. At the same time, this will improve the cohesion between competences and the labour market requirements.

Special attention will be on the education and training of education staff and other staff working in education, and the promotion of lifelong learning to increase the knowledge and raise the level of competences of employees. This will increase the probability of their continued employment in case methods of working change because of the digital and green transition.

In 2022, the National Assembly adopted the **Resolution on National programme of higher education 2030** with the vision of “Green and creative development of higher education activity based on excellence and openness for the benefit of the broader society”. It is a key strategic document with strategic objectives in the fields of social development, legislation and funding, quality, digitalisation, and internationalisation of Slovenian higher education. By operating within the EU, the Slovenian higher education is focused on becoming a globally successful and knowledge-based society with excellent higher education and research at higher education institutions.

**The Action Plan for the Implementation of the Resolution 2022—2024** will be adopted in 2023. It emphasises green, inclusive, resilient and innovative higher education. This must actively contribute to learning to live in harmony with nature for both future and current generations and to the understanding of how our actions affect the environment and co-create it. The use of technology and progress can reduce environmental impact, but, as a society, we must build resilience to adapt to climate change without major social upheaval.

Regarding the implementation of the measures from the Resolution for the Internationalisation of Slovenian Higher Education, the **Strategy for the Internationalisation of Higher Education and Science in the Republic of Slovenia 2030** will be adopted. This document focuses on the crucial aspects of strengthening international cooperation in higher education and scientific research of Slovenian higher education teachers, higher education staff, researchers, research assistants, students, higher education institutions and research organisations. The Strategy defines common geographical and transverse orientations in both fields, and specific priorities for higher education and science, which comply with both international trends and EU orientations.

With the project **Development of work competences of prisoners** project, the measure to reduce the social exclusion of low-skilled prisoners in prisons, where they can receive formal professional and vocational education (at the level of lower, secondary vocational and secondary technical education), and knowledge and skills for occupations (training to obtain a national vocational qualification), and be included in occupational therapy (to maintain work habits and skills), will continue to be implemented until the end of 2023.

#### 3.1.4. Social policy

According to the data of the Statistical Office of Slovenia, the at-risk-of-poverty rate was 11.7 % in 2021 and decreased by 0.7 percentage points compared to the previous year. Income inequality in Slovenia is among the lowest in the EU, and according to the criteria of wealth inequality, Slovenia ranks around the middle of the EU states that are members of the OECD. Low-income inequality in Slovenia has been shown by the Gini coefficient for many years. It stood at 0.235 in 2020, which is the second lowest value in the EU<sup>2</sup>.

The risk-of-poverty decreased mainly on account of an increase in employment and social transfers further mitigated the risk of poverty. However, the risk of poverty reduces more unevenly and slowly in households with a low level of education, unemployed people and elderly people.

The system of rights to public funds is extensive and branched out among many stakeholders or payers of individual rights and can therefore hinder beneficiaries from exercising their rights. To strengthen the social work of helping people in need, attention will be paid to modernising and increasing the responsiveness of the social care system by simplifying decision-making procedures on rights from public funds and ensuring easier and more efficient decision making while also lowering the administrative burden on social work centres.

Within the framework of the **Resolution on the national social assistance programme 2022–2030** (ReNPSV22-30), which is a strategic document for the development of the country's social care and social protection system, measures to reduce the risk of poverty and increase social inclusion include a **measure to modernise and increase the responsiveness of the social care system** to make social work and support for people in need more focused and less administratively burdened. To this end, the Government plans to develop and upgrade social care services and programs with an emphasis on enhancing services in the community according to the changed, intensified, and increasingly complex needs of individuals and families. In addition, the Government plans to simplify social legislation regarding obtaining benefits from public funds, monitoring the adequacy of the amount of social benefits, and ensuring that all beneficiaries receive them (i.e.,

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<sup>2</sup> UMAR: Development Report 2022, p. 74

coverage).” The services will be upgraded and connected with regular field direct social work and mobile service. To relieve the burden on the main office of social work centres, the electronic delivery of decisions and informative calculations will be proposed where possible. In the context of strengthening direct fieldwork and individual treatment of individuals, the possibilities of additional personnel working in social work centres will be examined.

Within the funds of the European Cohesion Policy 2021–2027 programme, the Ministry is planning a **measure to modernise the system of social care and protection of children and families to increase the efficiency, accessibility and quality of services for the inclusion of target groups**. The expected effect of the measure is the reduction and prevention of social exclusion, and more in-depth work with clients with more complex needs.

With the introduction of **informative calculation and automation of decision-making procedures**, approximately one-third of decisions on annual rights are prepared by the system without any intervention from employees, and another third of decisions with minimal input from employees at social work centres. To simplify procedures and increase the social security of particularly vulnerable target groups, in which elderly people and people with disabilities, pensioners retired on grounds of invalidity and single pensioners predominate, the Ministry will consider changing the supplementary allowance regulation by reaching all potential beneficiaries and contributing more to the elimination of poverty among pensioners and individuals unable to work. The Ministry proposes to extend the right to supplementary allowance regulation *ex officio*, and that if a person is entitled to social assistance benefits in cash and supplementary allowance, they are also entitled to the right to the coverage of the difference in the full amount of health care services, which replaces supplementary health insurance.

Further attention will be paid to **long-term recipients of social assistance benefits in cash, hard-to-place long-term unemployed people, and people with various complex problems and vulnerabilities** at risk of social exclusion, whose problems and hardships will be addressed, in addition to direct social work at social work centres, through the implementation of social activation and social inclusion programmes, which will facilitate more suitable forms of employment and increase inclusion in society.

In order to alleviate energy and general poverty, the most vulnerable groups of the population, including pensioners receiving social transfers, have been granted an energy allowance, which could be claimed at social work centres until the end of February 2023. In November and December 2022, pensioners and recipients of disability insurance benefits were granted an inflation adjustment in the form of a supplement amounting to 4.5 % of their benefits. In February, pensions were adjusted by 5.2 %, with the adjustment taking effect as of 1st January 2023.

The state’s legal commitment to increase the accessibility of all public facilities is clear, as the Equalisation of Opportunities for Persons with Disabilities Act provided for a 15-year transition period to remove all built barriers to access to facilities for public use, which will facilitate access for all more vulnerable groups. The transition period expires in December 2025, therefore, it will receive additional attention.

### 3.1.5. Family policy

The risk-of-social-exclusion has increased for all age groups but remained the lowest in the EU for children and young people. Slovenia recorded the lowest share of children under 18 exposed to the

risk of poverty and social exclusion in the EU in 2020, which amounted to 11 %. Compared to the EU, multi-person households, households with children and households with adult members are less exposed to the risk of poverty.

Work-life balance was a priority area in Slovenia in 2022. The **Act Amending the Parental Protection and Family Benefits Act** introduces 60 days of non-transferable parental leave for fathers, so that the father would have 75 days of non-transferable leave, including 15 days of paternity leave. The period of part-time work due to parenthood in the case of care for at least two children will be extended until the youngest child is eight years old. Both parents will now be able to work part-time hours at the same time, but they must not exceed more than 20 hours per week. The maximum **amount of parental benefit** is currently set as 2.5 times the value of the average monthly salary in Slovenia with indexation based on Act Regulating Adjustments of Transfers to Individuals and Households in the Republic of Slovenia. . With the amendment of the Parental Protection and Family Benefits Act, the average salary for the past year will be obtained directly from the Statistical Office of the Republic of Slovenia (SURS), so there will no longer be a difference between the amount published by the SURS and the amount taking into account indexation under the applicable act. Considering a different (higher) amount of the average salary will therefore result in an increase in the maximum amount of parental benefit.

In relation to the child benefit and tax relief for dependent family members (children), a situation analysis will be carried out to assess the impact of these measures on family and social policy and to design appropriate measures.

In 2023, Slovenia will also begin examining the **adequacy of the regulation of the child maintenance system** in legislation and its use in practice. Following the applicable legislation, child maintenance is determined based on the needs of the maintenance creditor on the one hand and the capabilities of the maintenance debtor on the other hand. The Social Protection Institute will carry out an analysis to devise a methodology for determining the minimum child maintenance in Slovenia. A methodology for determining the costs or needs of the child will also be devised. Based on these findings, systemic solutions in the field of child maintenance will be prepared and changes in practice will be implemented.

In the field of **work with families**, multiannual measures are planned **within social work centres** to strengthen the professional work of professional workers in practice. Measures are being developed in various areas of work with families, with additional funding for the training of professionals in social work centres to implement programmes for work with families (new approaches in the field of parental competences, support for individuals and families in a wide range of situations etc.). The number of personnel at social work centres will be increased, to facilitate more preventive and fieldwork, and direct work with families, integrating new concepts of work with families into practice through professional monitoring, mentorship and support for professional workers. Professional work in various fields will be enhanced, with special attention to the domestic violence, foster care, guardianship and other types of public authority granted to social work centres.

### 3.1.6. Housing policy

The growth of residential property prices in Slovenia is high and exceeds the EU average. In 2021, it was 8.6 %, and in 2022, it accelerated further and reached 13.3 % . The increase in prices was driven by household borrowing, which is still low and below the EU average, although it has been characterised by rapid growth in recent years that greatly exceeds the EU average. Therefore, in

the latest Financial Stability Review, the Bank of Slovenia assesses risks arising from the property market as increased and largely stemming from the overvaluation of housing, its growth and the rapid growth of borrowing.

In addition to price growth, a key feature of the macroeconomic framework is the lagging of supply behind demand and the distinct volatility of the housing supply. Slovenia has fewer flats per 1,000 residents than the EU average (410 flats in 2020, while the EU average is 495), but it also builds fewer flats per 1,000 residents than the EU average (1.5 in 2020 in Slovenia and 4.0 in EU). The construction by legal entities is characterised by pronounced fluctuations, while at the same time, the construction by natural persons, which in the past acted as a stabiliser of the housing market, has declined sharply in recent years. The construction of public rental flats lags behind the needs, which is a result of a very low state expenditure on housing, which lags behind the EU average.

Slovenia is also characterised by a high share of home ownership (higher than the EU average) and the absence of other methods of solving the housing issue.

The **key policy in the field of housing is linked to increasing the construction of public rental housing** and establishing a stable, predictable, and coordinated system of the construction of public rental housing. A **housing reform** is being prepared, which will speed up the construction of public rental housing by ensuring stable systemic public financing of state and municipal housing funds (through the existing system of the Housing Fund of the Republic of Slovenia and municipal housing funds) in a complementary combination with the use of property of the former The Bank Assets Management Company within the framework of the Slovenian Sovereign Holding and the activation of the private capital market (mainly pension funds, insurance companies and bonds). Favourable public loans and activation of private capital with a long-term sustainable return within the framework of financial asset manager will be the cornerstone of the financing of public housing construction. The second cornerstone of the reform is the **creation of a coordinated system of public construction**, which will have a uniform way of functioning and will be based on an intertwined network of actors. The core of the reform is the adaptation of the housing legislation to unify and optimise the operation of public rental (implementation of tenders, determination of rent, operation of actors, etc.), which will be complemented by a network of actors in the field and by higher efficiency of their operation (devising a unified information system, strengthening the capacity of local funds and their regional placement, support in the development of projects, strengthening the capabilities of the entire network of actors, etc.). Within this objective of a stable annual supply, we are also pursuing the objective of building 5,000 flats by 2026, which is a target of the Recovery and Resilience Plan. An important part of the second cornerstone is also the strengthening of coordination in the housing sector through inter-ministerial cooperation and cooperation with various stakeholders. The third cornerstone is the regulation of the housing market with the aim of strengthening the safety and accessibility of housing.

### 3.1.7. Health care system

Slovenia has a system of compulsory social health insurance and a single public insurer – the Health Insurance Institute (ZZZS), which provides almost universal coverage. The health insurance system is largely based on public funds, particularly social contributions and, in recent years, transfers from the state budget. Most other sources refer to health insurance companies that provide additional health insurance on one hand and households on the other.



In 2012, the general government expenditure on health care in Slovenia amounted to 6.9 % of GDP and increased to 8.1 % of GDP in ten years, which is the same as the average of the EU-27 Member States in 2021. In 2020, Slovenia had 3.3 doctors per 1,000 residents, which is 0.7 doctors below the EU-27 average. With 10.5 nurses per 1,000 residents, Slovenia is above the EU-27 average (8.3).

In recent years, health expenditure per capita has increased slightly, although it remains well below the share of the EU as a whole and as a share of GDP. In 2019, public financing of the health system accounted for 73 % of health expenditure. Direct expenditure is among the lowest in the EU, particularly due to the widespread use of supplementary health insurance to cover co-payments. Current expenditure on health care (i.e. expenditure without investments), which constitutes expenditure in the final consumption of health services and goods, was 7.2 % higher than in 2019 and amounted to slightly over EUR 4.4 billion. As a percentage of GDP (9.4 %), they were almost one percentage point higher than the preceding year. Most of the funds were spent on curative treatment, as well as on medicines and other medical goods. A large share is represented by the cost of absenteeism.

The analysis of the state of the health care system prepared by the Ministry of Health in January 2023 reveals the key challenges that must be addressed as part of the reform of the health care system. They are summarised according to completed sections in terms of content with a planned implementation time.

The first step is the **digitisation of the health care system**. The Health Care Information System Act will have been adopted by the end of July 2023, the main purpose of which is that all providers will have to use the national central health care information system (e-file) in a standard way and send data to a single, central database, which will be transparent and public for all users, while health care services and data will not be duplicated. Patients will use biometric ID cards that will replace the health card and they will have their health information in a single place with full control over it. The act is planned to be implemented on 1 January 2024.

The second step is the **structural renovation of the Health Insurance Institute** with the Health Insurance Institute Act, which will have been adopted by the end of July 2023. With the Act, we are taking the first of the necessary steps towards the role of the ZZZS as the central point of the health care system, so that it can become an active buyer of health care services and perform its mission in accordance with the principles of solidarity, social justice and non-profitability, to provide insured people with equal access to quality health care services and other rights from compulsory health insurance, and to purchase health care service programmes, medicines and medical devices in the name and on behalf of insured people, which enables their effective and quality care. It is planned to be implemented on 1 September 2023.

The third step is legislation that will address the issue of **family and emergency medicine** and absenteeism. The legislation will be prepared for public discussion by the end of June 2023. The recasting will include the fields of redefining family medicine teams, administrative relief and the transfer of competences, the establishment of a regional network on the basis of the ZZZS regional units, the unified organisation of emergency centres and the field of patient quality and safety. The objectives are to relieve family doctors, include occupational medicine specialists in the regulation of **absenteeism**, establish a single expert body and clearly divide tasks and obligations between the Health Insurance Institute of the Republic of Slovenia and the Pension and Disability Insurance Institute of Slovenia. At the same time, the Ministry of Health will prepare a legislative proposal that

will modernise the **system of control and management of public institutions** with the aim of increasing efficiency and optimising operations. The implementation in the system is planned on 1 January 2024.

In parallel with the first three steps of the health care system reform, the Ministry of Health will address the **wage system** for health care workers in cooperation with representative trade unions.

The Ministry of Health will dedicate the second half of 2023 to the regulation of **concessionaires and concessions** and the comprehensive reform of health care financing. Taking into account the regional layout of the network of health care service needs at all levels, we will make a decision regarding changes to the system of concessions or sought a balance in the implementation of public health care services between public institutions (municipal and state) and private providers in the public system. The **reform of health care financing** will include the structural renewal and upgrade of health insurance, the definition of rights from compulsory health insurance, the redefinition of new financial resources in the field of health care, the proposal to abolish the current form of supplementary health insurance or appropriate transformation of supplementary health insurance, changed billing models according to the quality of the service provided, the definition of the roles of stakeholders in the health care system to ensure stable and sustainable financing of health care. To establish **centralised public procurement**, we will prepare a transparent and efficient procurement model for medical material, equipment and medicines, establish a central register of reference prices for medical material and equipment and strengthen the supervision of the implementation of joint public procurement. The solutions are planned to be implemented in the system on 1 January 2025.

In addition to the key and exposed contents, which present the step-by-step gradual and measured reform of the health care system, the Ministry pays attention and prepares legislative measures in many other fields, which are briefly summarised below:

- **in the field of personnel in health care**, in which we will design solutions to ensure the stability of the public health care system, primarily by determining work standards and norms for all key professional groups in health care, and through digitally established supervision of the workload of personnel in health care, whereby the maximum monthly hourly workload will be determined.
- **in the field of mental health**, by first adopting the amendment to the Mental Health Act and drafting the new Mental Health Act, we will also adopt the Psychotherapy Act.
- **in the field of public health**, highlighting the amendment to the Restriction on the Use of Tobacco Products and Related Products Act, the Act on Cultivation, Traffic and Use of Cannabis for Medical Purposes, activities related to the Year of Mental Health (example: Health Ambassadors), programmes for health promotion with the participation of various stakeholders and non-governmental organisations, and the renewal and modernisation of the zVem system will continue.
- **in the field of occupational diseases**, we have finally adopted the rulebook that we have been waiting for in the Republic of Slovenia for 30 years.
- **a single call centre to support users of the health care system**, we will add contents in stages to facilitate users' navigation through the health care system.
- **in the field of accessibility**, we will continue with activities in the field of the temporary measure of the introduction of outpatient clinic for patients without a personal physician.

The more important legislation adopted in 2022 and measures that are already being implemented and the impacts of which we are also monitoring this year includes the **Act Determining the Measures to Ensure the Stable Functioning of the Health System**, the purpose of which is to

use intervention measures to stabilise the health care system in the shortest possible time, to strengthen it and to provide patients who are waiting beyond the longest permissible waiting time with suitable medical treatment. The Act also regulates the professionalisation of the management of public health institutions and gives the councils of the institutions a more important role also through changed powers and composition and establishes clear responsibility and the obligation to carry out an annual internal audit as an audit of accounting standards, strengthens supervision and establishes the foundations for the processing of cost data. An agreement was adopted for the provision of medical services in the network of the public health service, transfer to other medical personnel to relieve the burden and ensure payments after realisation (for stable operation and greater accessibility). The **Act on Urgent Measures to Curb the Spread and Mitigate the Consequences of the Infectious Disease COVID-19 in Health Care**, in addition to measures that relate exclusively to the control of COVID-19, also stipulates measures that affect the organisation of health care services. It also defines accessories, e.g. for choosing a specialisation in family medicine to encourage junior doctors to choose the said specialisation thus (after completing specialisation) strengthening primary health care with additional family medicine teams, financing additional specialisations in clinical psychology, which will ensure greater accessibility to mental health services and extending payment deadlines in public health institutions. The key purpose of the Act was to keep the health care system open and accessible, and to gradually return to at least the operation in 2019. The impacts of the Act are visible.

The more important adopted **implementing regulations**, the impacts that we are measuring this year, include: the Decree on compulsory health insurance service programmes, the capacities required for their implementation and the volume of funds for 2023, the Rules amending the Rules on the referral of patients, the management of waiting lists, and the maximum permissible waiting times, and the Rules on the test of knowledge of professional Slovenian for health workers and other employees in health care who perform activities in medical and midwifery care.

The following have already been adopted or are in the process of being adopted:

- **Health Care Digitisation Strategy in Slovenia.**
- **National Strategy for Health Quality and Safety (2023–2031).**
- **Dementia Management Strategy 2030.**
- **new acts of establishment of public health institutions.**

### 3.1.8. Long-term care

The reform of long-term care in Slovenia is necessary to ensure a quality life for people at all stages of life and due to demographic trends. In the coming decades, Slovenia can expect an imminent steep increase in the need for long-term care (hereinafter: LTC). Demographic projections show that in 2030 almost a quarter of the population will be over 65 years old. At the same time, the number of people over 85 is increasing rapidly; they are expected to constitute 3.3 % of the population by 2030 (1.5 % in 2010). By the end of the first half of this century, Slovenia will be among the third of European countries with the largest share of elderly residents (UMAR, 2021).

In the light of social changes, the **Long-Term Care Act** was adopted on 9 December 2021.

Due to regulatory deficiencies and inconsistencies in the Long-Term Care Act, a new act was adopted, which delayed the implementation of the Act. This year, changes to certain solutions in the field of personnel, financing, pricing methodology, the range of services and the role of the single-entry point are being prepared to support an easy transition to the new system for both long-term

care providers and users. Since we are aware of the importance of social partners, the process of preparing changes is designed in a way so as to involve the interested public to the greatest extent possible.

The revised Act will ensure that clients receive services according to their actual needs. The systemic regulation of the field will provide uniform criteria for establishing eligibility for individual services and comprehensive treatment of people entitled to long-term care in all environments, including services for promoting and maintaining independence, strengthening the active role of clients and supporting informal care providers.

The goal is to amend the existing act to make it feasible, while making commitments in it to reach the long-term objectives.

The current act establishes the LTC system as a new pillar of social security, which, together with changes to other pillars (health, social and pension security) and additional public resources, will introduce and implement integrated LTC and enable people to live independently in their home environment for as long as possible. Based on the findings that the Act cannot be implemented within the deadlines and content as foreseen, amendments to the Act will be drafted, with the aim of implementing it on 1 January 2024. It is important to realise that the LTC reform is not only a rearrangement of the existing system, but also the establishment of a new pillar of rights, which is an extremely complex task, but also an important breakthrough in our society. A well-implemented LTC reform means that conditions for quality old age and ageing will be universally guaranteed to everyone. It also means that it will be universally available as a quality and dignified service for anyone who needs LTC at any stage of life.

The purpose of the amendment to the Act is to clearly and unambiguously define the general conditions for entering the long-term care system and to ensure that existing clients will be able to continuously use the services that they need. Existing long-term care providers will be provided with a suitable legal basis for continuing their activities and existing staff will be able to continue their work. The introduction of community based long-term care, i.e. home care rather than institutional care, will start. The amendment to the Act will also strengthen the role of single-entry points, where, in addition to eligibility assessments, all crucial information on long-term care rights, support and advice will be available. In this way, entry points will become the junction of long-term care.

The Act will set the starting points for the vision of long-term care, which is based on the following objectives:

- care tailored to the individuals.
- to provide resources for financing long-term care within the framework of social insurance and with the necessary budgetary resources, with the aim of providing high-quality, fast and efficient care.
- to develop community LTC (primarily strengthening home based LTC), while ensuring equal access to LTC services, regardless of the residents'/insured people' place of residence.
- to regulate the field of sheltered housing and adapted flats; to provide quality institutional care.
- to ensure decent working conditions in LTC, including changing the standards and norms of health and social care;
- to digitalise LTC.

Main short-term amendments to the Act:

- insurance for LTC.
- comparable rights.
- pricing methodology.
- single entry point.
- determining staff norms and standards.
- register of LTC providers.
- defining the implementation of social care services by current institutional care providers.

In addition to the listed short-term changes, the Act will define the long-term solutions that will be introduced gradually and will comply with the broader vision of care tailored to the person, an expanded and strengthened network of services in the community, quality care in homes for the elderly, improving the position of staff in LTC, and digitalised long-term care.

### 3.1.9. Wage policy in the public sector

Although the number of public employees is on the rise, Slovenia is in the group of EU countries with the lowest employment in public services. According to the share of funds for employees as a share of GDP, Slovenia is among the countries with an above-average share, which is not only determined by the level of salaries, but also other bonuses for employees (holiday pay, travel expenses, etc.), the tax burden on salaries and the level of GDP<sup>3</sup>.

In October 2022, the Government reached an agreement with the representative trade unions of the public sector on the dynamics of wage growth in the public sector for 2022 and 2023 and agreed to commence the **reform of the wage system in the public sector**. The reform of the wage system is a complementary part of the reform of the entire public sector system, the goal of which is to increase the efficiency of the public sector and ensure even higher quality and accessibility of public services. Together with the reform of the wage system, the reform of the public employee system will include human resources management measures (selection procedures, competence model, training), with the goal to ensure better use of personnel resources and foster employee motivation.

The reform of the wage system will be subject to coordination with representative trade unions of the public sector and will be adopted by the end of 2023. While the reform of the wage system will be adopted as a whole, it will be implemented in parts, taking the fiscal capacity into account. In addition to preserving the transparency and public finance control of the wage system, the goal of the reform is to establish a system that will take into account the specifics of individual parts of the public sector and, through a system of greater variability related to work results, act as a motivation for employees in the public sector, while reducing the impact of seniority on the level of the civil servant's salary. As a result, it will also make public sector employment more attractive for young professionals.

## 3.2. PRODUCTIVITY GROWTH

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<sup>3</sup> Source: Government material of the Ministry of Public Administration.

### 3.2.1. Digital transition

In March 2023, the Government adopted the **Digital Slovenia 2030** Strategy. The Strategy takes into account the ambitions and principles of the EU, while focusing on Slovenia's key challenges in the field of digital transformation and defines six advantages of the substantive fields of digital transformation: gigabit infrastructure, digital competences and inclusion, the digital transformation of the economy, the path to a smart society 5.0, digital public services and cyber security. The Digital Slovenia 2030 Strategy focuses on people and the environment. The Strategy's overarching objective is to promote digital transformation in Slovenia in all segments – society, the state, local communities and the economy.

The Digital Slovenia 2030 Strategy defines that by 2030:

- all households are provided with gigabit network coverage.
- all drivers of socio-economic development such as schools, cultural institutions, transport hubs and major public service providers, and all businesses provided with gigabit connectivity<sup>4</sup>;
- at least 80 % of the population have at least basic digital skills.
- 100 % of key public services provided online and accessible to all users.
- at least 80 % of key public services that are accessible online will also be provided digitally.

These objectives are also highlighted by the **Digital Public Services Strategy 2030** (adopted at the end of 2022) and will be specified in the **Action Plan** to be adopted in the first half of 2023.

In 2022, the National Assembly adopted the **Promotion of Digital Inclusion Act**. In 2023, the amended act introduced a mechanism to provide access to computer equipment, which will enable vulnerable groups of the population to borrow basic computer equipment free of charge.

In the field of digital inclusion, numerous measures are planned in 2023 in the field of increasing competences by providing education and training for various groups of the population. Assistance will be provided to citizens in the use of electronic public services. Measures will be implemented to increase the digital competences of non-governmental organisations.

The RRP includes a plan according to which, by the end of 2026, services for users will be updated and digitised, **new IT infrastructure** will be updated and established, **public administration processes will be optimised and digitised**, and the conditions will be established for a more efficient operation of officials and other public sector experts. Investments in broadband infrastructure will improve **digital connectivity**. A **single online entry point to e-services** will be established, and other conditions for establishing an environment for wider use of public administration e-services.

To address the challenges in the field of digital literacy of public employees, the **Improving digital knowledge and skills of public employees** programme is implemented. In accordance with the OECD Framework for Digital Talent and Skills in the Public Sector, the development of training programmes for basic digital literacy (21<sup>st</sup> century digital skills) will continue, and training

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<sup>4</sup> Gigabit connectivity is to be understood as cost-effective symmetrical Internet connectivity offering a downlink and an uplink of at least 1 Gbps (summarised from the European Commission's communication "Connectivity for a Competitive Digital Single Market – Towards a European Gigabit Society").

programmes for user digital skills, social and emotional digital skills, professional digital skills and managerial digital skills will be newly developed.

In 2022, Slovenia began issuing **electronic identity cards**. Beneficiaries are all people over the age of 12. Electronic identity cards contain a high-level login **digital certificate**, a low-level login certificate and a qualified electronic signature digital certificate. With an electronic identity card, users can log in to e-services of the public administration via the SI-PASS system. The documentation was prepared for the notification of the electronic identity card for cross-border recognition in accordance with the requirements of the EU Regulation eIDAS. The official registration process commenced on 13 December 2022 and will last approximately six months.

The amended **Decree on administrative operations** obliges state administration bodies, self-governing local communities, and holders of public authority to issue documents only in electronic form and determines a detailed procedure for handling copies of documents and simplified visualisation of electronic signatures if a document is signed by several signatories. The Decree established a legal basis that enables people to obtain an extract from the official records directly (without the intervention of officials) electronically.

Data is a key ingredient for economic growth, competitiveness, innovation, job creation and social progress. Non-personal industrial data and public data should be provided for reuse to the greatest extent possible, while ensuring the protection of legitimate public and private interests. The **amended Public Information Access Act**, which was adopted in 2022 determined on the basis of the EU Directive on Open Data high-value datasets, which countries must make available to interested users free of charge (the fields include: geospatial, earth observation and environment, meteorological, statistics, companies and mobility). The Act also dictates the use of public funds for the opening research data.

Open data must be available to all stakeholders (public and private sector, start-ups, non-governmental organisations, journalists, academic and research community), who will be assisted in reuse by means of support mechanisms. For this purpose, the structures for data management must be completed and quality datasets for reuse in the form of shared data spaces must be expanded. For more efficient data management, a network of data stewards, who will ensure more efficient use of data, will be established in 2023. The safe use of data for or about children will also have to be ensured.

In accordance with the RRP, the government adopted the **Strategy of Digital Transformation of the Economy**, the purpose of which is to define the required development steps and activities for greater productivity and competitiveness by introducing and increasing the use of the most advanced digital technologies in the Slovenian economy, strengthening competences in the field of their planning, management and use and by promoting data connectivity and interoperability, including across borders. In the period up to 2030, line ministries will implement measures to attain the objectives of the Strategy of Digital Transformation of the Economy.

In the field of **strengthening connectivity**, the Government adopted the **Gigabit Infrastructure Development Plan 2030** in August 2022, which is Slovenia's strategic document for establishing and promoting the use of gigabit infrastructure that will enable gigabit connectivity. The Gigabit Infrastructure Development Plan 2030 includes a series of measures, i.e. legislative, strategic, financial and other measures, which provide investors with the predictability of the legislative

environment and the transparency of investment planning, promote the sharing and joint construction of infrastructure and ensure sufficient radio spectrum.

The implementation of the **National Programme to Promote the Development and Use of Artificial Intelligence in the Republic of Slovenia until 2025** continues. To ensure the fastest possible transfer of domestic knowledge throughout the lifecycle, from research to useful products and solutions, the programme defines ten strategic goals, which include support for research and innovation projects, the establishment of suitable data and communication infrastructure, and support for reference projects in six priority areas (health, industry 4.0, digital public services, language technologies, sustainable food production and the environment, spatial planning). By the end of 2023, a national artificial intelligence observatory will be established in Slovenia. Also being prepared are a model of indicators and a methodology for assessing and monitoring the research, development and innovation potential of stakeholders in Slovenia in this field, and the introduction of artificial intelligence in the private and public sector.

In 2022, the **Strategy of Digital Transformation of Slovenian Tourism 2022–2026** was adopted. The increasingly digital and sustainable present brings many opportunities, but also some challenges, which will be addressed most successfully with a coordinated and structured strategic approach and the integration of various stakeholders in the fields of tourism and digitalisation. The Green Scheme will be upgraded by implementing a modern digital analytical tool for measuring the impacts of tourism in all leading Slovenian tourism destinations and measuring tourist flows to determine the carrying capacity of leading destinations.

In the **field of culture**, the establishment or upgrading of the infrastructure of dynamic e-services and applications commenced in 2023, which will enable greater accessibility of movable and immovable cultural heritage, optimising procedures for declaring cultural monuments, obtaining cultural protection consents for heritage developments, speeding up the development of processes and digital solutions to support e-archiving, access to artistic and information contents and services for acquiring individual statuses, including the acquisition and allocation of public funds in the digital environment.

In 2023, the Ministry of Justice has been developing a new **information system of the Central Criminal Record and a new system of registers of the State Attorney's Office**. The records kept by the Ministry in accordance with the law and the information system of the Prison Administration are being renewed. In 2023, the active promotion of court-annexed mediation and training and education for judicial stakeholders will also continue. The development activities that are also taking place at other beneficiaries of the Efficient Justice operation (the Supreme Court of the Republic of Slovenia, the Constitutional Court of the Republic of Slovenia and the Probation Administration) will increase and improve the efficiency of the judicial system as a whole by the end of 2023.

In addition to the Supreme Court and the State Attorney's Office, the Ministry of Justice will implement the measure of providing **comprehensive smart digital solutions in the judicial system for citizens and companies**, within the framework of which further digital experiences of dealing with courts (in concrete proceedings and by providing online information about the judicial system, proceedings and the rule of law), with notaries public (the digitalisation of notary services) and other judicial authorities will be supported.



In addition, the Ministry of Justice will promote further training of employees in the judicial system in the field of commercial disputes, implement social integration activities for the vulnerable group of people on probation, for the vulnerable group of prisoners, minors sent to a juvenile facility, conduct training for prisoners to obtain secondary education and qualifications, retraining and further vocational training and implemented programmes of national vocational qualifications and special programmes for prisoners.

### 3.2.2. Research, development and innovation (RDI)

According to the new Slovenian Scientific Research and Innovation Strategy 2030 (ZRISS 2030) Slovenia has set ambitious development plans, including the ranking in the group of leading innovators on the European Innovation Scoreboard (EIS) by 2030. In 2022, Slovenia made progress in this ranking by two places and ranked 13th. It reached 93.5 % of the EU average, which means that it is still in the group of moderate innovators, although it is already approaching the group of strong innovators. Compared to 2021, it improved its position by 4.2 %.

Accordingly, in recent years Slovenia adopted key structural reforms aimed at modernising the national ecosystem of science and innovation. The key change is a new **Scientific Research and Innovation Activities Act**.

The new legislation envisages that the two existing agencies, i.e. the Slovenian Research Agency and the Public Agency for Entrepreneurship, Internationalization, Foreign Investments and Technology – SPIRIT Slovenia, will merge and a single executive agency will be established in Slovenia (the provider of funds for research and innovation activities - RFO) for the field of science and innovation, through which coordinated funding of scientific research and innovation activities will be provided.

As part of the RRP, a new management model is being established in the field of RDI, consisting of the Development Council, the Programme Committee, and various working groups to tackle the challenges of strengthening science and innovation and improving the efficiency of investments in RDI. In addition to the implementation of public tenders, key activities to enhance the RDI ecosystem will also be carried out, i.e. the promotion of science and innovation, and information, integration and strategic cooperation events for the stakeholders of the innovation ecosystem in Slovenia.

The Government plans to adopt the **Open Science Action Plan** at the beginning of 2023. The Action Plan is one of the Slovenia's key strategic documents in the field of research and innovation and will strongly contribute to the improvement of scientific research and development policies. It contains some important strategic objectives in the field of scientific research and innovation activities and constitutes a proactive implementation of the principles of open science. In addition to measures in the field of open science, such as effective management and financing of development and ensuring international compliance of the national open science ecosystem, the introduction of modern approaches to the evaluation of scientific research activity in accordance with the principles of open science and ensuring the compliance of scientific research results with the FAIR principles, the Action Plan also provides for the promotion of development of citizen science in Slovenia. The process of adoption, in addition to the Action Plan, also includes the **Decree on the implementation of scientific research in accordance with the principles of open science**, which introduces concrete practical solutions that will enable Slovenia to achieve full international alignment.

A well-functioning R&I ecosystem and greater and more efficient investments in R&I are among the key foundations for the growth, development and prosperity of the economy and society as a whole and for the strengthening of competitiveness. The reform of R&I investments is aimed at increasing the efficiency of public investments in R&I and improving an effective and result-oriented research and innovation environment. It also strives for the improvement of the management and integration of the development and innovation ecosystem, including the stability and predictability of key financing instruments and achieving coordinated and effective public finance support for RDI.

### 3.2.3. An improved institutional environment and the reduction of administrative burden

The **Resolution on Legislative Regulation** sets the objectives for the quality preparation of legislation pursued through numerous activities.

At the systemic level and with the goal of preparing an analysis of the situation and appropriate measures, the **Expert council for sustainable development of public administration** was established in 2022, within the framework of which a special multi-stakeholder group for quality regulations, based on evidence and involving the public in policymaking, was established. The group consists of representatives of the business sector, legal experts, academic representatives, non-governmental organisations, self-governing local communities and representatives of the state authorities responsible for the field of improved legislation. The group's main tasks are divided into five parts, within which solutions are designed to improve the process of normative planning, identify the need to redefine the valid normative and manual bases for the preparation of regulations, define possible supervision of the quality of regulations, determine the phases of public involvement, distinguish between different segments of the public, define the training concept for authorities responsible for regulation drafting and, based on identified needs, other stakeholders participating in the process of drafting or implementing regulations.

In addition to the aforementioned, the **Inter-Ministerial Working Group to Ensure Better Regulatory and Business Environment and Increased Competitiveness** was renewed in autumn 2022. Both the Strategic Council and the group of coordinators by departments, with which they coordinate and agree on the implementation of individual measures to eliminate administrative barriers.

As part of the **eRegulations** project, approximately 30 workshops were held to prepare new methodological questions/starting points for assessing the impacts of regulations on various social areas (social, environmental, IT solutions, the introduction of a module for ex-post evaluation of regulations), thus preparing a new methodology to assess the impacts of regulations (of which the MSP test is an integral part). In June 2022, the entire methodology was subject to broader public discussion, and it is expected to be adopted by the Government in the first half of 2023. This is followed by the development of applicative support for the methodology, the preparation of the Handbook on impact assessment and the implementation of training programmes for the authorities responsible for regulation drafting. Separately, training sessions for the preparation of impact assessments for external stakeholders are also planned.

As part of the Recovery and Resilience Plan milestone "Entry into force of the Red Tape Reduction Act – 2", the Government adopted 48 different acts containing provisions to reduce administrative burden in individual areas. The regulation of legal provisions with other acts or even amending several acts with different content with one act is already highlighted in the Resolution on Legislative

Regulation as one of the key reasons for a lack of transparency and instability of legislation, lower legal security and effectiveness of systems and diminished trust in the legal system.

An overview of the state or implementation of measures to improve regulations or eliminate unnecessary administrative burdens proposed by various stakeholders (citizens, legal entities, chambers, etc.) is provided by the **Single Set of Measures**. Currently, 418 measures have been collected, of which 333 (79.7 %) have already been implemented, 78 (18.7 %) are being implemented and seven (1.6 %) have yet to be implemented. A total of 56 assessments of measures implemented between 2016 and 2022 were carried out, based on which we reduced legislative burdens in the total amount of EUR 148.7 million.

As part of the implementation of the cohesion policy, activities will be carried out to **train public employees** for the competences of the future and to establish an open network of knowledge. Special attention will be paid to the training of leading and other public employees to reduce gaps in the field of basic and professional competences to solve the challenges of the future. It will be crucial to acquire the new knowledge and skills that are essential for more efficient work, career and personal development and for addressing the challenges of intergenerational cooperation, particularly of older generations of public employees. Training in the aforementioned areas, which have proven to be necessary for the future, will be meaningfully continued and upgraded.

With the **comprehensive recasting of consumer legislation**, an environment has been established that will encourage companies through digital transformation to use the elements exposed by this type of regulation: the introduction of digital solutions in regulating relationships between contracting parties (through a contract for the supply of digital content and digital services) and the introduction of elements of handling goods with digital elements (at this point, elements arising from intellectual property rights, patents, royalties are particularly important).

In addition, the **new Resolution on the National Programme of Consumer Protection 2023–2028**, which will be integrated into the regulatory framework in Slovenia by the end of 2023, will also contribute to strengthening cooperation between companies and users in the co-creation of products or services and on the basis of which legislation and its enforcement in the field of consumer protection in the digital age will be adapted. It consists of five pillars, i.e. green transition, digital transformation, legal remedies and enforcement of consumer rights, special needs of certain consumer groups and international cooperation. Special attention will be paid to consumer empowerment for the green transition, which will be relevant for companies.

In 2023, it is planned to adopt the amended **Market Inspection Act**, which will regulate the organisation and powers of the Market Inspectorate of the Republic of Slovenia (rights, duties and powers of employees of the inspectorate, and the inspection procedure, inspection measures and other issues related to inspection). The Act will enable the Market Inspection to protect consumers and effectively supervise the digital market.

The **Consumer Credit Act** is planned to be amended in 2023. The purpose is to adapt consumer protection rules to the digital age (the emergence of new financial services and new providers), which will include a broader range of consumer lending providers that will have to comply with certain consumer lending rules. With the increasing emergence of new consumer lending providers (platforms) and the emergence of new financial services (e.g. BNPL – Buy now, pay later), consumer lending rules are also being adapted to the rapidly developing digital age.

Also planned is the amendment to the **Companies Act**, the objectives of which are:

- to harmonise the Slovenian legislation with European legislation, i.e. Directive (EU) 2019/1151 and Directive (EU) 2019/2121;
- to regulate the legal basis for the use of digital tools and procedures throughout the company's lifecycle.
- to regulate the legal basis and determine rules for the online establishment of capital companies, the registration of branches and the entry of documents and information by companies and branches, also for cross-border users.
- to amend the provisions for cross-border mergers of companies.
- to determine new special, integrated and structured procedures for cross-border transformations and cross-border divisions of companies.
- to facilitate and promote cross-border mobility and business operations of companies in the internal market, while ensuring adequate protection for the stakeholders of companies.
- to provide access to comprehensive and free information about companies in a single place.
- to improve the corporate governance of companies.
- to eliminate certain shortcomings of the current regulation.
- to amend the penal provisions.

With the next planned amendment to the Companies Act, the Directive as regards disclosure of income tax information by certain undertakings and branches, the Directive as regards corporate sustainability reporting, and the Directive on improving the gender balance among directors of listed companies and related measures will be transposed into the Slovenian legislation.

The **new legislation on the Slovenian Business Register will enable** all business entities in Slovenia to be registered in a single register, which, together with e-government for the economy, will significantly contribute to the simplification of business procedures in relation to the external environment.

- to simplify and unify the registration procedures of business entities, particularly those that are first registered in the primary register and then in the Business Register. There are currently 22 groups of business entities recorded in 22 registers with 13 authorities.
- to digitise the procedures for entering business entities into the Business Register via the information system for business entity support (SPOT);
- to determine the management of data on business entities in a single place, i.e. in the Business Register;
- to provide mechanisms for maintaining up-to-date data on all business entities.
- to ensure greater legal security and the security of legal transactions.

The **field of public procurement in Slovenia** is very fragmented and carried out by around 3,000 contracting authorities. The share of all awarded public procurements amounted to 14.8 % of GDP in 2021. Public procurement has great strategic importance, contracting authorities are representatives of the broader public sector, and secondary policies are also actively pursued (sustainable, innovative and social public procurement) through public procurement. By adding new aspects and requirements, the complexity of the implementation of public procurement increases. Therefore, the Ministry of Public Administration will in 2023 and 2024 try to **increase cooperation between contracting authorities**, particularly smaller ones (smaller local communities and public institutions), by conducting dedicated workshops and pilot projects. Special emphasis is also given to green public procurement, where the relevant ministries will organise special workshops for public

contracting authorities to share knowledge about this field and facilitate the implementation of procedures in accordance with the legislation.

**Amendments to the Public Procurement Act** in 2023 will bring about improvements in the field of grounds for exclusion and the regulation of the correction mechanism, which will bring a higher level of equality among providers in the public procurement market and enable clients to better adapt to situations. In addition, amendments to the Act will introduce the obligation of contracting authorities to notify the relevant supervisory authorities in advance of the reasons for using the negotiated procedure without prior publication, which is the least transparent procedure and must be used restrictively. In 2023, amendments to the Public Procurement Act in the field of defence and security will follow to provide flexible and cost-effective public procurement in the defence and security sector.

The public procurement system is primarily determined by EU law, which is why the Slovenian legislator is extremely limited regarding legislative regulation. In addition to legislative solutions, accompanying soft and supervisory measures are also essential. Together with amendments to the legislation, regular coordination meetings will be held with advocates of the public interest, who will be informed of the purpose and reasons for carrying out non-transparent procedures and will be able to initiate the audit process if necessary. In 2023, amendments to the legislation will also be supported by the **upgrade of the e-JN information system**, which will support fast and secure electronic verification of all grounds for exclusion, including in the Central Criminal Record. In 2024, an **independent analysis of the impact of public procurement reforms** will be carried out and measures and objectives for improving the public procurement system will be prepared. The study will analyse a number of measures and projects implemented in 2021–2023 and identify further gaps in the system.

To ensure a higher level of professionalisation in public procurement, the **Public Procurement Academy** was established in 2023. It is a training programme with verified and thematically complete contents in the field of public procurement, which will be upgraded with additional workshops and seminars dedicated to specific current topics for contracting authorities and business entities participating in public procurement. In parallel, **advisory activities** will increase, and **new interactive tools** and handbooks for better planning and implementation of public procurement will be developed. With the goal of technological modernisation, a technical review of the existing digital solutions and portals will be carried out and the **new Digital Public Procurement Strategy** will be prepared.

#### 3.2.4. Business environment

Most financing sources in Slovenia are provided through the banking system. The banking system is well developed in Slovenia and achieves a high level of trust of the population and the economy, which cannot be said for the capital market. The problems faced by the Slovenian capital market are primarily related to its small size, both in terms of liquidity and the number of financial instruments traded, as well as its underdevelopment and a lack of recognisability. In March 2023, the Government adopted the **Slovenian Capital Market Development Strategy 2023–2030**, which addressed qualitative objectives, i.e. the placement of the Slovenian capital market within the group of recognisable, modern and successful European capital markets. The objective is to use it with a competitive, modern, liquid and more efficient capital market (1) to provide the Slovenian business sector, particularly small and medium-sized enterprises (SMEs), with the best possible access to

suitable equity and debt financing in terms of availability, volume, maturity and the desired structures; (2) to promote the development of existing and new technological and innovative SMEs with a high potential for rapid and sustainable growth, on which the Slovenian economy could be based in the future; (3) to bring the properly regulated Slovenian capital market closer to the population and to provide it with an attractive investment environment for professional and cost-effective enrichment of savings.

The Strategy measures will be determined and presented within the framework of three main pillars and related support measures. The common goal of the set objectives of all these measures is for the Slovenian capital market to significantly contribute to sustainable economic growth in Slovenia, the green transition and digitisation.

The final general goal of the Strategy is to achieve the emerging market status (EMS). The upgrade of the Slovenian market to the EMS would have a positive effect on liquidity and the volume of trading on the organised market or on the entire capital market.

The main pillars of the Strategy are as follows:

1. the digitisation and inclusion of SMEs.
2. the creation of additional offer in the capital market in the form of bonds.
3. the promotion of financial training.
4. new business models.
5. active policy of ensuring adequate personnel.

The Strategy and its basic pillars are supported with the following measures:

- additional electronic methods of identification to prevent money laundering and terrorist financing.
- the earliest possible implementation of the provisions of Regulation (EU) 2022/858 on a pilot regime for market infrastructures based on distributed ledger technology (hereinafter: the DLT Regulation) in the part that amends Directive 2014/65/EU.
- the introduction of individual accounts for financial instruments.
- the establishment of a single-entry point.
- concrete legislative amendments to support pillars 1 and 2 of the Strategy.
- targeted changes to the tax system in the field of the capital market to support pillars 1 and 2 of the Strategy.

As a result of an increase in the minimum wage in January 2023, the creditworthiness of consumers has decreased in connection with the macro-prudential restrictions on **consumer lending** set by the Bank of Slovenia. The decision on macro-prudential restrictions on consumer lending stipulates that after paying all instalments under credit agreements, the consumer must have at least an amount of 76 % of the minimum gross salary remaining each month, as determined by the act defining the minimum wage. To determine the macro-prudential measures regarding the restriction on consumer lending, the Bank of Slovenia also determined the minimum amount that must remain to the consumer each month, not during the enforcement process, although after the repayment of all instalments from the credit agreements and with regard to the amount, it referred to the provisions of the Enforcement and Security Act, which determines such an amount in the event of the enforcement of the debtor's funds. To solve the problem as soon as possible, which would ensure suitable consumer protection while not limiting the state's policy regarding minimum wage, a

proposal for amendments to the **Macro-prudential Supervision of the Financial System Act** was adopted in 2023, which more clearly stipulates that the supervisory authorities in the implementation of macro-prudential supervision pursuant to this Act are not bound by the provisions regarding the limitation of enforcement, as determined by the regulations governing enforcement and insurance. With the proposed amendment, the Bank of Slovenia will be able, without any doubt regarding its powers, to adjust the macro-prudential measure regarding the restriction of consumer lending independently of changes in the amount of the (gross) minimum wage, which is adjusted at least once a year pursuant to the act governing the minimum wage, and which, if it increases, reduces the creditworthiness of consumers.

In 2023, the implementation of **entrepreneurship development incentives** will continue in the form of providing services of the support environment for companies and refundable or non-refundable financial incentives. Incentives include intervention loans for mitigating the consequences of the energy crisis, the economic restructuring of coal regions, for research and development, entrepreneurship and internationalisation, sports, the promotion of the wood processing industry, the promotion of tourism development and the circular economy. As part of the refundable financial incentives, the Slovenian Enterprise Fund will tender bank loan guarantees with interest rate subsidies, crisis liquidity loans and microloans in border problem areas. It also plans to create a capital fund for start-up innovations.

SID Bank promotes the technological development projects of companies and provides assistance to mitigate the consequences of the energy or Ukrainian crisis in the form of soft loans and implements financial instruments.

The Ministry of the Economy, Tourism and Sport, together with the Slovenian Enterprise Fund, is developing blended instruments, where funds in the form of loans and subsidies will be allocated within the framework of one measure – in the field of digital transformation of the economy and the circular economy.

The Government adopted amendments to the **Investment Promotion Act** and the associated implementing regulation in such a way that public finance support focuses on **green investments** with a greater impact on productivity and competitiveness. The objectives of the Act are designed to increase the productivity and long-term competitiveness of companies while ensuring the sustainability, decarbonisation and digitisation of business operations, higher added value of products and services in Slovenian exports and the higher positioning of Slovenian companies in global value chains, the preservation of jobs with higher added value, the strengthening of global and local value chains, the enhanced competitiveness of members in supply chains and a more even regional distribution of investments.

With even more funds becoming available in the coming period, sustainable investments in basic tangible and intangible assets will be encouraged by investing in more advanced technology and the automation of business processes, which will contribute to decarbonisation and the green and digital transition and, in the long term, foster enhanced competitiveness and productivity of the economy, better recovery, resilience, growth and competitiveness of the economy and greater energy and material efficiency.

The company's investment must contribute to the green transition, as shown by the content of the investment project, which receives points in accordance with the assessment of the environmental aspect of the investment. All applicants must demonstrate environmentally responsible conduct,

compliance with the DNSH principle and better energy efficiency. The environmental aspect of the investment is assessed according to four criteria:

- the environmental impact of the company and the investment.
- the contribution of the investment to the transition to a circular economy, including the prevention and supervision of pollution.
- the contribution of the investment to mitigating climate change.
- the contribution of the company to the environmental responsibility of the local environment and the decarbonisation of the transport sector.

The Investment Promotion Act will permanently regulate and upgrade the existing mechanism for the screening of foreign direct investments on the basis of Regulation (EU) 2019/452 establishing a framework for the screening of foreign direct investments into the Union. The mechanism has so far been regulated in one of the temporarily valid anti-corona legislative packages, which expires this year.

The main changes to the mechanism include changes to the definition of a foreign investor and a foreign direct investment, which will be changed so that companies that are 100 % owned by citizens or legal entities from EU Member States will no longer need to notify their investments, which will relieve their administrative burden. The mechanism will also continue to enable the state to have a comprehensive overview of foreign investments by citizens and legal entities from third countries and will be able to take appropriate action if it detects risk factors and potential negative impacts of a foreign investment on security or public order in the Republic of Slovenia.

On the basis of the Promotion of Tourism Development Act, the Government adopted the **Slovenian Tourism Strategy 2022–2028** in 2022, which responds to the new circumstances and challenges faced by the tourism industry, while developing and promoting the key advantages of Slovenian tourism and of our country in general. We want to promote investments in high-quality and sustainable accommodation capacities with the potential to create high added value, firmly position Slovenia as a leading country in the field of environmental sustainability and reduce seasonality. The state of public tourism infrastructure in tourist destinations will be improved, which is not optimal and reduces the reputation and added value of all providers in the destinations.

**Amendments to the Promotion of Tourism Development Act** are also being drafted and are aimed at defining the roles, activities, tasks and financing in the Slovenian tourism system, ensuring a better vertical connection between the national and local levels by introducing destination organisations with their suitable legal placement in the system and by ensuring their stable financing, at additions with instruments that enable the implementation of the Green Scheme of Slovenian tourism.

Based on the dialogue with the key stakeholders of Slovenian tourism and trends in the development of hospitality and tourism in general, the **updated Hospitality Industry Act** is being drafted, with which we aim to establish the most favourable business environment possible for the efficient and successful development of the Slovenian hospitality sector by eliminating administrative barriers to the development of activities and following modern guidelines, all with the aim of improving quality and facilitating the higher added value of Slovenian hospitality and tourism.

Systemic and organisational changes will also be prepared in the field of the preservation and management of the monument of national importance Lipica Stud Farm and its individual monuments of cultural heritage, with the traditional husbandry and breeding of Lipizzan horses as



intangible heritage of national importance and, last but not least, with the herd of Lipizzan horses as an indigenous breed of exceptional importance. **Amendments to the Kobilarna Lipica (Lipica Stud Farm) Act** must include the principles of corporate governance to strengthen it and to increase the economy and efficiency of management while also placing the protection and further development of Lipizzan horses in the centre.

The **Act Determining the Aid Providing Greater Air Connectivity** was drafted and adopted and provided the legal basis for future incentives to increase the air connectivity of Slovenia, which is the most affected among European countries in terms of the deterioration of connectivity during the COVID-19 pandemic. Start-up aid may be granted to airlines for the establishment of new airline routes or more frequent airline route services connecting airports with less than three million passengers per year to another airport for a maximum of three years. On these airline routes, passengers will be transported to a public international airport in the territory of the Republic of Slovenia to a landing place in the territory of EU Member States or third countries.

Measures are also planned to promote handicraft knowledge, skills and abilities and to protect intangible cultural heritage.

Measures are also foreseen to increase the extent of wood utilisation as a key strategic raw material or industrial material in Slovenia for a faster transition to a climate-neutral society.

Due to the transposition of the provisions of Directive (EU) 2015/2436 of 16 December 2015 to approximate the laws of the Member States relating to trademarks, amendments to the **Industrial Property Act** will introduce new administrative procedures to revoke and declare the invalidity of a trademark, which will be led by the Slovenian Intellectual Property Office. These administrative procedures will be faster and cheaper for customers compared to the previous court proceedings. However, the court will continue to have jurisdiction over these issues if such a counterclaim is filed in a trademark infringement lawsuit. Amendments also introduce several solutions in the field of patents, which will ensure greater legal certainty and enable applicants of national applications and holders of national patents to use the Office's new information services, for, for example, natural persons, SMEs and research organisations also with financial incentives. Due to the introduction of the European unitary patent, double patenting is also prohibited.

### 3.3. SUSTAINABLE GROWTH AND GREEN TRANSITION

#### 3.3.1. Environmental and climate policy

The Slovenian State of the Environment Report 2022 indicates that the state of the environment is satisfactory, as soil pollution is decreasing, while only the state of certain smaller areas is unsatisfactory. The share of separately collected and processed waste is increasing, although the challenge remains to reduce the amount of waste and use it as secondary raw materials. Slovenia will focus on adapting to climate change and changing consumer habits and integrating environmental and climate goals into the policies of other sectors. The restoration of areas that have been identified as environmentally degraded due to excessive pollution will also be carried out.

Environmental policy is being developed in accordance with the **National Environment**

**Protection Programme 2020–2030.** The environmental vision of this programme, i.e. “preserved nature and a healthy environment in Slovenia and beyond foster a quality life for current and future generations”, will be achieved through measures that follow the strategic orientations: i) to protect, preserve and improve Slovenia’s natural capital; ii) to ensure the transition to a low-carbon society that effectively manages resources and prevents waste and deals with it effectively; iii) to protect residents from environmental risks.

In 2023, two key documents in the field of water management policy will be adopted, i.e. the Water Management Plan and the Flood Risk Reduction Plan, which are the basis for many implementation documents and investment measures in this field.

Further efforts are being made to implement the comprehensive **waste management** regulations set out in the Environmental Protection Act, particularly regarding the basic rules of waste management, the conditions and criteria for the cessation of waste status, the producer’s extended responsibility system, and the use of waste for energy in highly efficient cogeneration of heat and electricity for district heating and cooling with low emissions in the lifecycle. These efforts will support the use of waste as secondary raw materials, a circular economy and the enhanced material efficiency of the economy.

Slovenia will continue the implementation of the **Green Slovenian Location Framework (GreenSLO4D)** project, which is part of the eMOP project. The main purpose of the project is to connect and upgrade the established spatial information infrastructure with key processes and databases of environmental protection, nature conservation, and water management and protection and digitise the missing processes and data. This will also harness the potential of data to support European Green Deal priority areas regarding climate change, circular economy, zero pollution, biodiversity and compliance. A local infrastructure for spatial information is being established, which connects to the completed common infrastructure for spatial information at the national level. At the same time, opening and interconnecting digital data will facilitate easy access to data and services and shorten procedures, providing the economy, the population and other decision makers will be guaranteed fast and safe decisions. Information systems will be established for the viewing, management and distribution of data from administrative procedures for issuing environmental permits and consents.

In the field of **protection, rescue and relief**, the planned measures are a reform to strengthen preparedness and response in the event of climate-related disasters, which addresses organisation and foundations and establishes system solutions and modular structures for response to climate-related disasters and an investment in social and economic resilience to climate-related disasters in Slovenia, which complements the reform at the implementation level, as it provides infrastructural, technical, programme and other conditions for the preparedness, training and responsiveness of units for climate-related disasters. “The provision of suitable equipment for the implementation of tasks in the field of protection, rescue and relief in the event of floods at the national, regional and local levels” is a project within the framework of which the new equipment will contribute to reducing the negative consequences of, and limiting, floods, thereby reducing risks to people, animals, property, cultural heritage and the environment. Measures to strengthen preparedness and response to climate-related disasters will provide the conditions for an effective, timely and safe response to various disasters with suitably equipped and trained protection, rescue and relief forces.

Slovenia will continue its efforts to achieve carbon neutrality by 2050 in a fair manner, following

the principle of eco-economic decoupling. The long-term climate strategy focuses on reducing greenhouse gas emissions, although it also provides guidelines for adapting to climate change and contains horizontal guidelines for the development of sectors (increasing material and energy efficiency and low-carbon sources and digitisation). Slovenia already intensively develops, monitors and invests in the research and development of new technologies that will support climate neutrality and will continue to do so in the future. The climate strategy is also important for the competitiveness of the Slovenian economy and increased productivity.

The **Climate Change Act** is being drafted, which will serve as a legal framework for the implementation, management, monitoring and reporting of all aspects of the climate policy in Slovenia. The purpose of the project is to prepare a systemic act that should regulate the issues of reducing greenhouse gas emissions and adapting to climate change to the greatest extent possible.

The **LIFE Care4Climate** – Let's take care of the climate project continues, which, through the awareness-raising, education and training of key stakeholders, promotes the implementation of measures to reduce GHG emissions adopted in climate strategic documents, particularly the NECP.

In cooperation with EIT Climate-KIC, the **Comprehensive Strategic Project of Slovenia's decarbonisation through the transition to a circular economy** is being implemented. This is a five-year research and development project, the purpose of which is to support the attainment of climate goals and the decarbonisation of Slovenia using the principles of a circular economy in an innovative way, i.e. using deep demonstration.

### 3.3.2. Energy

Liquid fuels account for the largest share in the total consumption of energy products, followed by nuclear energy, renewable energy sources, solid fuels and natural gas. Electricity generation in Slovenia is balanced, i.e. approximately one third is generated from nuclear energy, renewable energy sources (particularly hydropower) and solid fossil fuels. In the energy supply, renewable sources (predominantly wood and hydropower) constitute a 20 % share. Energy use is growing the most rapidly in the field of transport, where transit transport has a significant impact, and in other uses. Approximately 40 % of final energy is consumed in transport.

The growth of energy productivity, which is the ratio between generated GDP and total energy consumption, increased more in 2019 than in the EU. This reduced the gap in this comparison to almost a tenth, which was the lowest since 2000, and in 2020, it increased to 12 % with a relatively smaller reduction in energy use in Slovenia than in the EU. Due to the energy crisis and the COVID-19 pandemic, indicators have become highly variable.

In September 2022, the **Act on Measures for Management of Crisis Conditions in the Field of Energy Supply** was adopted to manage crisis situations in the field of electricity and gas system operation and heat supply. To manage the increased risks in the field of electricity and gas system operation, it is stipulated that the government can declare a lower or higher level of risk in reliable energy supply if the electricity and gas supply is disrupted. As part of the measures for a reliable energy supply, the Act stipulated the storage of gas, the release of mandatory reserves of oil and oil derivatives and exceptions to the achievement of the efficiency indicators of the district heating system. Measures to reduce the import dependence in the Act promote self-sufficiency and limit

lighting and air temperature for heating in public buildings and buildings frequented by the public. In addition, natural gas consumers were given the right not to connect to the natural gas distribution system if they will use RES for heating, a measure was added to exempt part of the contribution for the promotion of RES in the event of a reduction in gas consumption by more than 15, and a ban was imposed on subsidies for gas boilers and cogeneration.

In December 2022, the **Act on Emergency Intervention to Address High Energy Prices** was adopted. The Act established measures to save energy and promote investments in renewable energy sources, while it also enabled the regulation of heating prices and the subsidising of the purchase of pellets to limit energy prices for end consumers to a sustainable level and provide a more stable environment for the economy to operate in. The goal of the Act was to counteract the factors that drive high energy prices, mitigate the consequences and ensure that energy prices do not cause permanent damage to consumers and the economy by introducing temporary measures to reduce import dependence in energy supply, increase the production of energy from renewable sources of energy and allocate excess revenues of energy companies for support measures for the population and SMEs.

In 2022, the electricity transmission systems of Slovenia and Hungary were directly connected for the first time with the 2 x 400 kV Cirkovce–Pince interconnection transmission line and the new 400/110 kV distribution transformer station in Cirkovce. The construction of this connection ensures a stronger connection between the electricity markets in the region. The 2 x 400 kV Cirkovce–Pince transmission line was included in the already constructed transmission line between Hungary and Croatia.

In 2023 and 2024, the process of updating the **National Energy and Climate Plan (NECP)** is foreseen, which will take into account relevant national and EU energy and climate decisions, such as coal phase-out, the higher energy and climate goals of the EU by 2030, renewed energy legislation at the EU level (legislative package Fit for 55, REPowerEU, etc.) and updated expert bases and guidelines from public consultations. In addition to setting Slovenia's key goals for 2030, i.e. to reduce greenhouse gas emissions, increase the share of RES in the final energy consumption, and achieve energy savings, great emphasis will be put on the aspect of energy security and the importance of upgrading the distribution network.

In 2023, the **Law on energy policy** will be prepared, which will be the last sectoral act to be separated from the existing Energy Act. The Act will regulate the principles of energy policy, measures to manage energy policy, the powers, organisation and operation of the Energy Agency and the powers of the Energy Inspection Service, define energy infrastructure, local energy concepts, etc.

In the first half of 2023, the **Act on the introduction of devices for the production of electricity from renewable energy sources** will be adopted to accelerate and facilitate the introduction of RES in the electricity sector. The Act:

- regulates the requirement to establish areas of priority siting of RES and determines certain specifics of siting in these areas;
- identifies the specifics of spatial planning, comprehensive assessments and environmental impact assessments along with their placement;
- under conditions set by law, permits, as accompanying use, the siting of photovoltaic and wind installations in certain areas with untapped potential, where regional legislation

- prohibits this type of siting (e.g. photovoltaics on noise barriers of highways, floating photovoltaics, agrophotovoltaics, etc.); and
- regulates regulatory sandboxes.

Slovenia also addresses the issue of the use of RES, their siting and potential and perceived obstacles with the technical assistance of the EU. In 2022, the project **Facilitating the introduction of renewable energy sources in the electricity sector in Slovenia (RES Slovenia)** commenced, as part of which barriers to better integration of renewable energy sources into the system and suitable action were identified. The project will be completed in 2023 and the results will help Slovenia to attain its goals in terms of the share of renewable energy sources and the reduction of greenhouse gas emissions into the environment.

In 2023, the **Programme for promoting and facilitating self-sufficiency in energy from RES** and the **Enabling Programme in the field of energy communities** will be prepared. Both programmes will ensure that policies and measures are prepared and barriers are identified in the field of legal, administrative and technical bases for the development of self-sufficiency in energy from RES and the RES community, financing and support programmes and public acceptance of the RES development.

In 2023, investments in renewable energy sources (solar power plants), energy renovation of buildings and investments in energy-efficient restructuring of district heating systems to renewable energy sources will be accelerated within the framework of the European cohesion policy and the RRP. Due to the large number of small producers of energy from renewable sources (the inclusion of dispersed power sources), the investment cycle in the modernisation of the distribution network will commence in 2023, particularly investments in transformer stations and the construction of a low-voltage network.

Within the RRP, the Ministry of Public Administration will, on the basis of static analyses and extended energy audits, commence **comprehensive energy renovations** of buildings with a total square footage of over 12,000 m<sup>2</sup>, which are owned by the Republic of Slovenia.

In parallel, the implementation of the pilot project **Improving the energy efficiency of state-owned buildings through energy management** will commence within the RRP. The goal of the project is to build a system that will support the rational use of energy in state administration buildings.

In addition to numerous intervention measures in 2022 and 2023, with which the Government intended to mitigate the growth of energy prices for companies (e.g. price cap and intervention aid under the Temporary Framework) and residents, major investments will be made in the Slovenian economy at the end of 2023 or at the beginning of the year with funds from REPowerEU for the economy to improve energy efficiency and the use of renewable energy sources and reduce the dependence on fossil fuels.

The **National Strategy for Phasing Out Coal and Restructuring Coal Regions** was adopted by the Government in January 2022. The Strategy defines 2033 as the latest year when Slovenia will end coal use for electricity generation and the shutdown is expected to continue for another 15 years. The Strategy foresees the closure of Velenje Coal Mine, followed by the socio-economic restructuring of the Savinjsko-Šaleška region and Zasavje, as the coal mines are already closed, while the environmental and social rehabilitation is ongoing. The aforementioned will be implemented on the basis of the drafted territorial just transition plans for both regions, which were approved by the European Commission at the end of 2022. The territorial plans also foresee an

energy transition to renewable energy sources in both regions, the restructuring of the energy location and the restructuring of the district heating system in the Savinjsko-Šaleška region with the activities commencing in 2023.

### 3.3.3. Sustainable mobility and transport policy

In the field of transport policy, the goal is to accelerate the use of sustainable forms of mobility with an emphasis on public passenger transport and active forms of mobility (cycling, walking). In 2023, activities are aimed at the intensive promotion of emission-free mobility in Slovenia in both public and personal transport.

In 2022, the **Management of Public Passenger Transport Act** was adopted. High fuel prices and efficient public passenger transport can encourage citizens to abandon the use of private vehicles and use public passenger transport more. With an appropriate campaign to raise awareness of the benefits of public passenger transport and the contribution of abandoning the use of private vehicles to lower greenhouse gas emissions, the Government will also commence changing consumer habits. The Act establishes a legal framework to ensure effective integrated management of public passenger transport in Slovenia, thereby improving services and increasing the number of passengers using public transport. It is also the legal basis for the establishment of the operator, i.e. the company for the management of public passenger transport, which was established in 2022 and will take over the implementation of the tasks specified by the Act from the Ministry in 2023.

In 2022, the new **Comprehensive Transport Planning Act** was adopted. The Act establishes a legal framework for the system of integrated transport planning in Slovenia at national, regional and municipal levels, on the basis of which integrated transport strategies consistent with a modern, integrated approach to mobility planning will be prepared at all levels. This will also ensure an enhanced connection between spatial and transport planning. The integrated approach takes into account the development needs of various types of transport and harmonises them with the possibilities for implementing investments and taking into account the requirements for reducing energy use in transport, environmental requirements and long-term climate goals, on the basis of which coordinated transport, spatial, environmental and climate policies are prepared. The Act establishes the fundamental principles of integrated transport planning and the instruments of transport planning as a basis for the long-term and systemic implementation of measures to promote sustainable mobility at national, regional and local levels. In 2023, several implementing regulations will be drafted and adopted, i.e. in the field of the preparation and quality assessment of the new generation of municipal integrated transport strategies, the allocation of financial incentives for measures in the field of sustainable mobility and the use of alternative fuels in transport, the preparation of mobility plans and urban logistics management plans, etc.

In 2023, implementing regulations will be adopted and municipal integrated transport strategies will be renewed by means of European cohesion policy funds within the parameters of the 2021–2027 financial framework. The process of preparing a new national integrated transport strategy is commencing, which will be complete by 2025. In 2024, the preparation of regional integrated transport strategies will also commence.

In 2023, the adoption of the **Act on Infrastructure for Alternative Fuels in Transport** is planned, which will establish a regulatory framework that will regulate the establishment, registration and management of charging or supply infrastructure for alternative fuels in transport; the allocation

of incentives in this field will also be regulated and an appropriate state aid scheme will be created. The goal is to increase the number of charging or supply points in Slovenia, increasing the number of alternative fuel vehicles registered for the first time in Slovenia.

In January 2022, the Ministry of Infrastructure announced a public call for the allocation of financial resources to **promote rail freight transport**. The purpose is to promote rail freight transport with eligible providers of rail transport of individual wagons and combined transport of goods on the Slovenian railway network for 2022 and 2023. The measure aims to reduce greenhouse gas emissions and ambient air pollution, while improving the competitiveness of rail freight transport services to better utilise railway infrastructure and increase the growth of rail freight transport with increased economic activity, which will increase the volume of freight transport.

In the field of railway infrastructure, several investments are in progress, such as the second track of the Koper–Divača line, the modernisation of the Maribor–Šentilj line, the upgrade of the Pragersko hub and the construction of the European Train Control System (ETCS) on the sections Dobova–Zidani Most and Pragersko–Šentilj and the upgrade of the Ljubljana–Divača line. Numerous railway section upgrades are also being prepared: Ljubljana railway station, the second track of the Ljubljana–Jesenice railway line and the cross-border railway connection Trieste–Divača.

### 3.4. FISCAL POLICY

#### 3.4.1. TAX SYSTEM RENEWAL

The Government commenced its term of office in challenging times. It firstly had to deal with the consequences of the COVID-19 crisis for public finance, which was immediately followed by the energy crisis and high inflation. This requires careful management of public funds. The Government will prepare a proposal for changes to the tax system in line with the coalition agreement and based on coordination with all stakeholders. The planned structural changes in other fields will also be considered in order to design comprehensive solutions.

In the field of planned tax changes it will be crucial to have of a broader view of all taxpayers. Together with the tax system renewal, the direction of tax restructuring will be re-examined. Measures will also be aimed at improving tax administration procedures by increasing the use of digital tools and other technical changes that will help to strengthen legal security. When preparing changes to the tax system, the Government will pursue public finance sustainability and sensible and sustainable policies that can strengthen Slovenia economically and socially.

The objective is to reduce labour costs and increase wealth tax inflows, whereby this only applies to the upper class of the wealthiest. The objective is to pay taxes according to the economic power of the individual. Therefore, most people will not pay higher taxes. The objective is also to simplify the income tax system and make it more transparent.

#### 3.4.2. Fiscal stance regarding expenditure

In 2024, fiscal policy will again be subject to the limitations of fiscal rules, as, with the gradual normalisation of the situation and the lifting of emergency measures, the general escape clause at the EU level, which allowed for a temporary withdrawal from the rules of the Stability and Growth

Pact, will be abolished after almost four years. However, since possible changes to the fiscal rules have been discussed at the EU level for the last three years, 2024 will be a transition year in which the existing rules will partially apply, while the requirements will be adjusted slightly according to the proposed changes to the rules.

The Stability Programme prepared in parallel with the National Reform Programme foresees a fiscal policy that will be focused on promoting growth and gradual consolidation in the medium term in the period between 2024 and 2026. In 2023, the deficit is planned at a similar level as in 2022 (-4.1 % of GDP), although in 2024 it will fall below the limit of 3 % of GDP. In 2025 and 2026, a sufficient fiscal effort will allow further reduction of the deficit. It is also important to emphasise that, with inflation, it is even more difficult to evaluate individual components of public finance for the coming years.

The consolidated general government debt amounted to 69.9 % of GDP at the end of 2022 and 74.5 % of GDP at the end of 2021. In the debt structure, the central government debt increased the most and amounted to 68.5 % of GDP at the end of 2022. The local government debt was 1.7 % of GDP at the end of 2022 and the social security funds were not indebted at the end of 2021 and 2022. The development of the consolidated general government debt of Slovenia has potentially been compliant with the debt rule under the Stability and Growth Pact since 2022.

Fiscal goals for the 2023–2026 period is prepared on the basis of revenue estimates derived from macroeconomic forecasts and adopted measures or reforms. The development of expenditures also takes into account the indexation of various benefits, as a result of the increase in the cost of living and the existing way of the functioning of different systems. It is important that the average share of public investments in the share of GDP in the planned period between 2023 and 2026 is at a high level. Towards the end of the period, the share of investments as a percentage of GDP will slightly decrease, although it will remain above the long-term average.

Adherence to the fiscal rule and commitment to structural reforms are of primary importance, as they directly affect the country's credit rating along with its cost of borrowing and thus debt sustainability. This is also taken into account by the public finance projections, which foresee a gradual reduction of the consolidated general government debt in the 2023–2026 programming period to 63.5 % in 2026.

With the aim of adopting balanced and sustainable systemic measures, the Strategic Council for Macroeconomic Issues under the Prime Minister of the Republic of Slovenia was established. The key tasks of the established council are to prepare proposals regarding the formulation of structural reforms, fiscal and other economic policies of the Republic of Slovenia, the preparation of the draft budgetary and development planning documents of the Republic of Slovenia and expert guidelines for effective responses to unforeseen changes in macroeconomic circumstances.

#### **4. EU FUNDS**

In 2023, measures for the 2014–2020 and 2021–2027 periods will be implemented simultaneously within the framework of the European cohesion policy.

2014–2020 PERIOD:



The Operational Programme 2014–2020 (hereinafter: OP 14–20) foresees for 2023 the most intensive implementation of the following substantive fields:

- Priority Axis 6 entitled “Better state of the environment and biodiversity”, under which EU funds totalling 138 million are planned. Most investments will be focused on the implementation of investments in the field of urban wastewater discharge and treatment and drinking water supply, particularly in Slovenian Istria and the outskirts of the Karst, where the supply of drinking water for residents was at risk in 2022.
- the implementation of Priority Axis 4 entitled “Sustainable use and production of energy and smart grids” will also be intensive, under which, with the planned 150 million of EU funds, most investments are intended for the energy renovation of public buildings and the construction of cycling infrastructure with the aim of establishing an infrastructure that would provide the conditions for changed travel habits, particularly daily commutes.
- under Priority Axis 5 entitled “Adapting to climate change”, EUR 87 million of EU funds are planned, mainly in flood protection measures.
- EU funds totally more than 58 million have been allocated for the field of transport infrastructure under Priority Axis 7. Investments in two major railway projects should be mentioned here, i.e. “Construction of the second track of the Divača–Koper line”, where the European cohesion policy also co-finances the construction of part of this extremely extensive infrastructure project and a very important traffic bottleneck of the Pragersko hub.
- under Priority Axis 3 “Dynamic and competitive entrepreneurship for green economic growth”, under which part of the funds were allocated to various forms of entrepreneurship support, EU funds totalling 33 million are foreseen.
- in 2022, EU funds totalling more than 26 million will be allocated to the field of "International competitiveness of research, innovation and technological development in accordance with smart specialisation for greater competitiveness and greening of the economy", under Priority Axis 1.
- in 2023, the implementation of measures financed by ReactEU funds, which were additionally included after the COVID-19 crisis in the Operational Programme 2014–2020, i.e. under priority axes 15 and 16, will also be very intensive. In this field, the largest project worth almost EUR 50 million “Energy renovation of the University Medical Centre” was withdrawn from EU funding in 2022. This project will be replaced by investments in the purchase of other expensive medical equipment and the construction of a logistics centre for the NIJZ. This year, React-EU funds will also be used for investments in nursing homes and special social care to provide a safe and healthy accommodation in these institutions. The measure will ensure the possibility of transferring users of institutional care from substandard rooms to more suitable single or double rooms. In addition to providing a suitable standard of living, the construction of new units will contribute to the easier containment and prevention of the spread of potential infections. A total of more than EUR 180 million of EU funds are planned for this purpose. As part of the changes to the OP 14–20, certain systemic measures are also foreseen, which will facilitate the withdrawal of all available funds.

#### 2021–2027 PERIOD:

The programming documents for the 2021–2027 period were approved. The Monitoring Committee adopted the criteria, which are a milestone in the establishment of the implementation system in this programming period. The cohesion regulation was adopted, the eMA2 information system was

upgraded and instructions for implementation were prepared. In 2023, the implementation of the 2021–2027 Programme will commence.

A total of 3.212 billion of EU funds is available within the ECP 2021–2027 Programme. The realisation of the payment of EU funds is expected to amount to EUR 50 million in 2023. It is particularly crucial in 2023 to include as many required measures and public tenders in implementation as possible so that in 2024, when the period 2014–2020 ends, there will be no decline in economic activity, which is significantly stimulated by EU funds.

In this period, cohesion policy funds are allocated under Policy Objective 1 “Smarter Europe” to developing and improving research and innovation capacities, and introducing advanced technologies, strengthening the sustainable growth and competitiveness of SMEs and creating jobs, promoting knowledge and skills for smart specialisation, industrial transition and entrepreneurship, the digital transformation of companies and enhanced digital connectivity. Measures in the field of research, development and innovation to promote the productivity of the economy and digital transformation and connectivity will be complemented by the measures of the Recovery and Resilience Plan.

Under Policy Objective 2 “A greener, low-carbon Europe”, funds will be allocated to reducing greenhouse gas emissions, transitioning to a low-carbon circular economy, adapting to climate change, developing environmental infrastructure, preserving biodiversity, sustainable urban mobility and increasing the productivity of the use of space and functionally degraded areas. Measures in the fields of the efficient use of energy, renewable energy sources, wastewater discharge and treatment and adaptation to climate change will be complemented by measures of the Recovery and Resilience Plan.

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

To attain Policy Objective 4 “A more social Europe”, cohesion policy funds will support the measures to reduce the long-term unemployment rate and prolong work activity, acquire knowledge and skills adapted to the future of work and global changes, ensure supportive and sustainable systems of social protection, health care and long-term care, manage poverty and material deprivation and strengthen the role of culture and tourism. Measures in the field of education and the labour market, health care and social security and tourism and culture will be complemented by the measures of the Recovery and Resilience Plan.

Under Policy Objective 5 “Europe closer to citizens”, funds will be used to strengthen an inclusive society and further integrated economic development in urban and rural areas, with special attention paid to reducing differences between socio-economically disadvantaged people and areas. Slovenia will contribute to the attainment of the specific objective of “Europe for a just transition” by supporting the restructuring of two coal regions, i.e. Zasavska and Savinjsko-Šaleška. Measures in four key areas, i.e. energy, the environment, human resources and the economy, will be supported. Measures to support the economy and the development of human resources will be complemented by the measures of the Recovery and Resilience Plan.

## **Implementation of the Recovery and Resilience Plan**

Initially, Slovenia was entitled to a maximum of EUR 1.78 billion (at the current prices) in grants. In June 2022, the European Commission prepared a recalculation based on the actual situation (GDP 2020–2021), according to which Slovenia was entitled to EUR 1.49 billion in grants. Slovenia is permitted to use EUR 705 million in loans.

The Government is preparing an adjustment of the plan, which refers to the reduction of grants, an adjustment of milestones/objectives that cannot be achieved due to objective circumstances (rising prices of raw materials and services and supply chain disruptions), administrative and technical corrections due to inconsistencies between the plan and the implementing decision and other errors identified during implementation. The plan will also be supplemented with a new RePowerEU chapter.

In March 2023, the European Commission positively assessed the first payment request within the framework of the implementation of the recovery and resilience plan in the amount of EUR 49.6 million.

The challenges we are faced with while implementing the Recovery and Resilience Plan stem from the preparation of the Plan that was unfitting and did not pursue the underlying objective of projects and reforms (it was prepared in a manner of cohesion policy planning).

## **5. PREPARATION PROCESS**

The National Reform Programme 2023 was prepared on the basis of contributions from the ministries and in cooperation with social partners and was supplemented by the Ministry of Finance.

The first draft of the NRP 2023 was presented to the Economic and Social Council on 10 March 2023, where it was agreed that individual line ministries would additionally present the planned measures to representatives of social partners. Based on the discussions, a document was prepared and supplemented, which was discussed again at the Economic and Social Council on 7 April 2023. The National Reform Programme 2023 was adopted by the Government of the Republic of Slovenia on 13 April 2023.